

**GOVERNMENT OF INDIA
MINES AND MINERALS
LOK SABHA**

UNSTARRED QUESTION NO:6127

ANSWERED ON:05.05.2000

IMPORT OF SPARES BY NCL

GADDAM GANGA REDDY;MALYALA RAJAJIAH;RAM PRASAD SINGH;VUKKALA RAJESWARAMMA

Will the Minister of MINES AND MINERALS be pleased to state:

- (a) whether the Northern Coalfields Ltd. (NCL) is continuing to import spares for walking draglines from US based Bucyrus International instead of placing orders to indigenous PSU namely Heavy Engineering Corporation (HEC), Ranchi;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether HEC has also offered its services to get the job of reconditioning of draglines at five percent less cost than quoted by the US based Bucyrus International;
- (d) if so, the reasons for not helping the ailing HEC by placing orders for repairs, reconditioning etc. to make it viable;
- (e) whether the Heavy Industries and Public Enterprises, Ministry has also requested his ministry to place the orders to HEC; and
- (f) if so, the steps taken by his ministry thereon?

Answer

THE MINISTER OF STATE FOR MINES & MINERALS (SMT. RITA VERMA)

(a) & (b): Draglines designed and manufactured by M/s. Bucyrus, U.K. have been supplied by M/s. HEC. NCL is procuring spares both from Bucyrus and HEC. The critical spares originally manufactured by Bucyrus are being procured from them directly. The two draglines which were received during 1981-82 had indigenous components of less than 10 percent. The draglines received subsequently had indigenous components progressively increasing up to 72 percent. The performance of the first lot of draglines received with higher percentage of imported components was better compared to draglines with higher percentage of indigenous components. The critical items of the draglines, therefore had to be imported from the OEMM/s. Bucyrus due to poor performance of the indigenously developed/manufactured spares supplied by HEC in order to improve the reliability of the dragline and also to minimise the down time of the dragline. As the down time cost particularly for the dragline is very high.

(c): In December, 1997 HEC offered a proposal to undertake refurbishment of draglines in collaboration with OEMM/s. Bucyrus indicating that they had entered into an MOU with M/s. Bucyrus to refurbish the draglines based on a joint working proposal to be drawn up by M/s. Bucyrus Europe Ltd., U.K. and HEC. NCL board of directors approved this arrangement for refurbishment of draglines by M/s. Bucyrus/HEC. Subsequently HEC vide their letter dated 17-02-1998 withdrew the aforesaid offer. M/s. Bucyrus also intimated that the MOU with M/s. HEC has expired in February, 98 and has not been renewed. As per the decision taken in the review meeting of NCL by the Ministry of Coal on 23-12-1997, NCL was to take up rehabilitation of equipment where possible in the form of life extension programme with the help of original equipment manufactures. The OEMM/s Bucyrus was invited to submit their offers for refurbishment of the draglines in August, 1998. Their offer (including technical & service facilities by BEML, their manufacturing partner in India and a public sector undertaking of Government of India) was subsequently approved by NCL board. M/s. HEC of their own sent out a letter in September, 1998 indicating that HEC is prepared to undertake the job at a price 5% lower than any other bidder. No techno-commercial offer was submitted by them. Since their collaboration agreement with OEMM/s. Bucyrus had expired and HEC did not have any commitment for technical upgradation, their letter was considered as an un-solicited and un-qualified one.

(d): The quality of spares manufactured and supplied by HEC has been very disappointing. This is evident from the fact that the life of spares manufactured and supplied by HEC is much less than that of imported spares manufactured and supplied by M/s. Bucyrus. Performance of imported spares manufactured and supplied by M/s. Bucyrus is 150% to 1600% higher than those manufactured by HEC. Further, there is a case of premature failure of rails and rollers of 20/90 dragline at Nigahi procured from HEC at a cost of more than Rs. one crore against commitment of guaranteed life of 30,000 hours. The rail failed after 1195 hours only. The latest dragline supplied by HEC, i.e. 'JWALA' dragline which has more than 70% indigenously manufactured components was erected, put on trial on 17-10-1999 and finally commissioned on 15-01-2000. The dragline continues to give troubles frequently because of the failures of various items manufactured by HEC. In spite of the failures as stated above, NCL is continuing to place orders on M/s. HEC for supply of spares of non critical nature regularly. Details of orders placed on HEC during the last four years and in the current year is given at Annexure 'A'.

(e): Yes, the Minister of Industry has through a D.O. letter requested the Minister of Mines & Minerals to extend their support to HEC by favouring it with orders from Companies under its command.

(f): The reference has been forwarded to Coal Companies.

Annexure-A

Annexure refer to in reply to part (d) of Lok Sabha Unstarred Q.No. 6127 for 5-5-2000.

ORDER PLACED ON HEC BY NCL FROM APRIL 95 TO APRIL 2000.

(Value in Rs.)

Sl. No.	Name of Project	1995-96	1996-97	1997-98	1998-99	99-2000
			(Till April 2000)			
1	HQ	21609959.00	83255356.00	42984006.00	76352338.00	33427865.00
2	JHINGURDAH	5861688.00	858797.00	1469605.00	1208000.00	0.00
3	BINA	3761517.00	3695152.00	6006794.00	10832830.00	2809950.00
4	KAKRI	0.00	0.00	0.00	568759.00	594860.00
5	KHADIA	37859800.00	6584684.00	3933575.00	4073857.00	3984953.00
6	JAYANT	1758780.00	6080148.00	22347330.00	7730839.00	5962820.00
7	DUDHICHUA	0.00	0.00	1522750.00	1841330.00	292474.00
8	NIGAHI	0.00	1016124.00	1147440.00	0.00	0.00
9	AMLOHRI	0.00	83200.00	897208.00	273680.00	2374135.00
10	GORBI-B	0.00	468520.00	1125734.00	0.00	0.00
TOTAL		70851744.00	102041981.00	81434442.00	102881633.00	49447057.00

In addition, NCL has given an additional amount of Rs.3 crores as advance to M/s HEC to meet its financial crisis.