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SCHEMES FOR DEVELOPMENT OF INDIAN INDUSTRIES FROM FOREIGN LOANS

32. SHRI M. VALIULLA: Will the Minister for FINANCE be pleased to state:

(a) what are the industries and other schemes in India for which foreign loan has been applied for during the last three years; and

(b) what countries have been approached in this respect?

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): (a) The position in respect of industries and other schemes for which foreign loan has been applied for during the last three years is as follows:—

Scheme Industry	Amount of Loan applied for (\$Million)
1. 1st D.V.C. Loan (Bokaro-Konar Project)	18.5
2. 2nd D.V.C. Loan	19.5
3. Indian Iron and Steel Company Expansion Programme	31.5
4. Industrial Finance Corporation	8.0
5. The Trombay Thermal Station	14.7

All the loans were applied for only from the International Bank for Reconstruction and Development and of these, the loans for the Industrial Finance Corporation and the Trombay Project are still under consideration by the International Bank.

(b) Apart from the International Bank, no other foreign country has been approached by the Government of India for loans for the development of its projects and industries.

STATEMENT RE SMUGGLING OF SWISS WATCHES INTO INDIA

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): Sir, on the 30th April 1953, on Starred Question No. 575, Shri S. Mahanty put a supplementary suggesting that a high-ranking officer had been apprehended at Jodhpur aerodrome in the act of smuggling some Swiss watches and that nothing had been done in the matter because he had been a high-ranking officer.

Sir, this question is likely to leave an impression which is not quite correct. It is true a certain officer was apprehended with three Swiss watches which were handed over to him by a friend at Jodhpur from where he emplaned. He was not travelling from any foreign country and the watches were also handed over to him at an Indian aerodrome. On interrogation he readily disclosed the watches at the Safdarjang aerodrome. The Collector of Customs imposed the usual penalty on that officer as also on the other individual who was travelling from abroad.

Even though the usual penalty was imposed by the Collector of Customs, the Government took up the case departmentally. Though it appeared to the Government that the officer was guilty more of indiscretion than of any dishonest motive, they took serious notice of this behaviour. In spite of his very high technical qualifications Government have taken steps to relieve him of his appointment as early as possible. I may add here, Sir, that a suitable substitute with appropriate technical qualifications is not easily available, but now the Gov-

ernment have been able to secure a suitable person. That officer is going to be relieved soon.

SHRI S. MAHANTY (Orissa): May I know if he is a retired officer enjoying an extended term?

SHRI A. C. GUHA: I do not know whether a series of supplementaries will go on on this.

MR. CHAIRMAN: No.

STATEMENT RE A NEW STEEL PLANT PROJECT

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): Sir, the House has taken a great deal of interest in the proposal for the establishment of a new steel plant. Questions have often been asked in regard to it and I have endeavoured to give such information as was available to the House. It was not possible always to take the House into confidence when negotiations were going on. Now that those negotiations have concluded and an agreement has been signed, I should like to place before the House the principal terms of this agreement.

The importance of adding to our steel production is very great from the point of view of all development schemes and the Five Year Plan. Indeed, even this agreement which we have signed does not fulfil our future requirements and we shall have to consider further projects.

It has been Government's desire to retain overall control in a project of this kind securing, however, suitable technical associates as also financial participation to some extent.

The agreement was signed on the 15th August this year at Bonn in Germany by the Secretary, Ministry of Production, on behalf of the Government of India, and two German firms of international repute, namely, Krupps and Demag. The agreement

provides for the technical and financial participation of these two firms in the construction of a new steel plant with an initial capacity of half a million tons of ingots, capable of expansion to a capacity of one million tons.

The capital cost of the project is estimated to be about Rs. 71.25 crores. The share capital to be contributed by the German collaborators is expected to be of the order of Rs. 9.5 crores, the exact amount depending on the value of the plant that they may supply, and the balance of share capital will be found by the Government of India. It is proposed, however, to apply to the International Bank of Development and Reconstruction for a loan of about Rs. 20 crores towards the capital cost.

The German investment will be for a period of about ten years, with option to either side to continue the association for a further period of ten years.

Global tenders for supplies will be invited and quality, prices and deliveries of plant will be the determining factors in selecting the suppliers.

The German Combine will be appointed the technical consultants and will receive a fixed fee of about Rs. 2.10 crores, which works out to about 3 per cent. on the estimated cost. No royalties are payable and no bonus shares will be issued.

The management of the company will be vested in a board, in which the Government and the Combine will have representation proportionate to their respective investments. The Chairman and the Managing Director will be the nominees of Government, thereby reserving to Government the control and overall management of this vital industry. The German Combine will recommend a team of technical-experts for the efficient working of the plant. The number of Germans to be employed will be kept down to the minimum commensurate with the requirements of efficiency. Indians will receive, meanwhile,