

12.09 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

[English]

Reported delay in the completion of the Hazira-Bijaipur-Jagdispur Gas Pipeline Project

SHRI BALWANT SINGH RAMOO-WALIA (Sangrur) : I call the attention of the Minister of Petroleum and Natural Gas to the following matter of urgent public importance and request that he may make a statement thereon :—

“The reported delay in the completion of the Hazira-Bijaipur-Jagdispur Gas Pipeline Project and the steps taken by Government in this regard.”

SHRI S. JAIPAL REDDY (Mahbubnagar) : Sir, I had tabled a notice for a Half-an-Hour discussion on the very same subject, on this question.

[Translation]

MR. SPEAKER : On your pleading it has been admitted.

[English]

It is on your pleading, Sir, that it is coming.

SHRI S. JAIPAL REDDY : I may be co-opted, Sir.

PROF. MADHU DANAVATE (Rajapur) : Let him be the Speaker's nominee !

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI CHANDRA SHEKHAR SINGH) : The HBJ Gas Pipeline Project was approved by Government of India in April 1984 at an estimated cost of Rs. 1700.17 crores. This project contem-

plates laying of a 1730 km long pipeline with necessary facilities from Hazira in Gujarat to Madhya Pradesh, Rajasthan and Uttar Pradesh to meet the feedstock requirements of six fertilizer plants, and fuel requirements of two of the three power plants being set up along the pipeline. The construction schedules of the various sections of the pipeline have been determined to be in harmony with the schedule of commissioning of the fertilizer plants as determined by the Department of Fertilizers. The project is scheduled to be completed in all aspects by July 1989.

2. Global bids were called for by Gas Authority of India Limited (GAIL) in June/July 1985 on the composite tender basis for the award of contract for the construction of pipeline. Four bids in complete shape were received by 27.8.1985, the last date for receipt of bids. The unpriced bids were opened on 28.8.1985 and evaluated for technical and commercial aspects by GAIL and EIL. The price bids were opened on 1.11.1985. GAIL's recommendations on the award of contract were received by this Ministry on 14.11.1985; these are now under Government's consideration, taking also into account the financing proposals received from the various bidders. Decision on the award of contract is expected to be taken shortly.

SHRI BALWANT SINGH RAMOO-WALIA : At the outset, I am pained to state that the Government which always claim of moving fast and bringing the 21st century nearer by their faster actions, have brutally slowed down the completion of this pipeline. This project was to be completed by June, 1987. It was to be started by March, 1984. Now at least two years have elapsed, but we are again back to the pavilion. The country has lost too much due to this delay. The non-utilisation of two years means loss of 9.6 million metric tonnes of urea, whose cost is \$ 200 per metric tonne. On the other hand, equipment worth Rs. 2500 crores has arrived. An interest of Rs. 100 crores we are paying annually on that. This delay has resulted in a heavy loss to the country. This is due to the indecisiveness on the part of the Government.

This gas pipeline is to feed six fertiliser plants. 1730 kms long pipeline is to be constructed. This delay is being caused at the cost of the development of the country and providing employment to the youth. On the one hand, the hon. Minister and the Government daily speak very high that they are very much concerned and perturbed on the unemployment situation in the country, on the other hand, they are brutally delaying this project.

Will the hon. Minister explain the reason for the delay in awarding the contract? Is it also true that the offers were revealed and again they were cancelled or with-held? I am sorry to say that time and again, appointment of one committee or the other is being done. I, having a privilege to be the Member of this august House, assure you that whatever I am speaking, I am speaking keeping the national interest in view. My submission is that the Gas Authority of India and Engineering India Ltd. are being ignored. There is a general impression in the country that indigenous industry is being strangulated. I want to make it quite clear that our aim is not to embarrass the Government at all. We are interested in bringing the results for the nation. Will the Hon'ble Minister be able to explain as to why this delay has taken place? Why is there controversy over turnkey or piecemeal construction? Why are we wasting the precious time of the country and regarding its progress and development, in these small things? I want to emphasise that these six fertiliser plants are to be run; employment opportunities are to be created and in future, after the completion of this pipeline, other pipelines are also to be constructed. Is it the intention of the Government to discourage indigenous engineering capability.

I want to impress upon the Government that my self and my Party are not at all concerned who constructs this pipeline, but we are concerned that the pipelines should

12.14 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

be completed at the earliest. Because of this wastage of time, I have been told, that price has risen by 15 per cent. During the

last three months, the rate of the Japanese currency Yen has risen by fifteen per cent as compared to the price of dollar. Will the Minister explain who is responsible for this delay, who is responsible for incurring loss to the country due to this rise in the exchange rates of Yen v/s dollar? This is not the first time that the Government of India has delayed the projects of national importance. Let this House know that the Government of India delayed the construction of Thein Dam in Punjab by twenty-years. The Thein Dam was to be completed in 1967 and now it is 1986. and even the preliminary work has not yet started. Through your kind cooperation, Sir, while discussing this issue, I would also like to devote one minute to the problem of Punjab . . . (Interruptions).

MR. DEPUTY-SPEAKER : No. You speak about this gas pipeline only.

PROF. MADHU DANDAVATE : He can suggest the diversion of that pipeline through Punjab, Sir.

SHRI BALWANT SINGH RAMOO-WALIA : Anyhow, Sir, if it is possible, I am prepared to say that the supply position of petrol and diesel in Punjab is very bad. Now the *Rabi* season is coming. Every year during the *Rabi* season the supply of petrol and diesel is stuck and that causes long queue of farmers at the petrol pumps and filling stations. So, I again urge upon the Minister that he must take care to see that Punjab does not face any shortage of diesel because we are to contribute 70 per cent or 65 per cent to the total national foodgrains. I also urge upon him that it is the primary duty of the Government to complete the pipeline at the earliest. I have no bias against any national or multinational. I am only interested in seeing that he tells the country what are the compulsions in his way which are not allowing his Government to complete this pipeline. If this pipeline is to be completed by some foreign company or some foreign concern, he is permitted to go to them also but I urge upon him to take care in doing so that his actions in future will stimulate the indigenous industry for which they have been crying and for which they have been given this confidence, this verdict of sitting on the Treasury Benches.

[Shari Balwant Singh Ramoowalia]

So, I urge upon the hon. Minister to complete this pipeline within a short period and to take care of the indigenous industry, to take care of the production of fertilizers, to take care of the completion of the fertilizer plants. With these few words, I take my seat and urge upon the hon. Minister to take care of Punjab's diesel and petrol problems also, through it is not directly a part of the subject.

MR. DEPUTY-SPEAKER : Now, Shri Amal Datta. Only five minutes for you

SHRI SOMENATH CHATTERJEE (Balpur) : Why five minutes? He should take ten minutes. He is going to speak on a subject involving Rs. 1,700 crores.

SHRI AMAL DATTA (Diamand Harbour) : Sir, let me take five minutes from when I start.

PROF. MADHU DANDAVATE : And it should be according to your watch.

SHRI AMAL DATTA : Sir, the HBJ Pipeline contract was discussed last year. At that time the controversy on which the Call Attention was raised was why this decision to go in for a turn-key project was taken by sacrificing national interests. No convincing answer came from the Treasury Benches. The then Petroleum Minister evaded the answer by only saying that the Menon Committee Report had decided that Engineers India Ltd., the consultants to the Gas Authority of India Ltd., had not the requisite experience, and totally ignored the fact that the Engineers India Ltd. had a back-up consultant, Gas Uni, which had adequate experience for this kind of work. So, I find that the answer even then was evasive. What happened was this. It shows that this scandal which then boiled over has been simmering all through and again it has come to light because not only the national interest has been sacrificed by the earlier decision—and Government can never explain it away—but recently after the tender bids have been opened, when you convert so many smaller projects into one big contract for the turn key project obviously you invite the multinationals to

bid for it and the multinationals have bid for it. It becomes a happy hunting ground for the lobbies of these multinationals. They have come and they have done various tricks. It is Sham Progetti who is getting those maximum notoriety on this issue they deserve to do so because not only they have now interfered with the contract in some way or the other to which I am coming, but even as early as 1983 as soon as this project was cleared by the PIB, then Sham Progetti has approached the Petroleum Ministry and the Finance Ministry with a request that they be given this contract outright without going through any formal procedure. And then in 1984 when the piecemeal contract was floated and they were going to be finalised then suddenly this Sham Progetti made an offer, an out of turn contract for 3 segments, 3 parts of that same tender, and thereby putting a spoke in the wheel which turns the whole table on the indigenous industry and the contract is given away to the multinationals. And thirdly now when the tender bids have been opened they have again put another spanner in the wheel by raising some objections through their Government. This is very funny. After the technical bid has been opened, as the Minister's statement says, in August, no objection was raised on technical grounds. After the financial bids were opened and it was found that Sham Progetti has come third, then they through their Government—and even the Canadians who have come last, through their Government—raised objections. The Government of India, in a very callous manner, appointed a Committee to go into these complaints. May I ask : Is it a normal procedure that if any contract country's Government raises an objection than the whole thing will be reopened and a committee will have to go through it sacrificing the national interest? My friend Mr. Ramoowalia pointed out that this delay is causing us loss of hundreds of crores of rupees. This pipeline will supply gas to our fertilizer plants, to thermal plants and to domestic use in the country. This is a huge sum. The estimated sum is only Rs. 1700 crores for the other parts of the project, but it will rise to Rs. 3,000 or Rs. 4,000 ultimately, definitely. This project was to be completed originally in June 1987; but even now we are not in a position to award the contract. The hon. Minister has not explained it,—way

after the GAIL's recommendation of the award of the contract was received by the Ministry only November 1985, the Government is still considering. That has not been stated. Only in January the newspapers reported the Prime Minister having said that high level complaints having been received and therefore we are going to start the matter afresh. Well, what are the high-level complaints? As far as we know, one of the bidders, one of their trade partners, did not have the requisite technical qualification. The other is that yen has hardened and all that. I would like the Minister to explain what exactly is the nature of the complaint which confronted the Government or which gave a handle to the Government, to set up such a committee. I want to know the nature of the complaint and to what extent it has been found to be substantiated by the committee set up, the report of which has already been received by the Ministry. It is the sacrifice of national interest to which we object and not which multi-national gets it. Obviously, the decision to give it to a multi-national was taken as early as 1985. So, now we are not raising that question. Let some multi-national or other get, it. That is how the Government of this country is selling the country's interest down to the multi-nationals, to the imperialists. But even then, our country's interest of getting the project implemented in time, should be protected. Why can this interest not be saved, by avoiding the delay.

Another thing which should be kept in mind is, along with this particular project of HBJ pipeline, no another pipeline project was contemplated to bring gas from Assam and Tripura. Tripura is floating on gas Assam has a lot of gas. The pipeline has been projected but nothing has been done about that. I would like the hon. Minister to explain why that project has been put in the cold storage, to the detriment to all of us in the Eastern region.

SHRIMATI JAYANTI PATNAIK (Cuttack): Sir, the HBJ pipeline project is large enough both in physical and financial terms. For such a large project the contract for implementation should have been scheduled to be decided.

SHRI S. JAIPAL REDDY: Sir, to whose speech will the Minister reply? He should reply now itself.

MR. DEPUTY-SPEAKER: You tell this in the meeting of the Committee and ask them to find out something.

SHRIMATI JAYANTI PATNAIK: But this decision of scheduling has not been taken. Hence serious concern is being expressed over this subject. The Minister has also not answered about the GAIL's recommendations on the award of the contract.

The delay has, no doubt, some reasons. As you have seen in the newspaper, in this award of contract, complaints about tenders had come from Governments of some contractors. These complaints are admittedly serious and they came from sources high enough to merit attention. The matter has, therefore, been referred to a Committee of Secretaries. This is a huge project if some aspects could not be looked into earlier, then those aspects should be re—looked into, instead of going in haste. So, it is not improper that a Committee has been constituted and it is going into this. So, there is nothing wrong in it, though in the process, it gets delayed and we may have to wait for some time.

SHRI S. JAIPAL REDDY: I am on a point of order. It is for the Members to put questions. But she has been answering the questions raised by another hon. Member.

MR. DEPUTY-SPEAKER: No.

SHRIMATI JAYANTI PATNAIK: I am asking questions and telling so many things. I do not know whether you have been hearing my speech. I asked, what about the recommendations of the GAIL's committee. Please listen to me.

Sir, You must give me some time.

MR. DEPUTY-SPEAKER: I cannot give specially for you. Only 5 minutes.

SHRIMATI JAYANTI PATNAIK :
The only thing which I would like to know is up to which date the offer is valid and whether the decision already somewhat delayed should be taken during the validity of the offer.

Besides delay, there are also other aspects. Not only the price of competing offers are important but there are many other aspects which should receive due attention from Government while deciding the contract. I would like to ask some points. In awarding the contract, do the Government anticipate appreciation of the value of the currency of the participating countries? And will it unduly involve higher expenditure on the part of India? If so, what will be the additional expenditure as estimated by the Finance Ministry?

Thirdly, I must ask whether indigenous components should be given due weightage yet without compromising the efficiency of the project. Here also, I would like to know from the hon. Minister whether Indian partnership at any stage of pipeline laying will be given importance in view of the building up of indigenous capacity and transfer of technology. By this, indigenous companies acquire the technology so that in future when we have another project like this, their participation may increase. There are financial and package offers. Relative advantages have to be weighed. What is important is the scheduled period of completion.

I would like to know from the hon. Minister about this because it is linked with the commissioning of the fertiliser plant. In a matter of project implementation, our main emphasis is on timely completion of the project at not too heavy a cost. It is our apprehension and the hon. Minister may also reply. There may be very little time left between the completion of a portion of Hazira to Bixapur line and the commissioning of Guna Fertiliser Plant which is to be commissioned in September, 1987. Of course, the hon. Minister has replied that the Project is scheduled to be completed in all its aspects by July, 1989. But what about Guna project? What will be the

expenditure of the Government? Will it involve additional expenditure? What about the commissioning of the rest of the fertiliser plant?

I hope these aspects will get due attention from Government. The Government should proceed in a fair and regular manner and come to a decision in the larger interest. I am stressing the importance from the larger interest. Even if it gets delayed, the larger interest should be taken into account. The cost escalation should be taken into account. There should not be cost escalation.

An hon. Member has said that the Congress—I Government believes in the multi-nationals but the Opposition members are interested only in getting the work awarded to those multi-nationals. Anyway, when we are taking greater interest, this should not be made an issue.

SHRI SOMNATH CHATTERJEE :
Sir, the Statement of the hon. Minister is really an insult to this House. It is a contrived exercise ...

AN HON. MEMBER : We do not feel insulted.

SHRI SOMNATH CHATTERJEE :
Because you have developed raw hide. That does not mean that we do not feel insulted. You may not feel insulted. We feel.

It is nothing but a contrived exercise in suppression of facts, to conceal the calculated dilatoriness on the part of the Government. Two heads have already rolled as an outfall of the project. The Secretary has to go and the farmers Minister is now confabulating in Bombay. First thing is the completion of the project. In a bid to work faster, there is a complete somersault so far as the execution of the project is concerned.

The late Prime Minister had taken a specific decision not to go in for a turn-key contract for the completion of this project and to engage Indian expertise for which the Gas Authority of India was constituted.

It has no function till today. Engineers India Ltd. was appointed as the prime consultant. Tenders have been issued. Rates have been obtained where Indian participation would have the commanding share of it.

Now, after the rates were known tender bids were opened and an offer came from an Italian concern, then suddenly not only the tenders were not accepted but the whole basis of execution of the project was altered and again an exercise started for giving this project on a turn-key basis. Now the suggestion came from that Italian concern—Snom Progetti—the name has been given. Now, Mrs. Indira Gandhi's specific decision is altered. What is the justification? Till to day we have not known. It is allegedly for the purpose of reducing the total cost. But the Minister in today's statement says that the estimated cost will be over Rs. 1700 crores which was the initial cost also. Therefore, to-day he is not talking of any reduced costs by reason of the turnkey project. That it is an insult to the House and there is a deliberate suppression because none of the earlier aspects has been mentioned here.

Now everywhere it is admitted that the delay is due to the change in the entire methodology and approach of the Government in a sort of carrying through this project which is admittedly vital for the country's agricultural economy. As you are allowing us very little time, I would like to know from the hon. Minister whether it is a fact that a six months' delay will result in a loss of 9.6 million tonnes of urea production valued at around 200 dollars per tonne landed in an Indian port which comes to about Rs. 2500 crores loss. Is it a fact—has any calculation or exercise been made—whether the total cost of the Government of India's procrastination in this matter will come to between Rs. 2700 and Rs. 2864 crores out of which there will be a huge amount of foreign exchange component?

The present position as it appears from the Minister's statement is that tenders have been received. Now I would like to know from the hon. Minister when the final decision will be taken. Can he give us the last date? Will he assure the House that

the contractor with the lowest bid will be accepted or given the work? Let it not be understood that we have any choice for anybody. It is their baby. It seems that they like the Italian baby more. That is our apprehension, that the way things are happening, India that is Bharat will some day become an Italy. I would like to know what would be the extent of Indian participation in this. Will it help our indigenous know-how? What will be the role of Engineers India Ltd? ...

MR. DEPUTY-SPEAKER : Please now conclude.

SHRI SOMNATH CHATTERJEE : Sir, are these questions flippant?

Are these questions irrelevant?

MR. DEPUTY-SPEAKER : You have to put the question. I am not telling that they are irrelevant.

SHRI SOMNATH CHATTERJEE : If it is in appreciation of the relevance of the question, I am obliged to you.

I would like to know from the hon. Minister when GAIL's recommendations have been received and I take it that the Kaul Committee's recommendations have also been received. I would like to know whether on the basis of that, Engineers India Ltd's role as prime consultants will be retained and whether the Kaul Committee has gone into the technical aspects of the matter, not the mere evaluation of the tenders but the technical aspects of the different offers because there are no technical persons in the Kaul Committee, whether they have taken the opinion of eminent technical persons and whether they have taken the opinion of Gas Authority of India and Engineers India Ltd. in giving their report.

SHRI BHATTAM SRI RAMA-MURTY (Visakhapatnam) : In the context of the HBJ Pipeline Project, the Government of India had floated an organisation called the "Gas Authority of India Limited" in the month of August, 1984, with the sole object of planning, designing and constructing of pipelines for the gas, oil and oil products.

[Shri Bhattam Sri Ramamurty]

That being the very objective the very first project, which has come up now, it is being given away to an outside country cutting at the roots of the very organisation which the Government of India themselves have floated. Is that not a fact? I would like the hon. Minister to react to this matter. For want of time, instead of dilating on this matter, I would like to point out to him that in the year 1984 itself the Ministry of Petroleum went a head with the plan to execute the project. So many Public sector Undertakings have been lined up to do some major works for that project. By September 1984, the Ministry of Petroleum was ready with the performance proposals for inviting various tenders for this project. The entire thing has come to a grinding halt because of the stand taken by the Government. Is this the way in which you treated your Public Sector Undertakings? I want to ask this question. The other important thing is a matter of policy.

Sir, I would like to ask one more question.

Is it not a fact that the previous Government headed by the former Prime Minister Mrs. Indira Gandhi, has taken a decision to the effect that no outsider should be invited for the construction of HBJ Pipeline and that it may be done indigenously with the local technology available? If that is so, I would like to ask the Government as to how it has decided to reverse this decision. Does it not cut at the very root of self-reliance and self-sufficiency, the high ideals about which they often talk about? Further, I would like to ask: Is it not a fact that this sort of delay will the escalation of cost of the project itself? That is another thing which I would, ultimately, like to know from the Government.

Finally, Sir, I would like to ask the Government as to whether it is proper, once again, to re-open the entire issue at the instance of a foreign Government? It is entirely an internal matter. Is it proper once the bids were opened on 28th August and on 1st November to re-open the whole issue? Is it necessary? Is it

proper? Does it not violate the terms and conditions of the contract by re-opening the entire issue? So, these are the questions which arise in my mind.

Sir, the Prime Minister himself stated that complaints were received from various quarters. The objections are (1) the dilation of the terms and conditions of the tender (2) tenders were not properly evaluated; and (3) certain specifications were diluted. We should first take up this question. The tender is composed of two parts. The first part is a technical one and the second part is a price tender. First the price tender was opened and subsequently the technical tender was opened on 28th August. On that date, it was decided that everyone of the four multinational companies which had offered tenders were all technically competent. When decision made known? If it had been found objectionable, discussion could have been raised on 28th August itself. That was not done. The technical bids went un questioned. It was not at all questioned. The difficulty arose only when the price bid was opened i.e. in the month of November, on 1st November. The lowest bidder was a French firm and not an Italian firm. Therefore, they began to raise hue and cry and that is how the entire thing has come up again.

It is stated by the Prime Minister and also the Minister over here that the foreign embassies, foreign Government—in fact one of the Finance Ministers of a foreign country—have raised objections. Is it not an internal matter in which the foreign countries take interest? Is it proper to interfere in the internal matters of our country like this? It is entirely concerned with the commercial transaction of this country. Should that a foreign Government interfere in matters of this nature? Do you violate your own terms of agreement? Once they are opened and decision taken, how can you reopen the issue? Is it not a violation of the very principles for the tender conditions? In that case it is open to question whether this is done with ulterior motives or ulterior aims and objects this is done. That is what I am going to question?

One more thing. The price bid was opened on 1st November, 1985. It was found that the French firm stood first, the Mexican firm stood second, the Italian firm stood third and the Canadian firm stood fourth. Then what was to be done? The decision went in favour of the French firm. Obviously so. The decision was taken by GAIL since the French firm was the lowest bidder. Then all sorts of objections were raised. The Secretaries' Committee was appointed. The decision of this Committee was in favour of the decision taken earlier. Not only that, the Ministry of Petroleum again went into the question and they also supported the decision taken by GAIL. When three parties have gone into the matter, where is the need for going into the matter again and reopening the issue? That is not proper. Now the matter is receiving the attention of the Minister of Finance. How is it that the matter was forwarded to the Minister of Finance when three parties have already gone into the matter. That is neither proper nor regular. It tantamounts to violation of the conditions of tender document.

I come to second. It is said that the value of Yen has appreciated in relation to the rupee. This again is an untenable argument. Will you refer to the conditions of the tender which are published and communicated to the other parties? According to the tender, the exchange rate will be the rate applicable as on 1st November, that is the date of opening of the price bid; the Government of India will go by the exchange rate as it obtained on 1st November. It is in conformity with the tender conditions. Why then reopen it? How is it that Government thought it fit to reopen the matter on that account? There may be a political consideration. The Minister, while giving answer on the floor of Rajya Sabha, has stated that the international situation has to be taken into consideration and various other aspects have got to be taken into consideration. If extraneous consideration go into the decision in regard to the HBJ pipeline, it will be a sad day; we will be surrendering our independence if we take decisions in our internal matters at the behest or intervention of some foreign countries; it will be a bad day for this country if we do that,

Delay has occurred here. The Minister says that delay has not occurred and there will be no cost escalation. That is the reply which has been given the other day before Rajya Sabha. The decision to go in for turnkey project resulted in a delay of one year in starting the work. The earlier plan was given up. Government had to float new tenders. Thus, an initial delay of one year has taken place. His esteemed predecessor said that the decision on the tenders would be taken by the end of December. Now we are in the month of March. No decision has yet been taken. Why? Is this not delay? Does it not result in delay in the completion of the project? If it does not result in delay, I would like the hon. Minister to mention categorically when the pipelines which are linked up with the fertiliser plants will be completed, when each of these pipelines and also each of the fertiliser plants will be completed. Let the Minister come forward with a schedule as he thinks best.

As far as we know, escalation of costs is there. The Minister, on the contrary, says that the cost will decrease and not increase. This is the statement of the Minister: "The delay in decision-taking would not result in increase in the cost but would decrease the same; we shall take care that the cost is the minimum". How does he take care of it? Apart from the quotations in the tender, has he started any private negotiations with the party? How does he say that it is going to be the minimum? How is he saying that?

The Prime Minister has stated that this has resulted in a saving of around Rs. 1000 crores. Contrary to the Prime Minister's assertion, the cost estimate of the project remains at at Rs. 1700 crores as before. Thousand crores saving would be there. That is what the Prime Minister has stated. It is thus lower than the lowest bid made by the French firm. This besides the cost of the land the pipelines and everything else.

MR. DEPUTY-SPEAKER : Please conclude.

SHRI BHATTAM SRIRAMAMURTY : Certain things are happening which are not in the best interest of the country. Therefore, I request that these things should be better sorted out at the earliest to the satisfaction of the entire country. Let there be no hushing the matter and let there be no underhand dealing in this matter.

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI CHANDRA SHEKHAR SINGH) : Mr. Deputy Speaker Sir : I welcome this opportunity accorded to the Government by the Hon. Members to clear all the doubts and apprehensions which might be hovering in the minds of some people.

PROF. MADHU DANDAVATE : And suspicion also.

SHRI CHANDRA SHEKHAR SINGH : Suspicion lies in the mind of Prof. Dandavate.

AN HON. MEMBER : Suspicion was there in the minds of other also.

MR. DEPUTY-SPEAKER : The reply will remove all the suspicions.

SHRI CHANDRA SHEKHAR SINGH : I hope we will be able to clear.

PROF. MADHU DANDAVATE : In suspicion matter, I democratically represent all of them.

SHRI CHANDRA SHEKHAR SINGH : We don't know when you will be letting them down.

I would like to place the entire history of the project and the present situation, the complete analysis of it before the Members and before the Hon. House.

Sir, this project was approved, as I said, in April 1984 and the estimated cost was seventeen hundred and odd crores. In May 1984 quotations were called on a piecemeal basis and offers were received. Some of the bids were opened, particularly the bids

relating to line pipes. But in the meanwhile the Menon Committee which was examining the GAIL and EIL capability to implement the project, observed that management, organisation as well as timely completion by GAIL and EIL may be a source of concern. So, it was in the interest of the timely completion that the Government had to reconsider its earlier approach.

SHRI S. JAIPAL REDDY : What was the recommendation of the Committee ?

SHRI CHANDRA SHEKHAR SINGH : I am prepared to meet you later and clear anything which might be troubling you.

AN HON. MEMBER : But not in the House !

SHRI CHANDRA SHEKHAR SINGH : When the Menon Committee had observed that the GAIL at the present moment did not possess the capability to implement the project, there was no option left for the Government but to go for a turn-key project.

Hon. Member Shri Ramamurthy got very eloquent that we are giving it to somebody, some foreign companies. In the present situation and even elsewhere where we do not have the requisite expertise there is no other way out for us. We have only to see that while we take assistance from foreign companies, it should be our effort to see that the indigenous participation is maximised and enable the indigenous companies to go for higher participation in future. As far the EIL I would like to make it clear that the Gasuni back-up consultancy to EIL still continues for the HBJ project and EIL's role as GAIL's prime consultant will not be diluted in any way.

SHRI SOMNATH CHATTERJEE : Under the turn-key also.

SHRI CHANDRA SHEKHAR SINGH : Yes, of course.

SHRI AMAL DATTA : Earlier also the Gasuni was there. So, if they have capability now did not they have capability then ?

SHRI CHANDRA SHEKHAR SINGH : They have not got the capability for implementation. The EIL are only consultants to the GAIL. They were not intended to execute the project.

SHRI AMAL DATTA : EIL can fall back on the resources of Gasuni.

SHRI CHANDRA SHEKHAR SINGH : Gasuni are only the back-up consultants for the EIL.

SHRI SOMNATH CHATTERJEE : What remains of the Menon Committee recommendation ? (*Interruptions*) Was it for the purpose of scuttling the earlier thing ?

SHRI CHANDRA SHEKHAR SINGH : Now, Mr. Somnath Chatterjee would like to persuade the Menon Committee with his views. I do not think if the Committee of experts finds that these are the constraints of the situation there were other option. As we are discussing this subject today this particular point is now only a matter of history. The entire project has progressed far ahead and that point has not much relevance.

SHRI SOMNATH CHATTERJEE : That is serdid history.

SHRI CHANDRA SHEKHAR SINGH : It is not serdid history.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE : I would like the hon. Minister to place the report of the Menon Committee on the Table of the House.

(*Interruptions*)

SHRI CHANDRA SHEKHAR SINGH : You write to me and I will let you know what the position is. Kindly have patience. I have listened to you and you must listen. I am prepared to explain every point that the hon. Members have raised. I am not going to omit any single point raised by the hon. Members.

Today it is 1986. You are referring to a decision in 1985 and the decision was taken because the Menon Committee of experts clearly made their observations that there were constraint on GAIL and EIL and they could not execute the project. So, Government took a decision for turn-key project implementation.

Now, I would like to inform you that a task force with representatives of GAIL and EIL was constituted to evaluate the technical and price bids and consideration was also sought to be given to maximising the indigenous content without affecting the technical parameters or delivery schedules. The bidders gave their bids and GAIL submitted its report on 14.11.1985 and that is under the consideration of the Government. Meanwhile Governments of Canada and Italy have made their observation on certain specific points.

SHRI AMAL DATTA : What are those ?

SHRI CHANDRA SHEKHAR SINGH : I will tell you. (*Interruptions*) Please have patience. The hon. Member has raised the question that this is an interference in the internal affairs of our country. If this concept is accepted then there should be no bilateral relations with other countries or no contacts with other countries. Every embassy is interested and they do take care of the commercial interest of their country.

13.00 hrs.

It is not an extraordinary thing which has happened in this case, What was done ? Do you think it proper that if the matter is raised not by the companies, but by the Government, or if the matter is raised by the Foreign Minister, we should take the position that we will not look at their paper, at their letter, because it is an internal affair and we would not like anybody to tell us or advise us anything about this project ?

Government appointed a Committee headed by the Cabinet Secretary to look into the specific points raised by the countries and not to re-evaluate the bids. They acted with speed and submitted their report on

[Shari Chandra Shekhar Singh]

30.1.1985. A lot of hue and cry has been raised about the delay in the project. Last time then this subject was discussed in this House, perhaps on a starred question my predecessor in the office replied that the contract would be finalised by December end, 1985. This is March, 1986. I would accept that there has been a delay of two months and a few days. The offers have been extended upto 24.3.1986. There has been some delay because of this particular occurrence, but a delay of two months and a few days is not a delay over which this outcry has to be made..... *(Interruptions)* Have patience. I will tell you about each minute thing*(Interruptions)*. You have not spoken, but I know what is in your mind and I will reply.

This is not a delay which is very extraordinary, but I would like to take the House into confidence that just now the matter is between the Petroleum Ministry and the Finance Ministry.

Some hon. Members raised objections to the participation of the Finance Ministry. This is a regular procedure. Even when an expenditure of a single rupee has to be made, it has to go to the Finance Ministry; without their sanction, their approval, it cannot be done. The Finance Ministry is being consulted. They are evaluating the price bids; they are taking a view about the bids, and there is every likelihood and I would like to assure the House that the contract would be awarded before the extended period of 24.3.1985. We should be able to do this unless some contingency arises...*(Interruptions)* I would repeat that there is every likelihood that the contract would be awarded before the extended period of 24th March, 1986.

SHRI BHATTAM SRIRAMA MURTY : Is the Finance Ministry doing the evaluation of the technical bid or the price bid?

SHRI CHANDRA SHEKHAR SINGH: The evaluation of the technical bid is done by the administrative Ministry and the evaluation of the price bids is generally done in consultation with the Finance Ministry. They are doing their job; they are not encroaching upon the domain of some other Ministry.

I would again like to assure the House that this is the first major cross-country gas pipe line project in the country; many more likely to come up in the future. We have to take full note of the present international situation and derive the maximum advantage for our country in terms of minimisation of cost and maximisation of indigenous participation, facilitating transfer of technology and retaining the time-frame for the entire project. Now I would come to that. Every hon. member made a point about the delay in the project. I would like to point out that even at the time of the project approval, i.e. April 1984, it was specified that the project completion schedule is 63 months, and completion will be in July 1989. So the completion schedule originally contemplated is not changed.

SHRI BALWANT SINGH RAMOO-WALIA : But it was 36 months.

SHRI CHANDRA SHEKHAR SINGH: No change in the completion schedule is contemplated, although the strategy for implementation has been changed.

SHRI BALWANT SINGH RAMOOWALIA : Is he not reading it otherwise?

SHRI SOMNATH CHATTERJEE : 63 months instead of 36 months?

SHRI CHANDRA SHEKHAR SINGH: No. It is not otherwise. That mistake can occur there and not here. I would like to assure the hon. members that the original schedule for completion of the HBJ project would be maintained at all costs.
(Interruptions)

I would also like to repeat that there would be no dilution so far as indigenous participation is concerned. We will try to see that our indigenous companies not only give their contribution to the project, but also develop capabilities so that in the future pipeline projects, their participation may be higher.

Now the critical portion is that of Hazira-Bijaipur and an hon. member raised a point whether the Guna fertilizer project, which is scheduled to be commissioned in September 1987 would be able to come up in time or not, or whether there will be a mismatch between the commissioning of the fertilizer project and the availability of feedstock. This is an important point and I would like to assure the House again that this has been taken into consideration. There might be a delay of about three months or a little more in commissioning this portion. But alternative arrangements have been made to fire the boilers for synchronisation with naphtha and multi-fuel facilities have been put up as a stand by for all the fertilizer plants including Guna. So, for six months period, when they require this gas for synchronisation in their trial run, naphtha will be made available, if need be. By the time the actual production starts, this portion will come up and gas would be available even for the Guna fertilizer plant and there is not going to be any mismatch. Gas will be made available at the right time for the Guna fertilizer plant also.

SHRI SOMNATH CHATTERJEE :
The fertilizer may cost more.

SHRI CHANDRA SHEKHAR SINGH:
The hon. member has raised the question that this delay of three months or so might escalate the prices. Earlier I told in the Rajya Sabha and I want to reiterate before this House again that as the situation stands today, we are hopeful that because of the delay of three months or two months and twenty day, we may be able to reduce the cost. The costs will not escalate. I do not want to tell you at this stage as to how this can be done. But after it is accomplished, we will certainly let you know, if you want me to tell you. But I am fully hopeful that a delay of two months and twenty days.....

(Interruptions)

SHRI SOMNATH CHATTERJEE :
Then you can delay all the projects.

SHRI CHANDRA SHEKHAR SINGH:
What is your objection? The original time frame for completion of the project is being maintained. The Guna Fertilizer Plant is being given the feed-stock in time and if there has been a delay of two months and a few days, certain cost reduction may also occur and it is to our advantage. Now, you ask me, I won't be able to tell you at this stage because I told you, our exercise may get hampered. So we would not like to spell it out before the House, how this cost reduction may occur. But I will tell you certainly the delay of two months and a few days may reduce the cost of the entire project. So, there cannot be any objection on any point. The original time frame is being maintained. Guna Fertilizer Plant is going to come up in time and get the feed-stock in time. Now, the project cost is not escalating. So there is going to be no objection from any quarter to what we are going to do at the moment. I think, I have replied to every point raised by the hon. Members.

(Interruptions)

SHRI AMAL DATTA : Sir, I ask specifically what basic objection was raised for which you thought it fit to appoint a Committee?.....

(Interruptions)

SHRI BALWANT SINGH RAMOOWALIA : The Minister vehemently stated that he will reply to all the points raised by the Members. I raised an issue regarding supply of diesel to Punjab.....

(Interruptions)

MR. DEPUTY SPEAKER : No. Please do not interrupt like this.

SHRI CHANDRA SHEKHAR SINGH:
Sir, the hon. Mr. Datta has raised the point that the two Governments raised objections regarding the competence of one of the partners of a consortium.

SHRI AMAL DATTA : Who raised it?

SHRI CHANDRA SHEKHAR SINGH:
It is not proper for you or me to name any partner in any consortium.

SHRI AMAL DATTA : The competence is not there in what way? What were the specific points in regard to competence?

SHRI CHANDRA SHEKHAR SINGH:
It is not proper for me or for you to name any partner.

SHRI AMAL DATTA : The Government thought it fit to appoint a Committee and can't we ask for its reason?

SHRI CHANDRA SHEKHAR SINGH:
It is not proper to discuss and go into the examination of all these things. It is not proper to do so. I have told you clearly what it was and the Committee has reported and their report is with us. I am not able to reply to only one question by Shri Somnath Chatterjee and I cannot reply to it and the reply can be given only when the contract is awarded. He asked me who is going to get the contract?

SHRI SOMNATH CHATTERJEE : I asked, are you going to consider the lowest tender for this purpose?

SHRI CHANDRA SHEKHAR SINGH:
The lowest tendered has to be determined. That is the question.....

(Interruptions)

SHRI SOMNATH CHATTERJEE :
GAIL's recommendation is not on the basis of the.....

(Interruptions)

SHRI CHANDRA SHEKHAR SINGH:
I know you have got some briefs.

(Interruptions)

SHRI SOMNATH CHATTERJEE :
Sir, this is very objectionable.

SHRI K. P. UNNIKRISHNAN
(Badagara) : Sir, this a clear case of a privilege. What do you mean by saying "you have been briefed"?

MR. DEPUTY-SPEAKER : Unni, please listen. You please take your seat. He is speaking.

SHRI K. P. UNNIKRISHNAN : I am raising a Point of Order.

MR. DEPUTY-SPEAKER : He is answering. He is speaking. What is your Point of Order?

SHRI K. P. UNNIKRISHNAN :
He has said something very objectionable which may have escaped his notice. That Members are getting briefed.....

(Interruptions)

SHRI SOMNATH CHATTERJEE : It is most unbecoming of him.

(Interruptions)

PROF. MADHU DANDAVATE : Mr. Deputy Speaker, Sir, either he has to withdraw those remarks or he has to tender apologies to the House. He says that the hon. Member has been briefed by somebody.....

(Interruptions)

SHRI SOMNATH CHATTERJEE : Sir, I said, I don't care which concern gets it...

(Interruptions)

SHRI CHANDRA SHEKHAR SINGH:
I never said that he has been briefed by a company.

(Interruptions)

He says, he has got GAIL's recommendation. How did he get it?

(Interruptions)

SHRI SOMNATH CHATTERJEE : In your statement, you have said that... ..

(Interruptions)

SHRI CHANDRA SHEKHAR SINGH:
That is what is called briefing. You get
some papers.....*(Interruptions)*

SOME HON. MEMBERS : No.

SHRI SOMNATH CHATTERJEE : I
am not briefed by somebody. You are
briefed by somebody.

SHRI CHANDRA SHEKHAR SINGH:
I again say I have never said that you have
been briefed by any company. You are
getting some papers. You are showing them.
Without some brief, you cannot do it. But
my only point is . *(Interruptions)*

SHRI SOMNATH CHATTERJEE :
We get journals, newspapers, and we get
information. As a Member of Parliament,
you must have got it. We have not been
supplied by the Prime Minister's Secretariat.

(Interruptions)

SHRI CHANDRA SHEKHAR SINGH:
GAIL's recommendation..... *(Interruptions)*

MR DEPUTY-SPEAKER : I will go
into it. If I see anything objectionable, I
will expunge it. I will do it.

SHRI CHANDRA SHEKHAR SINGH:
I have said that I have replied to every
single point raised by hon. Members, except
what troubles Mr. Somnath Chatterjee, as to
who is going to get the contract. I am not
going to reply to this. The contract would
be awarded...*(Interruptions)* in the best
national interests; and we shall see that
indigenous participation is the highest. We
shall see that the cost is minimum, we shall
see that every time—frame is maintained,
and we would like to assure the House that
the decision will be in the larger interests of
the country.

(Interruptions)

13.15 hrs.

JOINT COMMITTEE ON LOKPAL BILL

Motion re Extension time of for Presentation
of Report

[English]

SHRI BRAHMA DUTT (Tehri Garhwal):
I beg to move the following :

“That this House do extend upto the
last day of the second week of the
monsoon Session, 1986, the time for
presentation of the Report of the Joint
Committee on the Bill to provide for the
appointment of a Lokpal to inquire into
allegations of corruption against Union
Ministers and for matters connected
therewith.”

MR. DEPUTY-SPEAKER : The
question is :

“That this House do extend upto the
last day of the second week of the
Monsoon Session, 1986, the time for
presentation of the Joint Committee
on the Bill to provide for the appoint-
ment of a Lokpal to inquire into
allegations of corruption against Union
Ministers and for matters connected
therewith.”

The Motion was adopted.

13-17 hrs

[SHRI ZAINUL BASHER In the chair]

13.17 hrs.

MATTERS UNDER RULE 377

[English]

(1) Need to take Measures to Safeguard
the interests of cotton growers of Gujarat

SHRI AHMED M. PATEL (Broach) :
The prices of cotton are at low ebb, and the
cotton growers in Gujarat are in great
distress. The runous condition for the