

[Dr. V. K. R. V. Roa]

credit to 8-9 years has been sent to the UNCTAD Executive Board and we hope to follow it up so that it becomes possible for us to bring about the expansion we want.

I think you are getting anxious about time and you are perfectly right. So I will not trouble you with the other points in my notes. There is only one thing I would like to say before I conclude. I would like to thank members on both sides for the great co-operation they have given me and the great kindness that almost invariably they have shown in their dealings with me. I would like to assure them that as far as I am concerned, as long as I remain in this Ministry, I shall try to do my best to expedite and get things done as quickly, impartially and nationally as possible.

I would also in conclusion like to place on record my very deep appreciation of the work which is being done by the officers and other personnel in my Ministry as well as in the other attached offices and units.

**SHRI S. K. TAPURIAH :** How does it come here ?

**DR. V. K. R. V. RAO :** This is where the professor comes in.

**MR. DEPUTY-SPEAKER :** It came in when he told Shri Krishnamoorthy 'Please sit down'.

**DR. V. K. R. V. RAO :** I have heard in this House sometimes attacks on the administration and so on, but I think it would not be a bad thing if sometimes we appreciate their work also.

**SHRI V. KRISHNAMOORTHY :** I am not allergic to it. He is a professor and I was a student.

**SHRI S. K. TAPURIAH :** The professor did not ask him to stand up on the bench.

**DR. V. K. R. V. RAO :** I am finding that there is both an advantage and a disadvantage to have had a past. But I should like to put on record my expression

of appreciation of the really good work which has been done by the staff of the Ministry as well as the other organisations connected with my Ministry.

**MR. DEPUTY-SPEAKER :** I shall with the permission of the House now put all the motions together to the vote of the House.

*All the cut motions were put and negatived*

**MR. DEPUTY-SPEAKER :** The question is :

"That the respective sums not exceeding the amounts shown in the fourth column of the order paper, be granted to the President, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March 1969, in respect of the demands entered in the second column thereof against Demands Nos. 79 to 83 and 128 to 130 relating to the Ministry of Transport and Shipping".

*The motion was adopted*

18.25 hrs

#### HALDIA-BARAUNI PIPELINE

**SHRI S. C. SAMANTA (Tamluk) :** The object of my raising this half-hour discussion is as follows.

In February last it appeared in the newspapers that in the pipeline from Haldia to some places like Mahishadal and Kolaghat which are in my constituency, some defects were found. So, I wanted to know the facts and I put a short notice question, but the hon. Minister was not kind enough to accept it. So, it was turned into an unstarred question. It came on 4th March, 1968, and after that on 16th March I went to my constituency with the answer that was given to my unstarred question.

The reply that was given to me came as an astonishment to me because in the reply it was stated that there was only one leakage in one mile, and that the pipes were being dug and sealed, but when I went there I found that ten miles of pipes

had been dug out from Mahishadal to Bar-Vasudevpur.

SHRI JYOTIRMOY BASU (Diamond Harbour) : Even the American pipes ?

SHRI S. C. SAMANTA : You will be astonished to hear that on each pipe there are hundreds of scratches; not holes, but they may become holes afterwards, and they are being painted. For this, I would like the hon. Minister to refer to Mr. Balasubramaniam of IOC who is at present in charge of this repair work. I had discussions with him, I saw these things, but I was told that there was only one leakage.

After coming back, I wrote a letter to the hon. Minister and I shall read out the reply that I got from him. It says :

"Recently one leak was noticed near Chaitanyapur, between Mahishadal and Haldia".

18.28 hrs.

[Shri G. S. Dhillon in the Chair]

It is Bar-Vasudevpur, and I belong to that place, and I am being told that it is Chaitanyapur. The letter says that one mile of pipeline at Chaitanyapur crossing has been dug and there was only one leakage.

I saw ten miles dug up and after that the Minister has enquired and the reply has come that only one mile had been dug. You may disbelieve me ; whom will you believe then ? It is up to you. Why has this thing not been intimated to the Minister ? Is there something fishy in it so that even the Minister has not been informed about this thing ? I think there is something fishy in it.

Then the reply goes on to say that "the estimate of the cost of the repairs can be known only after the investigations are completed". What is the investigation? Who has done this work ? A contract was given to a foreign firm Shams, ENI of Italy and Bechtel Co. of America. They were to complete this work long before ; it has however been completed later. So, the expenditure to some extent has to be borne by the Ministry. What was the contract ? The supply of pipes, and who

was responsible for these pipes ? That should be found out. I as a representative of the people would demand who is responsible for this and what is contained in the contract with the company, Shams ? Who is this Bechtel Company ? He was appointed as supervisor. Sham Saipens is the contractor and Bechtel Co., is the supervisor. Why have the Indian engineers, a body formed by the IOC, a set of beautiful workers, have been debarred ? They have also been there but they have no power to do anything. I wanted the hon. Minister to enquire, because Mr. P.R. Nayak gives help to these people. In the last session, so far as I remember, the scandal about this pipeline on the coalfield area, Raniganj, came to the fore. Who is responsible for this ? Did not Mr. P.R. Nayak insist that this line should be dug through the Raniganj area while our Indian engineers said that it would be difficult in future as there might be fire and other things ? Why has this point not been taken into account ? The hon. Minister will say, "I have asked for an enquiry". Enquiry by whom ? The Vigilance Department which has no power to do anything. May I request the hon. Minister to have CBI investigation or a Parliamentary Committee, whatever you like ? The Parliamentary Committee should have some expert with them also. Why such things are happening ? Why is the real thing not being intimated to the Minister and why has the Minister to tell something which is not right to me, a representative of the place who can see what is happening there everyday ?

Now, the hon. Minister has said after the leakage was found out, after they are repaired, who will bear the expense ; most of the expenditure will be borne by the IOC. Is this is the contract ? When the contractor finished his work, somebody should see it and he should be responsible if there be any defect in it. Who is responsible ? Why should the I.O.C. and our country bear thing ? why should this investigation at Raniganj and these fishy things be there ? We think there is some thing in it, in the scandal that came to the House. There is some truth in it.

A department can run well if the man at the head is just and all right. I request the minister that CBI should be entrusted with this enquiry or a committee of

[Shri S. C. Samanta]

Members of Parliament should go into it. I want to know who supplied the pipes, who would be responsible, who paid for it now and who is going to pay for it and whether Bechtel company is not in the clutches of somebody. I hear that Mr. P. R. Nayak had been to Italy in April last when this scandal was discussed. Did he say anything there? What is the result? We would like to know this from the minister.

I do not know why only one pipeline has been put and not a double line because crude oil should come and go and purified petrol will also come and go. How will it go on? In future, do the Government think there will be no refinery at Haldia? I remember, as Chairman of a committee, Mr. P. R. Nayak went to Haldia to decide whether it is a place where a refinery can be set up. You will be astonished to hear that all the other friends differed from him. He said, "This is not the place, but a refinery can be built at Panakura, about 35 to 40 miles from Haldia." What was his objective? He could have clearly said, "I think there can be no refinery in this area. We have no grudge against it, but why should be in this way try to avoid things? In the meantime, the services of Mr. S. K. Ghosh, who was Director of the pipeline have been done away with. Other engineers who were acting justly are being harassed. I have names with me and if required, I will supply them to the Minister.

We want to know what was the cost of the pipeline per mile and how much is going to be paid and whether it will be paid by the Government or by the contractor. People say that two sons of Mr. Nayak are studying in America with the help of Bechtels. It may be true or untrue. I request the minister to enquire about it.

If the pipes are rusted, why are they rusted? Some experts tell me that the area is saline and cathodic treatment should have been done by the contractors. That has not been done. Who is responsible for it? I think the supervision was not all right.

Only the poor officers will be held responsible and the man who was moving the

fan from the top will go scot free. Therefore, this is very serious thing and I would request the hon. Minister to go into the matter by having some kind of a CBI inquiry.

We want to know why the investigation at Raniganj and the grievances and complaints that were given to the Ministry have been hushed up. By this time on such an important thing something should have been done. The good name of IOC and the Ministry of Petroleum and Chemicals is at stake. In order to save the good name of the Ministry I would request the hon. Minister, who is not even being informed of what is happening in his Ministry, to take immediate action. It is my firm belief that he is not being kept informed. They might have informed him that where there are rustings they are being repaired. They are trying to repair. One pipe has been cut. Where the leakage was there it is not there now. At Jhaupathra one pipe has been cut. In other places the spots have been kept and cathodic treatment or other treatments are done. I would request the hon. Minister to look into the matter without any delay.

**SHRI JYOTIRMOY BASU :** Sir, as far as fertilisers, wells and pipelines are concerned this Ministry of Petroleum and Chemicals are doing a wonderful job, I have no doubt, under the able guidance of the author of devaluation in this country.

**SHRI DWAIPIYAN SEN (Katwa) :** Sir, what relevancy has it got here?

**SHRI JYOTIRMOY BASU :** It is for the Chairman to object. It is within my right to refer to that. This Haldia-Bayuni Kanpur pipe line is a monument of mismanagement and surrender to foreign capital and corruption. In the original project report there was provision for giving cathodic treatment which would have saved the pipe line from corrosion. Since the contractors, the white men, the plunderers, the adventurers who were brought here did not have the equipment, I am told, in order to suit the conditions and to make things easy for them the project report was rectified by Shri Nayak in March 1964. Why was it done? Secondly, when the Rani-

ganj coal field had this pipe line they wanted to bring it through that coal field. It saved a lot of money for those people, the Italians, the Yankees. The West Bengal Government Mining Adviser and the Central Government Mining Adviser both strongly advised against it but that was ignored. Why was it done? Thirdly, the promised capacity the sold capacity of the pipe line to carry crude was two million tonnes a year. But in fact it is not capable of conveying more than a million and half tonnes. How is it that the pipe line was passed for the guaranteed quantity at the completion of the job and that was accepted by the Government of India?

Lastly, about Rs. 6 lakhs was advanced to Modern India Construction Company, a Birla concern, which was engaged as contractors for construction of two storage tanks at Haldia, with this condition that this amount will be deducted progressively from the bills by the Project Manager, but in actual fact the Project Manager never did it the way it was promised to be done. If the Minister is willing to give us proper and satisfactory answers to these few questions, we shall be obliged.

MR. CHAIRMAN : Shri Kandaswami is not here. Shri Indrajit Gupta.

SHRI INDRAJIT GUPTA (Alipore) : Mr. Chairman, in the last session it was I who had raised this question about this Haldia refinery pipeline, and I am sorry to find now that this matter is getting fishier and fishier. I would like to know from the hon. Minister about that inquiry which was set up at that time, the announcement that an inquiry was going to be held into the question of the faulty alignment of the pipeline in the region between Ondal and Sitarampur, which led to this, what was then described as a costly mistake, as a result of which that pipeline has no to be re-aligned by a detour which will cost about Rs. 1½ crores extra to the tax-payer, what has happened to that inquiry. It was announced that Shri A. K. Roy, the retired Comptroller and Auditor-General was going to carry out the inquiry.

Some of us went to the Prime Minister about it, for the simple reason that Shri

A. K. Roy, after retirement, was connected with that same group of collieries over whose territory this pipeline had been wrongly aligned. We said that he was not a suitable person to carry out this inquiry and she promised to look into the matter. Subsequently, we have not heard anything about it. We do not know whether the responsibility has been found or fixed on anybody. All that we know is that Bechtels, who were responsible for the survey work of laying this pipeline have got away with whatever they could loot out of India. I am grateful to Shri Samanta that he has brought to light this question of the leakage. From the reply given on the 4th of March to that Unstarred Question it appears that while the fact of the leakage was admitted, the extent of expenditure to be incurred was sought to be minimised. The reply of 4th March says that the Italian firm, ENIT are to be held partly responsible for the cost which will be incurred now to repair that pipeline and part of it will be borne by the Oil Corporation. I want to know who was responsible for this. Was it part of that contract which was made with Bechtel, the general contract with Bechtel and ENIT and, if so, who negotiated it? Who was the officer who was sent abroad by the Ministry to negotiate this contract? Who actually supplied the bad pipeline material? It is indigenous or was it imported from abroad on the advice of the foreign collaborators? Was that pipeline inspected before it was actually laid? If it was inspected, who was it that inspected it? These things I would like to know, including the fate of that earlier inquiry, because it has become more than a joke now. We do not know why the country should be made to pay through its nose for these projects out of which we are being swindled by some foreign collaborators with the aid and abetment of certain high placed officers. I do not want to name them. Shri Samanta has specifically named a person about whom we have heard a lot. He has been sent abroad repeatedly to negotiate these contracts and, later on, it is found that all sorts of very costly bungling has been done which is costing so much of money and wastage to the country. I would like to know whether this matter is going to be cleared up once and for all or not.

[Shri Raghu Ramaiah]

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND OF SOCIAL WELFARE (SHRI RAGHU RAMAIAH): Mr. Chairman, I must say, like the Minister for Transport, that I was greatly puzzled by the aggressive tone adopted by my hon. colleague; who is always noted for his soft, persuasive and mellow ways. I am all the more sorry because he has built up the whole case—I would not minimise the importance of the case by any chance, as he will see as I proceed further in this matter—he has high-lighted the whole matter as if at the back of it there is some villain who has been manoeuvring all these things and we, at the Ministry, are either parties to the suppression of facts or we have ourselves been cheated of the facts.

May I assure the House that it is not true?

Very unfortunate references have been made to Shri Nayak, the Secretary of the Department. What is more saddening is that two of his children have been brought into this. If I may say so, this is very sad indeed and it will be a tragedy if officers and their children are brought in like this without proof, damaging statements made and publicity given. There is no surer way of demoralising our services than to do this.

In this case I have made inquiries and I understand that Shri Nayak has nothing to do with the Bechtels in the manner suggested by our hon. friend. The insinuation is wholly unfounded.

SHRI INDRAJIT GUPTA: He negotiated the contract.

SHRI RAGHU RAMAIAH: So far as his two children are concerned, they are very brilliant boys.

SHRI S. C. SAMANTA: When the contract was given, Shri Nayak was at the head.

SHRI RAGHU RAMAIAH: That does not make Shri Nayak privy to any fraud. The fact that an officer is at the head of the negotiating table, even if it is true, does not necessarily mean that there is fraud and that he is privy to the fraud. These are two different considerations altogether.

I want to say in fairness to these boys that they are very brilliant boys. The eldest son went to the Massachusetts Institute of Technology for post-graduate study in mechanical engineering in September, 1961.

SHRI JYOTIRMOY BASU: It is all written.

SHRI RAGHU RAMAIAH: It is very relevant because a statement has been made that Bechtels had something to do with the education of these boys and that this has in a way affected the judgement and the soundness and the ethical approach of Shri Nayak. I have got to explain that.

He got his B.Sc. in the same subject of the Bombay University having stood first class first with distinction. Similarly, the other boy also.....(Interruption).

DR. MAITREYEE BASU (Darjeeling): Now we have to listen to their life story.

SHRI RAGHU RAMAIAH: Please listen to their educational career at least which has been dragged into this place. They went there on their own merit. They got scholarships and now they have got jobs in the Massachusetts Institute. It has nothing to do with the Bechtel Corporation.

I would like the protection of the Chair in a matter of this kind because this kind of a statement is often made. It would be a salutary principle that in Parliament we do not make statements of this nature without proof. Merely because some yellow journal or somebody publishes something, I would beg of hon. Members not to repeat it.

SHRI S. C. SAMANTA: I had said, "It is said that". It may be true or untrue. I had said that.

SHRI RAGHU RAMAIAH: Yes, but even mere repetition of it here is published in the papers and enormous damage is done to the morale of the services. After all, we are responsible Members of Parliament and we cannot lightly ignore such

matters. I am talking to my experienced friend who is a very senior colleague and, I am sure, he will appreciate the force of my argument.

Coming to the point, I must assure the House that there has been no intention on the part of anybody to suppress facts. It is an unfortunate incident that there has been a leakage. There is no question about it.

I shall give some basic facts. The pipeline was completed by June 1965. After the end of the monsoon season, Snam started the hydraulic testing of this pipeline and completed it by June 1966. During testing 15 leaks were detected but these were repaired by Snam at their cost by February 1967.

**SHRI INDRAJIT GUPTA :** Who supplied the pipes ?

**SHRI RAGHU RAMAIAH :** The pipe was imported partly from Japan and was partly obtained from Rourkela.

**SHRI JYOTIRMOY BASU :** Who paid for the cost of material ?

**SHRI RAGHU RAMAIAH :** We had to pay the cost of material.

This line was tested for reverse flow from Haldia to Barauni in July 1967 when a slight drop of pressure was noticed. On 13th August it was found that the pressure at that end was dropping very sharply; in fact, it came to zero. In the first week of September 1967 the line from Haldia to Baradabar was pressurised and a pressure drop was observed between Mahishadal and Haldia over a distance of about 20 kilometers. As soon as the ground became dry a leak was located.

**SHRI S. C. SAMANTA :** It is not at Mahishadal. Mahishadal is far from the line; it is about two miles south. It is at Jaupatra.

**SHRI RAGHU RAMAIAH :** Whatever leakage has been discovered is between Mahishadal and Haldia, within that 20 K. M. That is where the leakage has been found. In fact, the final assessment is yet to be made. The whole line has been opened up. The whole hon. Member was referring to the line being opened up. The whole line was opened up.

**SHRI S. C. SAMANTA :** Mahishadal is too far. Has the line come through Mahishadal ?

**SRI RAGHU RAMAIAH :** A leakage has been found to exist between Mahishadal and Haldia and the damage is to the extent of 1.5 k. m. The actual assessment is yet to be made. That is what has been found out.

**SHRI S. C. SAMANTA :** 10 miles I have seen; from Jhaupatra all the pipes have been dug up.

**SHRI RAGHU RAMAIAH :** Of course, it has to be dug up to find out the leakage. How can you know where there is leakage unless the whole line is opened up. The opening of the line does not mean that there is leakage everywhere. It is not so. Our information is that, after opening up 20 k. m. length, it has been found there is a leakage affecting the pipe-line to an extent of 1.5 k. m.

**SHRI S. C. SAMANTA :** Has the Minister been informed that all the pipes are damaged ?

**SHRI RAGHU RAMAIAH :** If my hon. friend has any better information, he is most welcome to write to me. I am giving the facts that are before me. Of course, whatever information my hon. friend has got, we will look into.

I must here give the lay-out of the work to be done by Snam Saipems and Bechtels. The Snam Saipems are the people are to do the engineering design who are to do the procurement of the material, etc. and who are to do the construction. The Bechtels are to give us the technical consultancy and management assistance. That is to say, it is a kind of supervision over the work done by the Snam Saipems.

Now, the actual construction of the work, the laying of the pipeline, was over by June, 1965 and the Bechtels contract was then terminated. That came to an end. About the provision of cathodic protection to which my hon. friend referred, it was delayed even after the laying of the pipeline. There I must say, some obvious delay has taken place on the side of the Indian

[Shri Raghu Ramaiah]

Oil Corporation because the electric power is to be supplied by us. So, in August, this Company had written to I. O. C. about the danger of delay involved in the supply of electric power and the I. O. C. had been corresponding with the State Electricity Board for an early supply of electric power. This shows that I. O. C. were warned also but the matter dragged on and the actual power supply was made only in early 1966, that is, long after the laying of the pipeline.

DR. MAITREYEE BASU : Apology seem to be worse than the offence.

SHRI RAGHU RAMAIAH : I am not apologising. But I must give you the facts. The fact is that there was delay in the supply of electric power. But that does not absolve the other parties. For instance, in the case of the Snam Saipems, they are to actually construct the cathodic protection station. It was found that what they constructed was slightly inadequate and therefore, they had to remodel it. So there was negligence on their side, if I may use that expression. And as I had already stated there was delay on our side also. The net result was that the protection was not available. Also, the Snam Saipems had to give until cathodic protection was provided for sacrificial anodes. They did not do that. So, there was default on their side also. When this matter came up, the Board looked into it and, in order to save time, they entered into a package deal with the Snam Saipems whereby Snam Saipems wrote off certain items which they were claiming. Both parties came to an agreement that while the services in relation to replacement of the pipe-line will be rendered free by the Snam Saipems, we on our side will provide the pipe-line.

It is estimated—it is only an estimate because the actual pipeline was opened up only recently and the assessment has yet to be made—that it will cost Snam Rs. 16 lakhs for their services in this matter and it will cost us about Rs. 20 lakhs. Rs. 20 lakhs will be cost of the material we have to bear. As against that, I understand that Snam have given up a claim for about Rs. 18 lakhs in regard to the extension of the railway bridge crossings in respect of services rendered by them. The original contract

provided only 2,100 kilometre length whereas the actual services were in respect of the double of that area. The difference worked out to about Rs. 18 to 20 lakhs. They wrote it off. It was a package deal.

19.00 hrs.

The point, therefore, is this. So far as Bechtel are concerned, their services were terminated before this corrosion took place.

So far as Snam are concerned, I should say that there is certainly a default on their side and certainly a delay on our side which we are not condoning. The Indian Oil Corporation has appointed a Committee consisting of very high level officers to go into this aspect and to find out who are the officers who were responsible (*Interruptions*) The Chairman of the Indian Oil Corporation has appointed a committee consisting of the Chairman plus the General Manager of the Refinery Division, Gen. Sharadanand, Mr. Gupta of Finance and also Mr. Rajwade, Joint Secretary of the Department, to find out who were responsible for the delay and default on our side, and appropriate action will certainly be taken against the officers responsible for this.

Now it has been said that an officer was sent abroad to negotiate this contract. No officer was sent abroad for negotiating this contract. These were negotiated in India and they were concluded here. It is very unfortunate, I repeat again, that one brings the name of Mr. Nalk into this. It is my duty to point out that he is one of our ablest officers; he has been discharging his duties with great integrity, and I would like to record our appreciation of his services.

About Raniganj pipeline, I do not know whether my hon. friend went abroad when a statement was made here that the matter is being looked into by the Vigilance Commission. That is where it stands.

SHRI JYOTIRMOY BASU : What about my questions? I take it that what I have said is true and correct and they have accepted it.

SHRI RAGHU RAMAIAH : I think, I have answered all the questions.

SHRI JYOTIRMOY BASU : What about rectification of the original project report in March ?

SHRI RAGHU RAMAIAH : The modification in 1964 of the project report had nothing to do with cathodic protection.

SHRI JYOTIRMOY BASU : Why was it rectified ?

SHRI RAGHU RAMAIAH : I related to other matters, to bring down the cost of the pipeline on the advice of Bechtel.

SHRI JYOTIRMOY BASU : What about the other things ? What about the pipeline capacity ? An annual capacity of 2 million tonnes was promised, but the actual capacity is  $1\frac{1}{2}$  million tonnes.

SHRI RAGHU RAMAIAH : I will look into it.

MR. CHAIRMAN : May I, say something ? In the explanatory note, Mr. Samantha has mentioned that two sons are in USA with Bechtelcoy.

SHRI RAGHU RAMAIAH : I have answered that.

MR. CHAIRMAN : . . and the Minister has said that that is not a fact. When the officer is not present in the House, such a definite statement is there in the explanatory note . . . (*Interruptions*) It is something personal than in the course of an administrative acts.

SHRI INDRAJIT GUPTA : They are in the U.S.A.

MR. CHAIRMAN : Here, it is particularly mentioned, with Bechtel. It is not true. We should avoid such references because the officer is not present in the House. It is in the interest of the good tradition of the hon House.

That is all.

The House stands adjourned till 11 AM. tomorrow.

19.05 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, April 18, 1968/ Chaitra 29, 1890 (Saka).*