

**Title:** Requests the Central Government to order a CBI inquiry as Durgapur Steel Plant incurred net loss of Rs.10.32 crore on purchase of six machines from Japanese firm through NRI contractor.

SHRI SUNIL KHAN (DURGAPUR): Sir, I would like to draw the attention of the House as well as of the Finance Minister, who is present here, about the CAG Report for the year ending March, 1997 (Union Government, Commercial IV of 1998) regarding the modernisation of the Durgapur Steel Plant.

Sir, the Reports of the CAG and the Departmentally-related Standing Committee on Industry have already been placed on the Table of the House. The Committee has expressed their anguish over the undue delay in clearing the project. Para - 9B of the CAG Report says that ad hoc advance amounting to Rs.135 crore granted to the contractors could not be recovered up to March, 1997. No interest was charged on the ad hoc advance of Rs. 37.25 crore granted to a private party on contractual terms and conditions. It has been further stated in the Report that due to lack of coordination amongst the designers, the cooling water system has been damaged resulting in loss of production and there has also been a damage of equipment amounting to Rs. 12.88 crore.

In February 1989, the estimated cost of modernisation scheme was Rs. 2667.56 crore, with the completion schedule of 31st March, 1993. The amount became double because of not only there was delay in completion, but also unholy alliance between the management and contractors. I am giving you some examples.

MR. CHAIRMAN: Please do not make a speech in the 'Zero Hour'.

SHRI SUNIL KHAN (DURGAPUR): Huge amount was spent on AMR scheme. Only a part of this expenditure, amounting to Rs. 210.22 crore can be taken as cost towards modernisation. Lion's share of AMR scheme had no direct bearing with modernisation work and hence ignored. Up to 1997, the total cost on this head is Rs. 1164.56 crore and Rs. 225 lakh was paid to M/S M.S. Sahaney for seven schemes but practically no work was done. Still the party continues to get contract from DSP.

DSP was regularly paying Rs. 43 lakh to BTS office at Calcutta without formal tender obligation but HSCL was being charged heavily for a dilapidated accommodation provided by DSP at Durgapur.

Six band saws were purchased at a cost of Rs. 12 crore through a NRI contractor, SPS. These machines are made in Japan. When DSP made direct contact with Japanese firm, they quoted a price of Rs.28 lakh only for each machine. It comes to Rs. 1.68 crore for six machines. DSP incurred a net loss of Rs.10.32 crore on these six machines.....(Interruptions)

MR. CHAIRMAN: This is not the time for making a long speech.

SHRI SUNIL KHAN (DURGAPUR): I would urge upon the Government to order a CBI inquiry and the guilty persons should be punished. The hon. Finance Minister is here. He should make a statement in this regard. This is a serious matter.