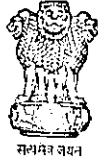


GOVERNMENT OF INDIA
MINISTRY OF STEEL, MINES AND FUEL
(DEPARTMENT OF IRON AND STEEL)



REPORT
OF THE
COMMITTEE
ON
ELECTRIC FURNACES, STEEL FOUNDRIES
AND
STEEL RE-ROLLING MILLS

(APRIL 1957)

Price Rs. 5 or 3sh.

PRINTED IN INDIA, BY THE GENERAL MANAGER
GOVT. OF INDIA PRESS, NEW DELHI, 1957.

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INTRODUCTION

APPOINTMENT OF THE COMMITTEE

On the 11th of April, 1956 the Government of India in the erstwhile Ministry of Commerce and Industry issued a Press Note [Appendix I(a)] inviting applications for licences under the Industries (Development and Regulation) Act, 1951, from parties interested in the installation of steel re-rolling mills. This was based on the assumption that reasonable quantities of raw materials might become available towards the end of 1959.

On the 30th April 1956, the Government of India issued a fresh resolution on their industrial policy in which, *inter alia*, stress was laid on regional industrial development. Meanwhile, a review was made of the anticipated availability of raw materials for steel re-rolling mills and electric furnaces. From this review, it was evident that the scope for the establishment of new capacity could not but be limited. Another Press Note [Appendix I(b)] was, therefore, issued by the Government of India on June 6, 1956, drawing the attention of the interested parties to the revised Industrial Policy Statement and to the considerations which would be taken into account in licensing further capacity.

2. In response to these Press Notes, a large number of applications were received for licences—

- (a) to establish new units;
- (b) to effect substantial expansions in the existing units;
- (c) to carry on business; and
- (d) to enlarge the scope of industrial units already registered or licensed under the Industries (Development and Regulation) Act to provide for the manufacture of additional items pertaining to the Iron and Steel Industry.

From these, it was clear that the problems of the steel re-rolling industry, electric furnaces and steel foundries should be co-ordinated with the development taking place in other sectors having regard to their economics, the expected availability of raw materials by 1960/61 and regional considerations. The then Ministry of Commerce and Industry, therefore, issued a Resolution No. I & S. (B)-55(7)/56, dated 24th July, 1956, in the *Gazette of India Extraordinary* of the same date, appointing a Committee to examine and report on the problems broadly referred to above. The Committee was composed of the following:—

- (1) Shri B. B. Saksena, Joint Secretary, Ministry of Commerce and Industry—*Chairman*.
- (2) Shri S. Sambasivan, Tata Iron and Steel Co., Ltd.—*Member*.
- (3) Shri R. M. Agrawal, Mukand Iron and Steel Works Ltd., Bombay—*Member*.
- (4) Shri D. P. Dada, Shri Maharaja Steel Mills Ltd., Kapurthala—*Member*.
- (5) Shri K. S. Raghupathi, I.A.S., Deputy Secretary, Ministry of Iron and Steel—*Member*.
- (6) Shri S. Banerjee, Deputy Iron and Steel Controller—*Member-Secretary*.

(iv)

The Resolution is reproduced in *Appendix II*.

3. We reproduce below for facility of reference the terms of reference.

"The Committee will—

- (a) study the raw material requirements of the existing electric furnaces, foundries and re-rolling mills in the country and assess the kind of expansion that is possible having regard to the availability of the raw materials in the future;
- (b) suggest ways and means of improving the efficiency of these units and recommend steps that should be taken to make them economic and independent of any form of subsidy in regard to the prices at which they obtain their raw materials;
- (c) assess the additional capacity that it may be desirable to set up in the light of the developments which are taking place in other sectors of the economy and the considerations set out in (a) and (b) above;
- (d) indicate suitable locations for the new units that may be set up having regard to the importance of promoting regional development and other relevant considerations such as transport facilities and raw materials supplies; and
- (e) formulate principles which should govern the examination of the applications for setting up re-rolling mills which have been received in response to the Press Note of the 11th April, 1956."

Previous enquiries

4. The Steel Re-rolling Industry, Electric Furnaces and Steel Foundries are dependent on raw materials from outside sources—indigenous or foreign. Problems, therefore, naturally arise in regard to the availability, procurement and price. Production costs and transport are also important problems. The Government of India had taken cognizance of these problems. The Programmes of Industrial Development under both the First and Second Plans issued by the Planning Commission provide for the re-rolling industry. Apart from this, some statutory enquiries dealt with the industries referred to us, *vide* details below:—

<i>Name of the Agency</i>	<i>Title of Report</i>	<i>Date</i>
1. Indian Tariff Board .	Report of the Indian Tariff Board on the Iron and Steel Industry.	19th April, 1934.
2. Mr. John Maltby Black .	Report on the Re-rolling Mills Section of the Iron and Steel Industry of India.	April, 1946.
3. The Iron & Steel (Major) Panel.	First and Second Reports on the Iron and Steel Industry.	29th March and 19th September, 1946.
4. The Ferrous Metals Industry Panel.	Report on the Ferrous Metals Industry.	July, 1951.
5. The Tariff Commission .	Report on the conversion charges for Bars and Rods and Fair Retention Price of Electric Furnace Billets produced by Registered Re-rollers.	4th December, 1952.
6. The Foundry Industry Panel	Report on the Foundry Industry (as embodied in the Report of the Engineering Capacity Survey Committee).	17th August, 1954.
7. Railway Equipment Committee.	Report on Railway Equipment (Chapter VII deals with Rolling stock, steel castings, forgings, etc.).	15th May, 1956.