

15.35 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED ACCUMULATION OF HEAVY ELECTRICAL EQUIPMENT WITH BHEL, BHOPAL

PROF. MADHU DANDAVATE (Rajapur): I call the attention of the Minister of Industry and Civil Supplies to the following matter of urgent public importance and request that he may make a statement thereon:—

The reported accumulation of heavy electrical equipment worth about Rs. 14 crores with the Bharat Heavy Electricals Limited, Bhopal, as the State Electricity Boards, for whom the equipment was manufactured, declined to lift it.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES (SHRI A. C. GEORGE): Sir, The value of equipment lying ready at Bhopal Unit of BHEL as at the end of October, 1974 was Rs. 15.74 crores. This entire equipment has been manufactured against specific customers' orders. Out of this, the equipment valued at Rs. 8.60 crores is in the normal process of despatch. The Bhopal Unit of BHEL has fixed a target of Rs. 95 crores worth of equipment for manufacture during the current financial year i.e. 1974-75. The average monthly production so far has been Rs. 6 to 7 crores. The equipment needs special packing and despatch procedures. The equipment worth Rs. 8.6 crores awaiting despatch represents about one month's production and broadly corresponds to the normal ware-house inventory at any point of time.

Out of the balance of Rs. 7.14 crores worth of goods, equipment worth Rs. 2.76 crores was awaiting allotment of Railway wagons for transportation to different destina-

tions and equipment worth Rs. 0.87 crores represents over-dimensioned consignments awaiting Railway clearance for loading and despatch. These will be despatched as soon as wagons and clearances are received.

The rest of the equipment valued at Rs. 3.51 crores comprises of Rs. 2.99 crores worth of traction motors, generators, control gear etc. meant for the Railways and Rs. 0.52 crore worth of transformers for the Punjab State Electricity Board. It transpires now that the equipment meant for Railways is in excess of their current requirement because their loco manufacturing programme has undergone certain revisions. BHEL are discussing with the Railway Board the revised delivery schedule for this equipment. The Punjab State Electricity Board are not able to accept delivery of the equipment got ready for them, due to paucity of funds or delay in their civil works construction. The matter is under discussion between BHEL and the Punjab State Electricity Board.

PROF. MADHU DANDAVATE: I am rather surprised at the scrappy statement that the hon. Minister has made. Probably it was because this is a new portfolio he has assumed and since he was still under take-off stage in the former Ministry that he has not still landed on the right ground as far as his new Department is concerned....

MR. DEPUTY-SPEAKER: Whether right or wrong, he is now on a higher ground.

SHRI MADHU LIMAYE (Banka): On that everybody is agreed.

PROF. MADHU DANDAVATE: As far as the statement is concerned, if you carefully go through the text of the statement, you will find that even the information that is available from the newspaper reports is more

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comprehensive than the information that he has sought to give to this House.

I would like to have certain clarifications from the hon. Minister. Firstly, I want to know whether there were certain lacunae in the orders that were placed by the various State Electricity Boards for the electrical equipment that they wanted to purchase from the BHEL. It has been pointed out in the newspaper reports that the spokesmen of the State Electricity Boards have complained that after the recent credit squeeze that has been introduced by the Reserve Bank of India, it has become difficult for them to purchase important equipment like transformers and other electrical devices and as a result of that, at a number of places, not only in relation to the BHEL, but even at other places, some of the orders they have placed still remain pending.

In this connection, I would like to know whether the equipment is lying unlifted because some of the State Electricity Boards have indulged in a lot of irregular practice, and as a result of that, their financial position has deteriorated considerably and that is why, if they have placed orders with BHEL, they are not able to respect the orders and take delivery of the consignments. For instance, I would like to make a specific inquiry regarding one State and that again happens to be the State of Bihar. It seems that Bihar is a breeding ground for all types of corruption and it appears that what is going on in Bihar in this respect also has probably contributed to the problem that I have raised in the call attention notice.

Has the 8 man Inquiry Committee headed by Mr. K. L. Vij a former Deputy Chairman of the CWPC detected some serious irregularities in the purchase of equipments like transformers for the State Electricity Board of Bihar? May I know whe-

ther in its report the Committee had indicted some top officials of the Board including former Chairman Mr. S. Sahay, former Chief Engineer Mr. Z. S. Haque etc. for those irregularities? Their financial position has deteriorated and they are not able to take the consignments for which the orders were placed with BHEL. Is it true, in the report to which I made reference and which report has already been submitted, they have indicted persons who have indulged in malpractices. Is it true that they have placed orders with certain other firms other than the BHEL? Is it true that they did not try to find out the capacity and the capability and the reliability of the firms? Is it true that because they have indulged in malpractices instead of relying on BHEL they tried to divert the order to some other firms due to which they suffered immensely? Their financial position therefore deteriorated and that is why they have not been able to take delivery of consignments after making due payments I want to bring this to the notice of the House and to the attention of the Minister. I want to bring out the sorry state of affairs and point out what is happening in the UP State Electricity Board. This C A Notice is in connection with the State of affairs in various State Electricity Boards

In regard to UP I want a clarification Is it true that UP Board is paying Rs 1 lakh daily as demurrage to Railways as equipment worth Rs. 7 crores are still lying unlifted at various railway stations? It is not a small amount. It is Rs 7 crores worth and the demurrage they are paying is worth Rs. 1 lakh daily. This point is relevant in the light of the statement which the hon. Minister has himself made. He said, upto October, 1974 15.74 crores worth of electrical equipments were remaining unlifted Out of this the equipments worth 8.60 crores is in the normal process of despatch. He does not know whether those who had booked

orders had received those despatches or not. In the second para he said that out of the balance of Rs. 7.14 crores worth of goods equipment worth Rs. 2.76 crores were awaiting allotment of railway wagons for transportation to different destinations and equipment worth Rs. 0.87 crores represented overdimensioned consignments awaiting railway clearance for loading and despatch. He has suggested now an element of railway transport. I say, in the UP Electricity Board, even on the basis of the authentic information that is available, it is clear that Rs. 7 crores worth of electrical equipment is lying unlifted at various railway stations.

If this backlog of huge stocks are getting accumulated at various railway stations then how can we infer that amount to which he has made a reference will be transferred to the parties concerned and to the State Electricity Boards concerned?

I would like to have a specific answer. I would also like to know whether the equipment is lying unlifted because of the UP Government. It was assured by the U.P. Government that advance of Rs. 60 crores in monthly instalments of Rs. 5 crores for development and expansion schemes will be given. Apparently you may feel this particular aspect is extraneous to the matter under consideration but I would link it to the subject matter under discussion because the U.P. Government had already assured the State Electricity Board in Uttar Pradesh that an advance of Rs. 60 crores will be given to them and it was further told that instalments of Rs. 5 crores for development and expansion scheme in terms of electrical equipments will be given to them. In spite of that categorical assurance a news has appeared in the Press that till August 1974 only Rs. 9 crores were paid. Of course, the Chief Minister can legitimately say that after all these pronouncements were made at a time when

U.P. Government was going to the polls and all the promises that are made on the eve of election—whether for developmental activity or for the expenditure to be incurred on specific projects—need not be taken very seriously. If that be the contention of the hon. Minister that can explain the problem otherwise a specific clarification will have to come forward.

In this context I would like to know since various electricity boards that have placed orders for heavy electrical equipment, it is relevant to know, as to what are the losses that are incurred by the various electricity boards and it is because of that they are not able to lift the consignment. Again it is found out that the State electricity board of Uttar Pradesh has lost in 1973-74 to the tune of Rs. 33.3 crores. Whether this loss that has been incurred by the Uttar Pradesh State Electricity Board is because of the fact that the supply of electricity from the neighbouring States is at a higher rate and as a result of that they are actually incurring heavy losses.

Lastly I would like to know whether it is true that the engineers who are connected with a number of State electricity boards went on strikes for their legitimate demands on a number of occasions because their legitimate demands were not met. On the contrary at some places efforts were made to cow down the strikers and as a result of that there have been recurrent strikes of engineers in a number of State electricity boards and whether as a result of that the efficiency as well as profitability of the State Electricity Boards have gone down? Whether income has gone down as a result of that. You say equipment worth Rs. 7 crores is being despatched. It is not stated that it has already been despatched. One is still not certain that equipment worth Rs. 7 crores is already despatched. But even assuming that equipment worth Rs. 7 crores is already despatched out of the equip-

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ment worth Rs. 15 crores as far as the rest worth Rs. 8 crores is concerned whether it is true that it is the accumulative effect of all the factors mentioned by me earlier. Since I have specifically mentioned various aspects, I would expect from the Minister a pointed answer.

SHRI A. C. GEORGE: Sir, I am extremely thankful to the hon. Member for pointing out some of the difficulties and strains under which the BHEL is functioning. In fact, he made a pointed reference about the credit squeeze. I hope, you will agree with me that it is not for me on this point to refer to the credit squeeze and its repercussion.

PROF. MADHU DANDAVATE: Sorry to interrupt you. I want to bring to your notice that in the past, some time, it had happened that the subject matter of call attention notice concerned with a certain thing....

MR. DEPUTY-SPEAKER: I think your question is very relevant whether the credit squeeze has had any effect on the payment ability of the various State Electricity Boards. That is very legitimate.

SHRI A. C. GEORGE: The BHEL, Bhopal is a vast complex and our proposed target of production for this year is Rs. 95 crores. In an industry of this magnitude, obviously, it can be appreciated that at any point, of time there would be at least a backlog of one month's production which would be in the process of despatch. That cannot be called 'stock-piling'. There are various points such a packing specialised consignments that are being despatched. That is quite normal in any industry of this size. That is why in my statement I made a reference that in an industry of this size—BHEL, Bhopal, we can normally and tolerably expect for despatch of a quantum of nearly Rs. 7 crores or 8.6 crores. But, the hon. Member was pointing out an important factor

in the sense that many of the State Electricity Boards were not lifting the equipments. That is not exactly the position. The position is that there may be quite a huge amount of overdue payments to the BHEL. But, that is not relevant in this particular context because, I may explain that, out of Rs. 15.74 crores of accumulated stock, Rs. 8.6 crores is in the normal process of despatch. As pointed out, out of only Rs. 7.14 crores worth of goods, equipment worth Rs. 2.76 crores was awaiting allotment of railway wagons and another Rs. 0.87 crores represented oversized machinery awaiting railway clearance for loading and despatch. There are special types of wagons or carriers in which over-sized equipments are carried. We are keeping in touch with the Railway Ministry to get the correct type of wagons so that the over-seized or other large-sized consignments can be carried. But the point is this. The hon. Member was saying that so many equipments are not being lifted. There are not many electricity Boards which could not lift them. What we are pointing out is that out of Rs. 3.51 crores comprising of traction motors etc., it is only Rs. 0.52 crores worth of goods that is not being despatched because of the difficulty of the State Electricity Board, namely, the Punjab Electricity Board. The rest of it was already despatched and it is being received.

Out of Rs. 15.74 crores, Rs. 8.60 crores worth of goods are the normal carry-over of any month. The rest of the equipment valued at Rs. 3.51 crores comprises of Rs. 2.99 crores worth of traction motors meant for the railways. The Railways have revised their schedule of requirements. And subsequently, due to financial stringencies, they had to change their production programme. We are in touch with the Railways to make available the wagons as early as possible. As I said earlier, Rs. 0.52 crores worth is of transformers for

the Punjab State Electricity Board. The hon. Member was mentioning about Bihar.

Incidentally, it might be interesting to note that out of Rs. 8.60 crores which is a normal carryover of a month, it is only 6 per cent which is assigned to Bihar. In the matter of overdue payments also, it so happened that though Rs 84.00 crores is due from different State Electricity Boards, only Rs. 5.59 crores is due from Bihar. I think the hon. Member was slightly uncharitable to Bihar at least in the matter under reference.

He was mentioning about certain lacunae or the irregularities in the State Electricity Boards. I hope you will appreciate that it is not for me to comment about any irregularity or lacunae, regarding the functioning of an Electricity Board, I think, he may well address this question to the concerned Minister. I can not be expected to comment on this.

PROF. MADHU DANDAVATE: As far as this point concerned, that is very relevant. They place orders with different type of firms and again malpractices are committed. As a result of that, their financial position went down and that is why they are not able to meet their obligations.

MR. DEPUTY-SPEAKER: We are concerned with BHEL. He is concerned with BHEL. His point is that this accumulation is nothing abnormal. As to what a State Electricity Board does within the State, I do not think that will come in.

PROF. MADHU DANDAVATE: I have not raised that point. The State Electricity Boards are responsible for not lifting the consignments. This is due to their financial position. Various committees had been appointed to inquire into the malpractices. They become very relevant because if their efficiency is augmented and if malpractices are ended, their financial position would improve and as a

result, they will be able to lift the consignments by making the necessary payments.

MR. DEPUTY-SPEAKER: To the extent that there is an unusual accumulation. But that is what he is disputing. He says there is nothing unusual in the accumulation that is there.

PROF. MADHU DANDAVATE: To them Rs. 5 crores does not mean anything.

SHRI A. C. GEORGE: The financial stringency or difficulty of State Electricity Boards has not prevented any consignment being despatched. We may have our financial difficulty in functioning. In spite of that, it may be very interesting for the hon. member and the House to know that BHEL showed a steady improvement in respect of production as well as profitability. In 1972-73, the total production was Rs. 143 crores; in 1973-74, this one unit showed an improvement to the extent of Rs. 90 crores to the tune of Rs. 233 crores. In the matter of profitability, in 1973-74 it was Rs. 27 crores as against Rs. 13 crores in 1972-73. So inspite of these difficulties, BHEL were able to perform well.

It is not for me to comment about the position of State Electricity Boards. We are concerned with their payment. In spite of their payment difficulties, we have not held up any stock. We are taking up the matter with the Finance Ministry so that our liquidity is not affected.

PROF. MADHU DANDAVATE: He started with a reference to RBI.

MR. DEPUTY-SPEAKER: I think he has indirectly said that the States Boards have a lot of outstanding dues to BHEL.

SHRI A. C. GEORGE: I did say the State Boards have dues, but that is not hampering consignments or despatch.

MR. DEPUTY-SPEAKER: We are concerned with lifting the material, not the outstanding dues.

PROF. MADHU DANDAVATE: The State Boards have publicly stated that their financial position is like that.

MR. DEPUTY-SPEAKER: We do not discuss the affairs of State Electricity Boards here.

SHRI MUKHTIAR SINGH MALIK: (Rohtak) It has become the practice with every department of Government running industries to shift their responsibility to other department like the Railway department, although the hon. Minister of Railways has time and again informed the House that conditions on the railways are more than normal after the strike or better than ever before after the strike. Take any department, the Food Department or the Supplies Department or BHEL or any other department. They will accuse the railway administration for this. They cannot shift the responsibility. It is the joint responsibility of Government. They should have some sort of co-ordination.

Now the Chairman of BHEL, Bhopal, has drawn a very dosy picture about the Bhopal unit of BHEL. But according to reports appearing in newspapers, the position is very alarming. A question was put about the lacunae in the orders placed by Electricity Boards by my hon. friend, Prof. Dandavate. The hon. Minister has declined to make any reference to that; he has not answered it. He says as cannot say anything about the working of the Electricity Boards in various States. When he has given a categorical reply that the entire equipment has been manufactured against specific orders, I would ask whether there is any penalty clause provided in the orders placed by the Electricity Boards or anybody also to BHEL, Bhopal or any other unit. I want to know whether there is any penalty clause, and if none exists, why

it is so. When the unit produces against specific orders placed by the Electricity Boards, if they do not lift the equipment or receive the consignment, what is the penalty provided for that? Why should the BHEL suffer for that? So, I would like to get a categorical answer to this

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Secondly, the Railway Ministry is the accused not only in this respect, that they are not providing wagons in time. They themselves are the defaulters. The Minister himself says that "the rest of the equipment valued at Rs. 3.51 crores comprises of Rs. 2.99 crores worth of traction motors, generators, control gear etc. meant for the Railways," and "It transpires now that the equipment meant for Railways is in excess of their current requirement because their loco-manufacturing programme has undergone certain revisions." Why should the BHEL suffer on this account? It was easy for the Minister to have stated in his statement that they are having a dialogue with the Railway Minister. The Railway Minister is here. He could have very easily explained the position. Why should he not receive the goods or lift the equipment? I would like to know from the hon. Minister what sort of co-ordination exists for getting the different types of wagons between the BHEL and the Railway Ministry, and where there is also any penalty clause if they do not provide the wagons in time. Why should the BHEL suffer because the railways are not supplying the wagons? They have got a contract and they have to supply them. I want to know whether there is any penalty provided for that also.

Then, I would like to bring home to the hon. Minister of State in the Ministry of Industry and Civil Supplies that it has not only been reported in the papers but on the basis of talks also with the spokesmen of the BHEL that there are heavy dues to be collected by the BHEL.

MR. DEPUTY SPEAKER: That is a different question. You are repeating it.

SHRI MUKHTIAR SINGH MALIK: But it is concerned with them. There are heavy dues accumulating and which the BHEL has to collect from their big customers. These are to the tune of Rs. 35 crores; it is about 50 per cent of the value of the total production of BHEL. Why should it be so? On account of that, the finances of the BHEL have become very poor.

MR. DEPUTY-SPEAKER: We are not discussing the finances.

SHRI MUKHTIAR SINGH MALIK: Because of the block capital, I would like to request the hon. Minister to give us a categorical reply whether the stringent financial conditions have affected the ancillary industry and the small customers, because they are not getting the money in time from the BHEL. I am not taking much time of the House, and you also appear to be in a hurry.

MR. DEPUTY-SPEAKER: No, no. I am only seeing to the relevancy. He can oblige you, if you want.

SHRI MUKHTIAR SINGH MALIK: I would like the hon. Minister to give us categorical answers to these questions.

SHRI A. C. GEORGE: Regarding the first part of the question of the hon. Member. I am sure it will be easily appreciated that in a unit of this type, namely, BHEL the production is not the regular type of assembly-line production. It is all tailor-made, as per the customers' demand and according to their specifications. There is no question of State Electricity Boards refusing to lift the stock because we do not over produce and we do not produce a different quality. There is regular inspection and tests are carried out in a systematic way.

I agree with the hon. Member a very heavy amount is outstanding from the different Electricity Boards. To an earlier question I replied casually and I may now mention that the different Electricity Boards owe Rs. 114 crores to the BHEL out of which nearly Rs. 35 crores is to the Bhopal Unit.

But that does not in any way hamper our production programme. It may be creating financial difficulties but all the same we are going according to the schedule. The hon. Member was saying that I was painting a rosy picture about Bhopal. I should say that Bhopal is one Unit which has performed very well in spite of many difficulties. It may be interesting to know that last month production was about Rs. 8.37 crores as against the target of Rs. 6.1 crores. The target for the first seven months was Rs. 40 crores and the Bhopal Unit of the BHEL produced things worth Rs. 43.93 crores. The performance is 109 per cent of the targeted production. In spite of the many difficulties this has been done. We may be having financial difficulties. We are taking it up with the Finance Ministry.

The hon. Member mentioned about the penalty clause. The customers of the BHEL are public utilities and it may be rather difficult for us to insist on a penalty clause. All the same since the outstanding are mounting up we are thinking whether even in regard to the Public Sector Undertakings it may not be worthwhile to include a penalty clause because it is becoming too much of a burden for the BHEL.

He referred to the Railways. We are working in perfect harmony with the Railways and the Railways have been very cooperative... (*Interruption*).

In regard to the matter of some accumulation at Bhopal there are certain products which are made in

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that Unit and they do not form part of the normal pattern. They are of a larger size or their height is much more so that special arrangements will have to be made in coordination with the Railways. We are hopeful that we will be able to find proper carriers and I do not think that this will present any problems.

Towards the end of his remarks he mentioned about payment to the ancillary units. In spite of financial difficulties that were facing the Unit we have taken care to see that the **small units which are making ancillaries** are paid in time and in fact in some cases even ahead of time. The normal practice is that payment is made only after testing, that is the procedure. But in order to help some ancillary units we are making payments even before the usual tests are made whenever the production is delivered at the BHEL plant. To that extent the ancillaries are not only not discriminated against but they are helped also. The difficulties are not passed on to the ancillaries and our effort is to see that the smaller units thrive and progress so that ultimately with complete coordinated effort a total production pattern which will be good for the country as well as for the BHEL Unit would emerge.

16 10 hrs

STATEMENT BY MEMBER RE
INFORMATION GIVEN BY RAIL-
WAY MINISTER ON 5-9-1974

श्री मधु लिमये (बाका) उपाध्यक्ष
महोदय, 5 सितम्बर, 1974 को प्रतिपक्ष
के सपादक के खिलाफ श्री पीलू मोदी के
विशेषाधिकार प्रस्ताव पर अपने भाषण के
शौरान मैंने चार गुप्त सरकारी दस्तावेजों का
विक्रय या या कुछ क्रमों द्वारा लाइसेंस

सहूलियत के किये गये दुरुपयोग का इन में
उल्लेख था ये दस्तावेज मेज पर रखे जा चुके
हैं।

इन दस्तावेजों से 3 करोड़ 15 लाख
रुपये के आयात लाइसेंस का दुरुपयोग साबित
होता है। चूकि पालिस्टर फायबर तथा
स्टेनलेस स्टील जैसी चीजों के आयात पर
500 प्रतिशत प्रीमियम याने मुनाफा होता
है, यह स्पष्ट है कि इन फर्मों ने 12 करोड़
रुपये का कुल फायदा उठाया है।

इन आयात परवानों के दुरुपयोग की
घटना और उन की जांच की अवधि 1970
से लेकर 1974 तक की है।

मैंने कहा था कि उस समय श्री ललित
नारायण मिश्र, विदेश व्यापार मंत्री थे।
जब कुछ कांग्रेसी सदस्यों ने मेरे भाषण में
बाधा डाली और प्रश्न पूछे तब मैंने कहा था
कि अगर उस समय श्री एल० एन० मिश्रा
विदेश व्यापार मंत्री नहीं थे तो मैं अपना बयान
वापस ले लूंगा।

इस बीच श्री एल० एन० मिश्रा सदन में
पहुँच कर अपनी सीट पर बैठ चुके थे मेरे इस
भाषण में उन्हें ने जोर म बाधा डाली और
कहा कि "1972 में मैं विदेश व्यापार मंत्री
नहीं था" ऐसा करने में उन का उद्देश्य यह था
कि 1972 में दिये गये ल इनेसब के दुरुप-
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नहीं थे। इस तरह क अगर वे सदन पर
डालना चाहते थे।

लेकिन बाद में पृच्छनाछ में मुझे पता चला कि
श्री एल० एन० मिश्रा जून 1970 से जनवरी
1973 तक विदेश व्यापार मंत्री थे। इन 30
महीनों की अवधि में विदेश व्यापार मंत्रालय
में अनगिनत आयात लाइसेंसों के दुरुपयोग
की घटनाएँ ईं हैं। उनमें से कुछ घपलों का
वर्णन मेरे द्वारा उल्लिखित गुप्त दस्तावेजों
में किया गया था।