

SHRI BIREN ROY : Sir, it is a very serious matter. Would he like to make a statement today or later on ?

MR. CHAIRMAN : I will not allow you to raise this now. In the first place, you have not asked me. In the second place, there is something else on the Agenda. After the laying of the Papers, you can raise this question.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED NEGOTIATIONS BY GOVERNMENT WITH AN AMERICAN FIRM FOR COLLABORATION IN A COPPER PROJECT (AGNIGUNDALA) IN ANDHRA PRADESH

SHRI A. D. MANI (Madhya Pradesh): May I have your permission, Sir, to call the attention of the Minister of Mines and Metals to the reported negotiations by Government with an American firm for collaboration in a Copper Project (Agnigundala) in Andhra Pradesh ?

THE MINISTER OF MINES AND METALS (SHRI S. K. DEY): The Agnigundala mineral belt in Andhra Pradesh (Guntur) extends in a north to north-easterly direction for a length of over fourteen miles. Along this belt numerous ancient mine workings mark surface exposures of copper and lead ore bodies. The Geological Survey of India and the Indian Bureau of Mines have been carrying out exploratory operations in this area over the last 4 years. The results of the investigations have indicated the presence of substantial copper deposits with possibilities of combined occurrences in certain areas with lead ore. The work has, however, not progressed to a stage where a firm estimate of the extent of the reserves and the estimate of mineable metal could be available.

2. For the development of copper deposits and production of copper metal, the following are essential :—

- (i) There should be thorough appraisal of the quantity and chemical characteristics of the ore together with the precise three-dimensional idea of the distribution of ore in the parent rock.

- (ii) Careful assessment of metallurgical properties of the ore is necessary to determine the process to be employed, the by-products to be recovered and generally to design the whole operation of mining and extraction of metal from the ore.
- (iii) Substantial amount of foreign exchange would be required for the import of equipment relating to mine, concentrator, smelter and refinery.

3. In the light of the experience of another copper deposit viz. at Khetii where considerable delay has occurred in getting credit, it was felt that there would be an advantage in developing Agnigundala copper deposit under the guidance, supervision and association of a party which is competent to give technical advice and is also prepared to extend necessary financial aid. With this end in view as soon as the Agnigundala copper deposit appeared to be promising, preliminary negotiations for collaboration were undertaken with interested foreign parties. Poland showed some interest and the available material was supplied to the Polish Organisations. The intention was to invite Polish Experts to supervise further exploratory work and thereafter undertake mining of the deposit and smelting the ore with Polish technical and financial assistance. There is, however, no commitment yet from Poland either for technical or financial assistance. Japan Consultancy Institute also showed some initial interest which, however, did not materialise in any concrete proposals for assistance. An American Company M/s Ashland Oil and Refining Co. Ltd., Texas, however, showed a keen interest in developing this deposit and later followed it up with an offer of collaboration as a risk bearing partner with the National Mineral Development Corporation (a public sector Corporation). They also indicated their willingness to participate in the equity upto 49 per cent. of the share capital of the proposed venture provided the technical management were entrusted to them for a period of first 10 years.

4. The offer of M/s. Ashland Oil and Refining Co. Ltd. has been under examination of Government. The main considerations, which have led the Government of India to consider their proposal on merits,

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are the need for developing copper deposits in the country in the shortest possible time bearing in mind the experience of the delay that has occurred in the development of other non-ferrous metal deposits in the country the paucity of indigenous expertise at almost all stages preliminary to the production of metal e.g. geological exploration mining process know how engineering and metallurgy and difficulties in arranging the requisite foreign exchange for purchase of know how and import of essential mining and metallurgical equipment

5 The American Company were in a position to provide finance to cover the foreign exchange requirement of the project partly by way of equity from their own resources and partly through loans from other US sources

The share of 49 per cent in equity suggested by the American Company in accord with the accepted policy of the Government to allow minority participation upto the level of foreign exchange requirements in certain selected sectors of industry where foreign know how equipment and specialised technology and financing problems are the major obstacles in the way of achieving production of vital commodities

6. Regarding the other stipulation by the American Company that they should be entrusted with the technical management of the new venture for the first 10 years. It was felt that it deserved serious consideration in view of the lack of technical skill of the requisite degree in this field. In this connection it is relevant to observe that as 49 per cent shareholders the American Company would in any case have to play a substantial role in the management of the Company. The proposal of technical management envisaged at best giving them a major say in technological matters only where for reasons stated above, the deployment of their know how and specialised technical knowledge would be an asset for the undertaking

7 To view the offer of M/s Ashland Oil and Refining Co Ltd in the proper perspective, it will be desirable to state that in this agreement, the proposed new company will be obliged to place the entire production of metal at the disposal of the

Government of India or the National Mineral Development Corporation (which is a 100 per cent Government Company) who will then arrange the distribution of metal in accordance with the policy of the Government of India. Thus, in effect in spite of the reservation regarding technical management, the right and discretion of Government to control the production, prices and distribution will remain absolute

8 However I should like to make it clear beyond doubt that all the aspects of the proposal are still under detailed examination of Government and no commitment of any kind has been made

SHRI A. D. MANI The substance of this long statement made by the Minister is that the American Company has offered to invest 49 per cent of the equity capital and the Government of India will invest 51 per cent and the management will be in the hands of the American company. The hon. Minister addressed a press conference before Parliament met on the 25th of July—he addressed a press conference in New Delhi on the 22nd of July. A correspondent drew his attention to the Prime Minister's assurance that there would be no such deals besides the fertilizer industry. Mr. Dey said that he had no inferiority complex in the matter. The apprehension that many of us had was that this deal might be concluded and the long statement made by the Minister is more or less a justification of the deal. I would like to know whether the Government of India has taken note of the public feeling in respect of American collaboration in the fertilizer industry and would not extend the principle to other industries in the public sector or whether as he said, the Government of India has got rid of its inferiority complex in this matter and is prepared to allow Americans to come and control this industry

SHRI S. K. DEY Sir, I should correct firstly his misunderstanding. There is no question whatsoever of handing over the management and control of the organisation. I used the words 'technical management'. Now, technical management is something different from overall management of the enterprise. Secondly we do not have technical know-how in matters

either of copper mining or copper processing or in copper smelting and concentration and others. Nor do we manufacture the equipment in this country. If we do not have the technical know-how and the equipment, it is quite obvious that we shall have to depend on outside sources for this assistance if we are to develop the exploitation of these mineral deposits for our requirements. Copper in particular, I may mention for the information of the House, is becoming an increasingly rare commodity in this world. In fact already even a country like America is experiencing an acute shortage of copper for its own requirements. Over the last few days the prices of copper have continued to rise in the light of the devaluation that has taken place. Our problem is even more acute. For our defence requirements, for our industrial requirements we must have copper and we have these deposits. Therefore it is prudent as well as wise to use the best possible method for quickening the tempo of exploration as well as exploitation of this rare metal.

Now as I mentioned there is no question of handing over the management of the enterprise to the Americans or to anybody for that matter. It is the technical management in which we are lacking today without any adequate knowledge.

Now about the question of inferiority complex which the hon. Member mentioned, yes, I did mention—and still it is my feeling—that if I do not know something and if I do not have something I should not flinch shy of securing it from outside sources with open eyes. There is no question of surrendering the interests of the country and I will confirm that no decision has so far been taken, as I have said earlier and there is no intention whatsoever of doing anything underhand about it.

SHRI A. D. MANI: May I ask the Minister whether one of the terms of the agreement with this American company is that the pricing policy will be controlled by the company? The Minister referred that the technical management of the company will be in the hands of the American collaborators. Does the term 'technical management' mean also that the pricing policy will be determined by them and that the Government of India will have no say in it?

SHRI S. K. DEY: I have already mentioned.

MR. CHAIRMAN: Paragraph 7.

SHRI S. K. DEY: that in the matter of control of production prices and distribution the responsibility will remain absolutely in the hands of the Government of India.

SHRI D. THUNGARI (Uttar Pradesh): May I know if it is not a fact that with this favoured technical management they will be in a dictating position for obvious reasons and therefore they would be virtually 'controlling the whole things'? Therefore, has the Government of India under contemplation any programme to train our personnel to develop our own technical know-how within the shortest possible time? And how are they going to eliminate the possibility of virtual control by the American firm?

SHRI S. K. DEY: Sir, that question does not arise because the management control of the firm still remains with us; only the technical control being vested in them. Simultaneously we are working out our own project at Khetri. This is completely under Indian management with assistance, technical as well as financial, from France. Also we are trying to develop a new deposit at Rakha and we are trying to begin it at a very slow pace with assistance from the National Metallurgical Laboratory and the National Mineral Development Corporation and others. So it is not that there will be something of a monopoly of copper knowledge in Andhra Pradesh. We thought that we could have these two or three different projects each under a different management, with assistance from different people competing with each other. Of course, the intention is to train our own people in the shortest possible period of time.

SHRI M. P. BHARGAVA (Uttar Pradesh): May I know what efforts were made by the hon. Minister and his Ministry to find out whether Indian technical know-how on the subject is available or not? May we also know from the hon. Minister whether the Council of Scientific and Industrial Research was asked to let him know whether Indian technical know-how on this particular subject was available or not?

SHRI S. K. DEY: Sir, we are trying to tap all the resources of the Indian Council

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of Scientific and Industrial Research. I may mention that we have a small copper deposit in Sikkim which is being worked under the Sikkim Mining Corporation. And we have had the greatest difficulty during the past few months in finding a person experienced in copper mining, who would take charge of that project. In spite of the assistance of the Council of Scientific and Industrial Research, nobody was prepared to give us help in terms of personnel. It is very difficult, we do not have that know-how except in a very limited degree.

SHRI A. P. CHATTERJEE (West Bengal) : The way in which our mineral resources are being allowed to be tapped by American companies, that will create an apprehension in our minds that the Government is going on its path of selling out our country to America. Now, in that context, will the hon. Minister say as to what actually is the scale of profits which the American company is being allowed to loot from India? What is the assistance that the American company is now giving to India for the purpose of training Indian personnel? And will also the hon. Minister tell the House whether, before giving over this opportunity of extracting copper to an American company, the Ministry tapped the resources in East European countries who are really interested in developing the resources of India and not in keeping under control the economy of India for themselves or for their own interests?

SHRI S. K. DEY : Sir, I will start from the last part of the question raised by the hon. Member. If he could ask his East European friends to come to our assistance, we welcome whatever assistance they are in a position to offer. Secondly, there is no question of the Government trying to make a sell-out of the country's interests. I repudiate even the suggestion. And thirdly, as I mentioned earlier, every effort will be made to secure the best interests of the country in whatever deal we make with any country, whether in the Western camp or the Eastern camp.

SHRI M. RUTHNASWAMY (Madras) : Is it not a fact that copper is of such a rare occurrence in our country that Government should make every attempt to exploit the few resources that are available and should go to the farthest length possible in

order to invite foreign collaborators for the exploitation of this rare non-ferrous metal in our country?

SHRI S. K. DEY : That is exactly what we have said.

شری عبدالغنی (پنجاب) : کیا وزیر صاحب فرمائیں گے کہ ہندو سرکار ان کو ٹیکنیکل مینیجمنٹ نوڈے رہی ہے لیکن اگر ہندوستانی اس قابل ہو جائیں کہ وہ ٹیکنیکل مینیجمنٹ کو بھی اپنے قابو میں کر سکیں کچھ عرصہ بعد تو کیا سرکار اس بات پر پھر وچار کرے گی۔ اس ایگریمنٹ میں کچھ ایسا راستہ رکھے گی۔

†[شری अबدول گنی (پنجاب) : کیا وزیر صاحب فرمائیں گے کہ ہندو سرکار ان کو ٹیکنیکل مینیجمنٹ نوڈے رکھی ہے لیکن اگر ہندوستانی اس قابل ہو جائیں کہ وہ ٹیکنیکل مینیجمنٹ کو بھی اپنے قابو میں کر سکیں کچھ عرصہ بعد تو کیا سرکار اس بات پر پھر وچار کرے گی، اس ایگریمنٹ میں کچھ ایسا راستہ رکھے گی؟]

شری سچاپتی : دس سال کے لیے ہے۔

شری عبدالغنی : نہیں اس سے پہلے۔ میں نے کہا اگر کوئی راستہ رکھے گی۔ اس سے پہلے اگر ہمارے ہندوستانی ٹیکنیکل نالچ میں بھی ان کے برابر ہو جائیں۔ یا ان میں کچھ تھوڑی کمی بھی ہو تو کیا گورنمنٹ کوئی راستہ رکھ سکے گی کہ اس سے پہلے ان سے ٹیکنیکل مینیجمنٹ کا قبضہ لے لیا جائے۔

†[شری अबدول گنی : نہیں، اس سے پہلے۔ میں نے کہا، اگر کوئی راستہ رکھے گا۔ اس سے پہلے اگر ہمارے ہندوستانی ٹیکنیکل

†] Hindi transliteration.

नालेज में भी उनके बराबर हो जाएं या उनमें कुछ थोड़ी कमी भी हो तो क्या गवर्नमेंट कोई रास्ता रख सकेगी कि इससे पहले उनसे टेक्नीकल मैनेजमेंट का कब्जा ले लिया जाए ।]

SHRI S. K. DEY : Sir, the agreement is valid for a period of ten years. In view of the other commitments we already have for the exploitation of copper in other different areas in the country, we ourselves do not anticipate that we would be able to be self-sufficient in technical knowledge for the management of this within the first ten years. If we do that, that will be good enough.

(Shri A. D. Mani rose)

MR. CHAIRMAN : Mr. Mani, I thought you had finished. I usually make that mistake of putting . . .

SHRI A. D. MANI : On a point of information. Would the Minister give some information as to what will be the estimated cost of this project with foreign collaboration ?

SHRI S. K. DEY : It is very difficult to give the total estimated cost of the project. We do not know yet about the total deposit. The total deposit has to be fully explored and this itself will take about two years of intensive exploration. The initial part of the project is expected to cost between Rs. 8 and 10 crores. But this does not include the smelting process. The intention is that whatever we are trying to develop will be processed in the Khetri Smelter which, we are hoping, will go into production early.

PAPERS LAID ON THE TABLE

GOVERNMENT OF INDIA'S NOTE TO THE EMBASSY OF CHINA AT NEW DELHI

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DINESH SINGH) : Sir, on behalf of Sardar Swaran Singh, I beg to lay on the Table a copy of Government of India's note L64RS/66

dated the 28th July, 1966 given to the Embassy of China in India at New Delhi. [Placed in Library. See No. LT-6580/66.]

ANNUAL REPORT AND ACCOUNTS (1965) OF THE MOGUL LINE LTD., BOMBAY AND AUDITORS' REPORT THEREON

THE MINISTER OF TRANSPORT, AVIATION, SHIPPING AND TOURISM (SHRI N. SANJIVA REDDY) : Sir, I beg to lay on the Table a copy of the Annual Report and Accounts of the Mogul Line Limited, Bombay, for the year ended the 31st December, 1965, together with the Auditors' Report on the Accounts, under sub-section (1) of section 619-A of the Companies Act, 1956. [Placed in Library. See No. LT-6595/66.]

NOTIFICATIONS UNDER THE MOTOR VEHICLES ACT, 1939

SHRI N. SANJIVA REDDY : Sir, I also beg to lay on the Table a copy each of the following Notification, under sub-section (3) of section 133 of the Motor Vehicles Act, 1939 :—

- (i) Notification No. F. 20(5)/63-PR (T), dated the 31st December, 1965, publishing the Delhi Motor Vehicles (Second Amendment) Rules, 1964, issued by the Delhi Administration.
- (ii) Notification S.R.O. No. 166/66, dated the 30th March, 1966, issued by the Government of Kerala.
- (iii) Notification S.R.O. No. 206/66, dated the 19th May, 1966, issued by the Government of Kerala. [Placed in Library. See No. LT-6594/66 for (i) to (iii).]

NOTIFICATION UNDER THE KERALA MOTOR VEHICLES (TAXATION OF PASSENGERS AND GOODS) ACT, 1963

SHRI N. SANJIVA REDDY : Sir, I also beg to lay on the Table a copy of Notification S.R.O. No. 25/66, dated the 7th January, 1966, under sub-section (4) of section 20 of the Kerala Motor Vehicles (Taxation of Passengers and Goods) Act, 1963, issued by the Government of Kerala. [Placed in Library, See No. LT-6769/66.]