

parts of oil economy, have been thrown open for participation for private sector and foreign companies especially exploration. It is on this basis, Sir, the 72 blocks, 39 offshore and 33 onshore- have been put up for bidding. As I said 24 bids have come for 13 blocks. These will be converted into contracts.

As far as the remaining blocks are concerned, we will be throwing them open for further bidding as per a policy to be decided immediately. So, it is our endeavour to maximise the potential operating of ONGC, which is the exploring company, to explore the possibility of joint venture in wells to be specifically located for the purpose. Thus, full advantage will be taken of the new policy for promoting private sector participation.

DR. C. SILVERA: Sir, it is presumed that there is fair amount of oil deposits in the North Eastern States. And some preliminary investigations had been done in the State of Mizoram. May I know from the hon. Minister, how many drillings are being undertaken in the North Eastern States of India at present; how many in the State of Mizoram in particular; what is the outcome of drilling that was done in Bikaathir; and what is the oil prospect in the State of Mizoram?

SHRI S. KRISHAN KUMAR: Sir, exploration activity has taken place in Mizoram. One well was dug in 1991, that is called Rengte.

For further details about exploration, all possibilities and prospects in Mizoram we will require notice. I shall send this information to the hon. Member.

SHRI SUDHIR GIRI: Mr. Speaker, Sir, I want to know from the hon. Minister, through you, whether oil well drilling took place in the district of Maldah in West Bengal and whether oil was found there or not. If so, what is the quantum of oil deposits in the district of Maldah?

SHRI S. KRISHAN KUMAR: Sir, in West Bengal, as a whole 33 onland wells and 7 offshore wells have been dug. Altogether about a sum of Rs. 600 crores has so far

been spent on exploration in West Bengal. We are continuing the exploration. But if you want a specific answer for a particular part such as a district, we will require notice. I shall make the information available to the hon, Member.

### Procurement of Pipelines by ONGC

\* 904. SHRIGEORGE FERNANDES:  
SHRI R. DHANUSKODI  
ATHITHAN:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether an enquiry has been sought into the alleged irregularities committed by the Oil and Natural Gas Commission in the procurement of pipelines for capping the flaring natural gas from Bombay High;

(b) if so, the details thereof; and

(c) the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI S. KRISHAN KUMAR): (a) and (b). A representation has been received from Members of Parliament regarding certain alleged irregularities in the procurement of line pipes for SHG Process Complex by ONGC. The allegations include, inter alia, that the order was placed on a consortium the leader of which had evaded customs duty by misusing and selling imported material, that the firm has no suitable manufacturing or processing facilities, that the processing part was to be done by another firm whose bids were rejected by ONGC on four counts of technical incompetence etc.

(c) No action with regard to the contract is considered to be necessary.

[Translation]

SHRI GEORGE FERNANDES: Mr. Speaker, sir, I was one of the signatories

of the communication submitted to the hon. Prime Minister. I am surprised that the hon. Minister replying on an issue on which a letter was written to the Prime Minister, says:

[English]

"No action with regard to the contract is considered to be necessary".

[Translation]

Since he is one of the best advocates, he may be right as far as argument goes. When the contract has already been signed, there is no question of taking any action. But, as regards bungling, the hon. Prime Minister can take action, it can be interpreted that way also. I have three objections with regard to the whole matter on which I would like to seek clarification from the hon. Minister. Firstly, you have given the contract to a company, viz. P.J. Pipes that did not apply when bids were invited on 31st October, 1990 for the first time. The company did purchase the form but it did not participate in the bid. Is it not a fact? Secondly, the company which is said to be a member of consortium today, is the Som Pipes Limited. Its bid was rejected on the ground that it was not technically qualified. Your tender committee whose three general managers have been the Members of N.G.C., has written:

[English]

"The bidder had no track record for supply of line pipes for sour service application".

[Translation]

It means that the company is not competent at all. That is what you said. Thirdly, the company which has been awarded the contract of Consortium by you, is being taken to task by the Ministry of Finance. The company indulged in the act of earning money by selling imported material of ONGC worth Rs. 7.5 crore in the open

market without its permission, and a case has been filed against the Director. I am unable to understand these three things. The hon. Minister may please explain clarify the position in regard thereon.

[English]

SHRI S. KRISHAN KUMAR: Sir, the first part of the hon. Member's supplementary does not deserve an answer. He is "I do not have to answer to his opinion.

SHRI GEORGE FERNANDES: Sir, I take objection to the words that I am. I take exception to the use of the words.

MR. SPEAKER: That will not form part of the record.

[Translation]

SHRI GEORGE FERNANDES: I admit that the points raised by me create problems. That is why we rise here to speak.

[English]

SHRI S. KRISHAN KUMAR: As regards the second part of the question - which I take cognizance of - I may say that this particular firm, P.J. Pipes or the consortium led by this particular firm was the lowest tendered. It was technically qualified and the bid was valid under our security. Therefore, the contract was awarded to this firm. It is true that the last date for this particular contract which relates to our Zero Gas Flaring Reduction Project which has high priority was shifted by about eight months because of certain requirement of changing it from the World Bank portfolio on to another source of funding. Later on, on the basis of request by several firms, not by PJ Pipes alone, the date was further extended. It is also true that this particular firm had committed irregularities by way of selling imported stainless steel in the black-market. The Directorate of Revenue Intelligence has taken action against this firm and the action is in progress. But the pertinent points, as far as the question is concerned, is that at the point at which the contract was

awarded, this firm had not been blacklisted. As far as the contracting Ministry is concerned, it is legally impossible for them to exclude any firm for consideration for award of the contract so long as that firm has not been given a show-cause notice by the appropriate Ministry and the procedure is observed and the firm is blacklisted. Show cause notice for blacklisting of the firm had not been given at the time of the award of the contract. Merely on the basis of information that the firm has committed irregularities which have been taken cognizance of by the DRI, it is not legally correct for us to deny opportunity for award of the contract, especially when it is the lowest tender. It would have been illegal to do so. So, that it is the position.

**SHRIGEORGE FERNANDES:** Sir, you have seen the reply of the Minister that it would have been illegal to give contract to a company which has committed illegalities. In fact, he used the term 'which had sold thing in the black-market.' He has said that action is being taken and the action is that he is now giving another Rs. 180 crores of contract. This is the action.

[Translation]

**Mr. Speaker,** Sir, I will not discuss it now. You should admit a discussion in the House on this issue. But the hon. Minister, while replying, has said that it was the lowest tender. Is it a fact that the contract was awarded by you even after waiting for two years, in a hurry by hook or by crook, at a time when the inter-national rate of all these things had come down when the tender was awarded. If you had kept open the date of bids upto 25th April, the contract would have been given at a lower rate.

[English]

**THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI B. SHANKARANAND):** Mr. Speaker, Sir, I wish to submit to the House as to how the bids are evaluated and how tenders are called. There is a set procedure for inviting the tenders. After inviting the tender, the bids

are opened and first the technical bids are evaluated. When we are sure of the technical aspect of any tenders, then the price bids are opened. In this case the firm that was not found to be technically valid was not PJ Pipes but some other pipes. Of course, it is one of the members of the consortium. PJ Pipes is not disqualified on account of the technical aspect of the bid. Ultimately the companies which had qualified for bids were only two and they were the Indian Consortium led by PJ Pipes and another foreign consortium. In this, efforts were on by ONGC to have a competing price, a better price. Discussions did go on to get an offer for better price. It was in the interests of this country to have a competitive price in favour of the country. In the end, when the extensions were demanded, we requested extension for the Validity of their offer. In the long run, the Japanese consortium refused to give extension to the validation. There was only one consortium, that is the Indian consortium, which was left in the field. This was also evaluated. This consortium consisted of two Indian companies backed up by one German company and another consortium. This is not PJ Pipes alone. It was the consortium that was given the contract. There was no irregularity committed as far as the evaluation of the bids either technical bids or price bids. There was no irregularity committed.

**SHRI GEORGE FERNANDES:** Sir, he is giving wrong information. (Interruptions)

**SHRI B. SHANKARANAND:** I am coming to that. After all, there are certain conditions for inviting tenders. The tenders of those who have fulfilled these conditions are accepted. We have no authority to refuse. For that matter, no company, no Government or no person who invites tenders for a particular purpose or a function of the work has any authority to refuse any tenders that are submitted and which fulfill the conditions.

The hon. Member referred to the economic offenses committed by a particular company in this regard. I may say that no economic offence was found to have been committed with reference to the fulfilment of

any contract by this particular company with O.N.G.C. The question of disqualifying in this case does not arise at all. With regard to the malpractices which are alleged to have been committed by this company. It comes under the area of a different Ministry or Department which is directly concerned with such things and they have to take action in this regard. I will not come to this House to save any company which has committed economic offences or any malpractices.

[*Translation*]

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, I would like to seek a clarification from you.

MR. SPEAKER: What type of clarification you seek from me?

SHRI GEORGE FERNANDES: I want a clarification through you. In this regard the hon. Minister has said that the Som Pipes has been declared disqualified on the ground that it was not competent technically. But the P.J. Pipes company has no manufacturing facility. It serves as a contractor to the contractors. But the Som Pipes is the manufacturing company, who has the manufacturing facility. The hon. Minister has misled the House just now.

[*English*]

SHRI B. SHANKARANAND: I have not misled the House. The O.N.G.C. Steering Committee has taken all the steps in verifying the facts which are required to sanctioning of any contract.

SHRI GEORGE FERNANDES: But you said that....

MR. SPEAKER: This cannot continue like this. Shri Dhanuskodi Athitham may put this supplementary.

SHRI R. DHANUSKODI ATHITHAN: Sir, what is the track record of the firm in the supply of the pipes in earlier contracts? I would like to know from the hon. Minister whether the technical parametres and other

requirements are met by the firm as per the contract.

SHRI S. KRISHAN KUMAR: Sir, as far as the track record of the firm in earlier contracts is concerned, we have certain information. In the first contract, which ended on 31.12.1988, out of 2,656 pipes which were ordered, the entire quantity was supplied and there was rejection of only 24 pipes; That is 0.9 per cent of rejection. In the second contract 233 pipes were ordered which were fully supplied. Only one pipe was rejected. That is 0.4 per cent off rejection. I am sure, generally, the track record was satisfactory. The percentage of rejection was low.

As regards the satisfaction of the specifications of the technical parametres in the particular contract about which the D.R.I. offence is alleged to have been committed the ONGC version is that it has not committed any irregularity with reference to this contract. All the technical parametres were met. There were no rejections. Their supplies were fully technically approved by the O.N.G.C.

[*Translation*]

SHRI RABI RAY: Mr. Speaker, Sir, Shri Krishan Kumar, while replying to Shri George Fernandes, has confirmed as to how illegalities were committed by the company and how the Revenue Intelligence Department, Government of India had found him guilty. Later on, Shri Shankaranand is saying that no irregularity was committed in respect of O.N.G.C. That is why they gave the contract to that company.

Mr. Speaker, Sir, I would like to say that the hon. Minister has conceded that illegality has been committed by the company. It came to the notice of a Ministry of the Government of India. It is said that the O.N.G.C. did not commit any illegality, that is why the contract was given to that company. Mr. Speaker, Sir, if this message goes out from this House, it would not be in the interest of the nation. It is not a question of prestige because it is an illegality, and

something wrong has been committed. Therefore, I would like to know from the hon. Minister why did he honour it with the contact on behalf of O.N.G.C. when its character was suspect. Would you like to honour it in future also?

[English]

SHRI S. KRISHAN KUMAR: Sir, when I answered Mr. George Fernandes, I did not say that these people were awarded the contract, for no offence against the ONGC was committed. The offence has been committed by this firm in relation to economic offences which has been taken cognizance by the DRI and penalties imposed, the process is going on. What I said was, there is a regular legal procedure for blacklisting of firms which has been laid down by the Department of Supply which is the nodal Department. Unless that procedure is gone through and the firm is blacklisted, that particular firm cannot be excluded from consideration of any contract. There are Supreme Court decision on the issue (Interruptions)

[Translation]

MR. SPEAKER: I have a specific question.

[English]

SHRI S. KRISHAN KUMAR: I am coming to that. (Interruptions). I am coming to the specific issue.

Therefore, the question is whether the ONGC should have taken cognizance of the fact that this particular firm has committed an offence proceeded against by another agency. We knew the thing, but that does not legally permit us to excluded the firm until they are blacklisted. (Interruptions)

[Translation]

SHRI RAJVEER SINGH: Mr. Speaker, Sir, who will prepare the black list? of course the, the Department will prepare it. (Interruptions).

[English]

SHRI S. KRISHAN KUMAR: The firm can still be blacklisted. But at that point of time they were not blacklisted and therefore, we could not exclude them from consideration.

SHRI ANNA JOSHI: At least you were knowing it. (Interruptions)

SHRI S. KRISHAN KUMAR: Knowing it is not enough.

MR. SPEAKER: Let the Minister complete please, not like this.

SHRI S. KRISHAN KUMAR: Knowing that they have committed an economic offence is not enough to exclude them from consideration. They have to be blacklisted. (Interruptions). Sir, I understand their point. I am not protecting or defending that firm. But the question is, it is for the DRI....

[Translation]

MR. SPEAKER: First listen. After hearing, you may raise question. It is not proper of you don't allow him to speak.

[English]

You are not allowing him to complete, it is not correct please.

SHRI S. KRISHAN KUMAR: We are in correspondence with the DRI and there is still a case for blacklisting of the firm if it is necessary. But the evidence in relation to the crime which has been committed, the methodology of the crime, the evidence and everything is with the DRI. We cannot give even a show cause notice because the offence does not inambiguously relate to the ONGC contracts. So, this is the situation, this is the legal position.

[Translation]

SHRI RABI RAY: Mr. Speaker, Sir, I did not get reply to my question. I have raised a specific question. The Revenue Intelligence Department, Government of India says—

[English]

"that firm has committed economic offence."

[Translation]

Even then the O.N.G.C., an undertaking of Government of India has awarded contract to that company. This question raised by me could not be replied to.

MR. SPEAKER: He has explained it in his reply.

[English]

SHRIB. SHANKARANAND: I will explain it again.

Sir, the hon. Member has rightly raised the question and it is a very valid and important question. I do not want to save or defend any company or any consortium or whatever it may be, which is guilty of economic offence. Let this be clear to the House. We will not allow anybody to escape who has committed economic offence. That must be clear. (Interruptions) If you listen to me, perhaps, your doubts will be cleared. A company which has committed economic offence should not be given the contract. That is the contention of the hon. Members. (Interruptions)

MR. SPEAKER: Please do not interrupt in between; hear him properly.

SHRI B. SHANKARANAND: Sir, when we consider the bids for the contract, we look to the conditions of the contract; we look to the conditions to be fulfilled by the person who bids, if those conditions are fulfilled, with what authority can we say that he cannot be given the contract? This is one aspect. With reference to the contention made by the hon. Member, we did refer this case to the Law Ministry and the Law Ministry has given its opinion that we cannot cancel the contract.

SHRI BASU DEB ACHARIA: Sir, both the Ministers have stated that they were

aware of the financial irregularities committed by that particular firm and even after knowing if fully well the Ministry of petroleum did not wait till the Ministry of Law cleared this firm. This particular firm has committed financial irregularities and that may be concerned with some other Department, but this is being investigated. So, I would like to know from the hon. Minister whether it was not proper on his part to wait till that firm is cleared by the Ministry of Law.

SHRI S. KRISHAN KUMAR: Sir, my senior colleague has already stated that we have got the opinion of the Ministry of Law saying that there is no case for negating the contract. Secondly, along with the award of the contract, we had intimated the Department of Revenue Intelligence that we were awarding the contract. We are in correspondence and at no point of time, the DRI asked us to disqualify the firm or blacklist the firm either. Therefore, at the point of awarding the contract, legally there is no way, but to award the contract. Some knowledge of an offended connected with some other Department is not enough legally, to deny the contract to the lowest bidder, who is otherwise eligible and who does not stand blacklisted.

[Translation]

#### Abduction of Traders in Delhi

\* 905 SHRI SATYA DEO SINGH: Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether incidents of abduction of traders in Delhi have increased recently;

(b) the number of such cases reported in Delhi during 1991 and 1992 so far;

(c) the number of cases solved and the number of cases still pending;

(d) the number of persons arrested in connection with those cases and the action taken against them; and

(e) the specific measures taken to