

कुछ और बढ़ना चाहिये था उतना बढ़ता दिखायी नहीं दे रहा है। तरक्की के साथ साथ एफिशियेंसी बढ़नी चाहिये थी, कार्यक्षमता बढ़नी चाहिये थी। मुझे कुछ डर है और बड़ी नम्रतापूर्वक मैं कहना चाहता हूँ कि एफिशियेंसी कुछ कम जरूर हो रही है। एक ही आप उदाहरण ले लीजियेगा कि आये दिन जो...

MR. DEPUTY CHAIRMAN: You can continue on Monday. Now, there is half-an-hour discussion.

SHRI DEOKINANDAN NARAYAN: Thank you, Sir.

5 P.M.

HALF-AN-HOUR DISCUSSION RE EXPORT OF CEMENT TO PAKISTAN

SHRI H. D. RAJAH (Madras): Sir, this debate arose out of a question in this House regarding export of cement to Pakistan but from a hand-out, I was able to get, regarding that, the following information:

"The imports from Pakistan include a quantity of 30,000 tons against which an equivalent quantity was also exported by us to East Pakistan in pursuance of an exchange programme agreed upon."

Therefore, I take it that this is only an exchange of cement between Pakistan and ourselves and therefore no loss or no profit is involved but I would like to know from the hon. Minister the position with regard to a subsequent statement and that is as follows:

"We have however agreed to an outright sale of 10,000 tons of cement to Pakistan for supply to their eastern region."

This was also in pursuance of an agreement for an exchange programme of 50,000 tons but now that we are able to produce enough quantities of cement in the North Western region, that programme is not to be implemented but this 10,000 tons of

cement will be exported outright to Pakistan and I would like to know from the hon. Minister on what basis and what is the price and how it will work to the benefit of our country.

Now, while discussing this matter in a general way, I wish to deal with the export policy of the Government with regard to this matter. There are Export Promotion Councils. Now, in this country there is a consumer-resistance of cement. Cement was wholly handled by the State Trading Corporation. They took over the responsibility of distributing cement in this country and when they found that there was not enough quantity of cement available in our country, they launched upon an import programme

MR. DEPUTY CHAIRMAN: We are not concerned with the import and export policy here. We are really concerned here with the supply of cement to Pakistan.

SHRI H. D. RAJAH: Other subjects also can be discussed. The hon. Minister may not have any objection.

(Interruptions.)

MR. DEPUTY CHAIRMAN: He may not object but I have objection. It must be strictly confined to the question out of which the debate arises.

SHRI H. D. RAJAH: I don't agree, I don't think there is any such rule or procedure in any place. I can talk on umpteen.

(Interruptions.)

MR. DEPUTY CHAIRMAN: This is a half-an-hour discussion on.

SHRI H. D. RAJAH: You can see the points which I have put in the demand for the half-an-hour discussion. If you confine me only to Pakistan, I have only to abuse them and nothing else. That is not a way in which a debate is to take place. That is only incidental and it comes out of it.

(Interruptions.)

MR. DEPUTY CHAIRMAN: These are the points you have raised, Mr. Rajah. I am reading them to you:

"Import of cement at a high cost and putting an excise duty to raise the price of local cement and then its export at a low price to Pakistan, results in huge loss to the country.

Public is facing great difficulties due to the high price of cement in the country and this export of cement further increases the difficulties and hampers the progress of the country. . . ."

So you can raise everything that is connected with export to East Pakistan.

SHRI H. D. RAJAH: I don't agree with you. With all due deference to your intelligence and superior intelligence. . . .

MR. DEPUTY CHAIRMAN: Order, order.

SHRI H. D. RAJAH: . . . because I must be subject to superior intelligence. I suggest that the import policy, export policy, local consumption, duty of excise on cement—all these arise out of the question I have raised. If you rule it out, I am prepared to submit to your ruling and sit down but if you will see, they are quite in relevance to the debate

MR. DEPUTY CHAIRMAN: Relevant only to the extent that they apply to the export of cement to East Pakistan, not otherwise. You cannot discuss the general export and import policy.

SHRI H. D. RAJAH: I don't. . . .

(Interruptions)

SHRI V. K. DHAGE (Bombay): He has also stated that he would discuss the price structure.

MR. DEPUTY CHAIRMAN: Price structure and import and export policy as they are relevant to the

export of cement to East Pakistan and how it has caused difficulty to the people here.

(Interruptions.)

So only incidentally it may be relevant but we cannot discuss it as the main thing.

(Interruptions)

SHRI BHUPESH GUPTA (West Bengal): The items that you have read out do not merely speak of export to a certain country, that is East Pakistan. There seem to be other items and if they are co-related and inter

MR. DEPUTY CHAIRMAN: There is no other. The policy of the Government when they send to Pakistan and the import and export policy as it applies to that and as it increases the difficulties of the consumer here in India—that is all that we are concerned.

SHRI KISHEN CHAND (Andhra Pradesh): I am a joint signatory to that. . . .

MR. DEPUTY CHAIRMAN: I know you have some questions to ask?

SHRI H. D. RAJAH: You can consult the Minister. If he objects. . . .

MR. DEPUTY CHAIRMAN: Have you finished? So far as export of these to East Pakistan is concerned, those points will be relevant. We are not concerned with the general policy.

SHRI H. D. RAJAH: When we were producing about 6 million tons of cement—which is otherwise called 60 lakh tons—we gave orders for import to the extent of 5,78,000 tons of cement at a price of Rs. 140 per ton. The local price paid by the Government to the local industrial concerns is in the region of about Rs. 60 per ton. Therefore the difference between the imported price and the local price paid is in the region of Rs. 80 per ton which works out to Rs. 3,35,00,000 of foreign exchange which we have

swallowed for a paltry amount of cement we imported. Of course, out of that, a certain amount of cement we exported to Pakistan but my point at issue is, if the Government had followed a rational policy with regard to local production of cement, this question of Rs. 325 lakhs worth of foreign exchange would have been saved and that was a colossal waste. Subsequently, that policy was given up and they actually imported only 4,29,077 tons and the balance was not imported. Now, there is plenty of cement in the factories which are not lifted by the State Trading Corporation. There is what is called a consumer-resistance. Now, what was the policy with regard to export of cement outside including Pakistan? Therefore, the State Trading Corporation must deal with a position of our country with regard to the supply of cement and which you know, is next to food and cloth. I don't want the cement to be produced and to be left in the factories without being lifted. The State Trading Corporation's response is not there when various factories have demanded from them that the cement must be taken off and exported. They are silent about it. There is a crisis brewing in the cement industry, there is a plethora of cement now being produced, our target by the end of this year is 8.4 million tons and this year, mind you, that is 1958, that is the only industry which will keep up to the target of the Plan and when that is the position, the Government must step in to explore all possibilities of export. If there is an internal consumer resistance today, that is due to this reason, namely, if cement is lifted, iron is not available, the building programme has come to a standstill due to foreign exchange resources being short with us and today we are not able to import enough steel in order to supplement the requirements of cement. As I told you, whether you export to Pakistan or whether you export to other countries, cement is a good foreign exchange earner and the responsibility of the State Trading Corporation which is really the monopolist distributor in our country today and has

secured something like Rs. 10 crores profit in this issue, is there and if the industry is to develop internally—and with a view to export also—the Corporation must come to its help and that money must be given to these people for expanding the industry which is visualised in the cement communiqué.

What I suggest is that these industries which are keeping up to the programme of our target and this industry, which is supposed to be one of the best elements for a better living in our country, because cement is used for road building etc.—must be properly looked after without a policy of vagarisation in the matter. We know the drifting policy on the part of the Government. Leave alone the question of export to Pakistan because they first came to an exchange programme for 50,000 tons and then in view of our expansion in the North Western region, they say that we are selling 10,000 tons outright to Pakistan. But Pakistan can absorb only to limited extent. Therefore, there is a policy which must be followed in this matter, namely that our cement must be internally consumed fully for which proper steps must be taken and consumer resistance should be met and that can be met only by removing the Rs. 20 excise duty which you have put on every ton of cement in this country. In that case, the people to whom you are responsible, will get cement cheaper and their building programme will continue. Now, why did this stock accumulation take place in the various factories? The silos are full of cement. The State Trading Corporation is not responsive to lift the cement and so I see that certain factories are threatened with closure. This position should not arise. Therefore it is not a question of your merely exporting cement to Pakistan but it is an overall proposition. Side by side with your target of expansion of industries, with the target of the present factories to be expanded, you have planned to give orders for 24 more factories to be established in this country for producing cement and the

[Shri H. D. Rajah.] target is 16 million tons within the period of this Plan. You must have resources and methods by which this industry, the production of cement is utilised by our countrymen and to see that it is exported with a view to getting foreign exchange. We are short of foreign exchange. Therefore, there must be export promotion. Importing from Pakistan and exporting it will not solve the problem. Therefore, I expect the hon. Minister to have a rational programme for cement and for development of our industries. He should also couple it with an export promotion drive with a view to earning more and more foreign exchange for our country, and also help us, Indians, the local people to consume as much cement as possible for the betterment of their lives. That can be done, because next to the food industry and to the cloth industry, the cement industry is the biggest in our country. You have done very well in giving this industry all facilities; but there should not be such a provision by which when you make the cement there is no lifting of it. That will bring about a serious situation in the country and I want that that should be avoided. I utilise this opportunity to refer to the general overall position in our country, not only with regard to Pakistan but with regard to the export to other countries also. Where there is demand for our cement coinciding with local consumption and also consumer resistance the position must be met by giving our people better benefits and lower prices. That you can do only by removing this excise duty of Rs. 20 per ton. With that view, I request the hon. Minister in charge to consider the various aspects of the problem. Sir, you circumscribed the debate to only export to Pakistan. So I want the hon. Minister to understand the questions that I have raised in this House and give us a satisfactory answer in this House.

SHRI KISHEN CHAND: Mr. Deputy Chairman, the other day I asked a supplementary question and the hon.

Minister said that the mutual price agreed on both sides was Rs. 102 per ton. I asked a supplementary question again. When the imported price of cement was Rs. 140 per ton, what was the necessity and what was the need for our Government to go in for an agreed price of Rs. 102 per ton? Why was the Government of India so generous to Pakistan when we were ourselves importing cement at Rs. 140 per ton? If Pakistan had not taken cement from us but had imported it from other countries, they would have paid Rs. 140 per ton. What was the reason for our agreeing to this price of Rs. 102 per ton? The hon. Minister replied that it was only entered into because . . .

MR. DEPUTY CHAIRMAN: No speech, Mr. Kishen chand, you can put only one question.

SHRI KISHEN CHAND: But in order to put that question, I must first of all give the previous question and the answer that the hon. Minister had given to it.

MR. DEPUTY CHAIRMAN: You put your question now. The rule says:

"Any member who has previously intimated to the Chairman may be permitted to put a question for the purpose of further elucidating any matter of fact."

So only put your question.

SHRI KISHEN CHAND: But if I put the question and I get an "yes" or "No" reply, the matter will end. So, unless I give the context of it and ask my question, I cannot derive the proper answer from the hon. Minister.

MR. DEPUTY CHAIRMAN: That is not necessary.

SHRI BHUPESH GUPTA: Make it a complex question.

SHRI KISHEN CHAND: This is only preliminary to asking my question.

MR. DEPUTY CHAIRMAN: No preliminary is necessary. Straightaway put your question.

SHRI KISHEN CHAND: I would like to know from the hon. Minister when the prevailing world price of cement was Rs. 140 per ton and when the Government of India was importing at Rs. 140 per ton, what was the reason for the Government of India entering into a mutual agreement for purchasing and selling cement at Rs. 102 per ton; if Pakistan was transferring cement from West Pakistan to East Pakistan they would have been forced to bear the freight charges in transferring cement from West Pakistan to East Pakistan thereby raising the price of cement that was being supplied to East Pakistan, and . . .

SHRI BHUPESH GUPTA: And further on

SHRI KISHEN CHAND: . . . and thereby bringing in some money to our country but our industry is deprived—Sir, you are making me put a very lengthy question—

SHRI BHUPESH GUPTA: That does not matter.

SHRI KISHEN CHAND: . . . and thereby you deprive our factories and our countrymen from getting a price of Rs. 140 per ton from Pakistan by selling cement outright to them, while you are importing cement into our country which was not wanted, from Pakistan? The sum and substance of my contention is that the Government of India entered into a wrong agreement without full knowledge of the facts.

THE MINISTER OF INDUSTRY (SHRI MANUBHAI SHAH): Sir, I am glad for this occasion to clarify certain issues connected primarily with this deal with Pakistan for exchange of cement—the import and export of cement—and incidentally with the general policy which concerns the cement industry.

At the outset, I must clarify that there is no consumer resistance in this country, to the purchase of cement as my hon. friend Mr. Rajah tried to suggest in his speech. As a matter of fact, as the House is aware, there have been several questions asked on the floor of this House and of the other House always demanding that more and more cement should be supplied for the public institutions and for the consumption of the civil population. So I wonder if the hon. Member has not received some wrong information which has made him suggest that there was any consumer resistance in this country. As a matter of fact, one of the reasons why we embarked upon the programme of importing 700,000 tons of cement during 1956-57 of which about 4,40,000 tons have already been received and perhaps another about 30,000 or 40,000 tons may yet arrive and the balance of 2,30,000 tons is practically cancelled, the real reason behind it was that the projects in the Second Five Year Plan which are of high priority and the building activities in this country which had started as part of the national plan, were all feeling hampered for want of cement. Next to steel, for any developing economy, as the House is aware, cement is of very primary importance. It, therefore, always occupies a position of high priority.

The second question was that apart from there being no consumer resistance, it was also argued that when silos were overflowing with cement today, why was an import programme launched upon? Apart from silos not overflowing, I may say that the overall stock position in the country according to the latest information that I have got is not more than five to six days' national production in all the factories.

SHRI H. D. RAJAH: It is one month's production in a factory.

SHRI MANUBHAI SHAH: Sir, I say that is the overall stock position. I do not want to enter into any arguments about any particular factory. What I am saying is that the average

[Shri Manubhai Shah.] last week's total stock position was five to six days production. I would not enter into any controversy, but I do not know of a single factory where there is one month's production. But that is not the point at issue.

SHRI KISHEN CHAND: What is the stock?

SHRI MANUBHAI SHAH: Less than a week's production.

SHRI KISHEN CHAND: I want in tons and not in any other manner.

SHRI MANUBHAI SHAH: If the hon. Member wants in tons, it is less than 1.5 lakh tons in all the factories of the country put together. But that was not the point at issue. The point at issue is that there is no surplus cement anywhere in the country. We are all the time short of cement and that is why on the one hand we try to increase production of cement. And the House will be pleased to know—and I have repeated it before in this House several times—that while in 1955 the production was 4.5 million tons, by 1956, the production went up to 4.9 million tons and in the year 1957 the production has gone up to 5.6 million tons. This is a matter for gratification and congratulation.

SHRI H. D. RAJAH: With due deference to the hon. Minister I would like to say that the target for the year 1957-58 has been fixed at 8.4 million tons.

SHRI KISHEN CHAND: No, it is 6 million tons.

SHRI MANUBHAI SHAH: If the hon. Member will kindly keep his patience, I will explain the difference between the rated capacity and the actual production. When I say in 1957 the production was 5.6 million tons, the rated capacity was 6.5 million tons.

I would beg of you to have a little patience when I reply with these

figures. At the end of 1958, we are expecting a national rated capacity of 8.4 to 8.5 million tons against which the production is expected to be of the order of about 7 million tons. Even so, we are afraid that even with the rise from 4.5 to 4.9 to 7 million tons, roughly an increase of over two million tons by the end of the year 1958, the production might fall short of the national requirements.

Then I come to the position why we went in for the deal of 10,000 tons of cement with Pakistan. It must be remembered that in the year 1956-57, Pakistan came to our help. When we wanted this seven lakh tons of cement, the total single quantity which came from any country in the world, the largest, was from Pakistan. We contracted for the import of a lakh and five thousand tons out of which the actual receipts were about 84,330 tons. We should not forget . . .

SHRI KISHEN CHAND: At what price?

SHRI MANUBHAI SHAH: If you have a little patience, I will mention all the figures. Otherwise, it will become a question and answer.

SHRI KISHEN CHAND: I am sorry.

SHRI MANUBHAI SHAH: Even here, the contracted price ranged from something like Rs. 97 to Rs. 102 per ton. The real position in regard to the price of Rs. 140 is that this relates to cement imported from foreign countries, that is the West European and the East European countries because of the large margin of the freight rate which varies from Rs. 30 to Rs. 40 and in some cases even Rs. 55 per ton which actually makes the rate to be Rs. 140 per ton. It will not be Rs. 140 in the case of every country. As far as Pakistan is concerned, I want the House to remember the difference between these two figures. In regard to this 30,000 tons, as I have already said, it was a pure and simple exchange deal not involving any monetary transactions. On the Western border of

Pakistan, we took over cement and on the Eastern Border, we handed over cement to them from the nearest source to the Eastern border. Regarding this 10,000 tons also, if the hon. Member had asked the question, I would have told him the actual price. It was the current price and the current price at that time for 30,000 tons was Rs. 102 per ton. Subsequently, the excise duty of Rs. 15-8-0 was added and the price became Rs. 117-8-0 per ton. It may only be my conjecture but from the current event it looks perhaps that they will not require this quantity and they themselves might cancel this contract but that is neither here nor there. As far as we are concerned, we are duty bound to supply this ten thousand tons not only because it is a neighbouring country, not only because it is a country which at the time when we were short of cement came to our rescue and gave us a sizable quantity, as much as 84,300 tons but it is quite natural that when a country is lying between two outlying borders, and it becomes difficult as the cement has got to be transported across, from one end to another, we should allow this. It is the normal trade practice to come to the aid of one another and to supply such small quantities that they require for their flood relief work or some such emergency use and I am sure that the House, when it comes to know all the facts, will appreciate that all these bilateral trade practices have got to be encouraged.

We made clear our policy regarding all industries and also particularly referred to cement in the meeting of the Standing Committee of the Central Advisory Council. We said that the policy was to make our country self-sufficient in the first instance and then endeavour to have exports. As a matter of fact, in several industries, the efforts have been to restrict local consumption to some extent so that we could encourage exports by various measures of export promotion. In this also, Sir, the House will be pleased to know that we are trying to plan out a scheme of export of about a lakh

of tons of cement not because we are surplus in cement—again I am repeating before the House that this is not because we are surplus in cement—not because the silos in the country are overflowing or that we have overstock of cement or that the national consumption is less than the production but only because we want to cater for the different markets and create an external market for cement so that when cement supply is more in India, when at any future date we reach our targets, we may have the markets ready. It has been mentioned, Sir, as to how the targets have been achieved. As I have already said, at the end of the year 1958, we shall reach a rated capacity of 8.5 million tons and at the end of the second Five Year Plan we would like to reach a target of 16 million tons. That is our estimate now and that is the rated capacity again so that hon. Members may not again question me and say as to why I said 16 million tons. The production will be round about 13 to 14 million tons, not the rated capacity of 16 million tons. Many of the presumptions which my hon. friend had in his mind, namely that there is consumer resistance, namely that we do not plan or have a rational plan, namely that the S.T.C. was charging more prices, etc., are all based perhaps not on adequate information being available with my hon. friend. I may also mention something about the S.T.C. because this is the occasion when the S.T.C. has been referred to. Since it came into being, it has done yeomen service to the country.

SHRI H. D. RAJAH: Have they no liability to lift cement from the factories? Are they to distribute the cement only whenever they like and, if the factories are full of cement, they have no responsibility of lifting it?

SHRI MANUBHAI SHAH: Sir, as far as the S.T.C. is concerned, it has the same liability as any other marketing organisation in any part of the world could have. We do not disclaim our responsibility for the lifting of cement.

[Shri Manubhai Shah.]

At no time in the past was cement lifted so quickly and so efficiently as the S.T.C. have done so as to leave only five to six days' stocks with the silos on an average. The point at issue really is that the State Trading Corporation has rationalised the pattern of distribution. There was a time, I remember, in 1955-56, when cement from Saurashtra used to go round to the other side of Punjab, cement from Madras used to go to Bengal. Since the State Trading Corporation came into being and since it came to take up the distribution of cement, we have created different zones and no factory is allowed to send its produce out of that zone and travel right from one end of the country to the other, thus saving a considerable amount of transport and also avoiding the various bottlenecks of wagon supply, of engine power, of tract utilisation and all that. We should be thankful that with the introduction of rationalised distribution and supply through the S.T.C., the nation has been able to save much in transport, the factories have got more relief by way of less of cement being left in the stock which incidentally may also have helped them in increasing the production of cement. More than anything else, Sir, is the retention price system which has been of advantage to the factory and this my hon. friend, Mr. Rajah, had very much in mind. Apart from the S.T.C., helping the cement industry, the retention

price of cement which has been worked out by the Tariff Commission is helping this industry. Another report is expected in the next month or two. This price is composed of allowing developmental rebates, facilities for expansion and various other types of activities. This, Sir, would considerably meet the needs of expansion of these factories.

I hope, Sir, that I have answered the question of my hon. friend, Shri Kishen Chand also and that, Mr. Rajah and everybody else, in fact the whole House, are satisfied that there is a very definite cement policy which to-day I have tried to lay before the House and which I have elaborated many times before also and that, as a result of the rational policy of production, distribution and of movement, we have been able to reach that target with the cooperation of the industry and, given that same cooperation, I have no doubt that in future also, the Second Five Year Plan target will be reached.

Thank you, Sir.

MR. DEPUTY CHAIRMAN: We shall sit through lunch hour tomorrow. The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at twenty-eight minutes past five of the clock till eleven of the clock on Friday, the 21st February 1958.