

[Shri P. G. Mavalankar]

come before Parliament with this amending Bill because the nominations made by the Nominating Committee consisting of the three dignitaries, namely, the Chief Justice of the Supreme Court, the Chairman of the Council of States and the Speaker of the Lok Sabha, have been criticised by a section of newspapers. He used the words "unfortunately there was some criticism about this." I do not know whether he meant criticism about the Nominating Committee members or criticism about their action.

SHRI I. K. GUJRAL: Both.

SHRI P. G. MAVALANKAR: As far as the criticism of the three very distinguished persons is concerned, I agree with the Minister, because I also am with him that we do not want these three high offices to be brought into political controversy and public debate, because these three gentlemen are concerned with special type of functions and responsibilities and it should not be proper that one can intrude into their special responsibilities. Their high offices are criticised because of what they do, not so much as part of their normal functioning as the Chief Justice of the Supreme Court, Chairman of the Rajya Sabha or the Speaker of the Lok Sabha, but as members of the Nominating Committee.

MR. CHAIRMAN: You can continue the next day. We now take up the half-an-hour discussion.

17.30 hrs.

HALF-AN-HOUR DISCUSSION

FOREIGN EXPERTS WORKING IN THE COCHIN DIVISION OF F.A.C.T.

SHRI VAYALAR RAVI (Chirayinkil): I am taking the floor of this august House to draw the attention of the Minister of Petroleum and Chemicals to the deteriorating state of affairs in the Cochin Division of F.A.C.T. even with the presence of

25 foreign technicians in that institution. I hope you will permit me to quote Mr. D. K. Borooah, the Minister of Petroleum and Chemicals who said about the Cochin plant "a scandal of the first magnitude". He added: "the leadership of F.A.C.T. has not proved equal to the task".

I believe that Mr. Shah Nawaz Khan, the present incumbent, will not try to repudiate what has been said by his Minister in his frantic search to defend the petty, tiny corrupt and immoral management of F.A.C.T. What is actually happening? Here is an answer given to my question when I asked whether foreign technicians were working. Certain facts are not given completely. Up to 1973-74 they say that they spent Rs. 1.65 crores on foreign technicians and for 1972-73 alone the expenditure given is about Rs. 53 lakhs. It is only half the amount, because the rest of the money was paid by the Fertiliser Corporation of India. But the Fertiliser Corporation of India is getting the money from F.A.C.T. Technically what they say may be correct, but the fact remains that the amount is double of what we have been told.

The question arises: Why it has been necessitated, why these technicians remain in India for the last 22 months. You can calculate how much money is spent on them at the rate of Rs. 7.5 lakhs per month, for the last 22 months, in foreign exchange. This plant was started in 1964-65 and completed in June, 1971. The total expenditure was about Rs. 62 crores. It is a big project and it produces Ammonia and essential fertiliser commodity. Even today the *Economic Times* Report says that Kerala is suffering heavily in its agricultural production due to lack of supply of fertilisers from F.A.C.T. Now, Sir, in the construction of this plant two agencies joined and collaborated. One is F.E.D.O. and the other is F.C.I. Feddo got collaboration from the power Gas of the United Kingdom

and F.C.I. got the collaboration of Messers Konte Catini of Italy. When the plant went into experiment production in June 1971, there were certain defects and difficulties. The young Indian technocrats of FEDO pointed out that the defects could be rectified only by replacing the boiler shell. I have written to you Mr. Chairman that I shall mention the name of Mr. B. K. Khanna who is the Managing Director. Normally, I do not mention the names, but there is so much hatred against that particular person in that State. He is a man of indecision. This is a huge plant which we consider to be the mother industry in Kerala. It is the pride of every individual in my State. It is a vital industry. We import and beg for fertilisers. What is your policy? Do you want to leave this kind of vital industry to an ** inefficient fellow who did not know anything about fertilisers? Simply because of wire pulling in Delhi or because of his relationship with some M.Ps. or big bureaucrats this gentleman is enjoying that position. There is no other criterion. He could not take a decision, because he does not know what it is. This situation went on for 11 months. He could not believe his own people in the FEDO. He wanted to invite foreign technicians. Then the problem came—who will bear the air-fare? The war for air-fare went on for some time. After three months the foreign technicians came and agreed to FEDO said much earlier; You have to rectify it only by replacing the boiler shell. How much does it cost? Just Rs. 15 lakhs. Even the replacement of the entire boiler would have cost just Rs. 30 lakhs, i.e. value of 3 days' production. Instead, he dragged on for 22 months. Is it not a crime? What action has been taken to sack him?

FEDO is the pioneer organisation in the country in fertiliser engineering and design. We are going to start five plants. The Engineers India is

running for collaboration and they could not succeed so far. FEDO is a giving employment to hundreds of young engineers and it has developed into one of the biggest chemical engineering institutions. It can borrow technology or enter into collaboration and can start more plants. But FEDO has no work now. It is gradually disintegrating. That is the purpose of this gentleman. FEDO started operation in 1966 and they have completed 123 projects. So far But at present they have no work except the Khetri project. That has not been completed because of the indecision by which you may have to pay compension. In this connection the managing director went abroad and stayed not for 10 days—when you and I go abroad, we stay abroad for just a few days—but this gentleman went on tour for 36 days taking Rs. 20,000 of foreign exchange. He stayed in big hotels. He had not gone to the Scandinavian countries for which he had taken foreign exchange but instead slept in Paris hotels. The Government was not informed of his stay in Paris. The foreign exchange was misused. What action have you taken? If a poor Class IV servant travels by train and claims higher TA, you suspend him and take action. But why not take action against this man who has misused valuable foreign exchange, enjoying at Paris at the expense of public money? Rs. 13 lakhs were due from our collaborators there, Messers *Sociti de Prayon*, but he reduced it to Rs. 60,000, after spending money in the hotels in Paris and other places. Why? Where has all the money he got, been spent? Has the Government got any report about it? Is it not a loss? For his foreign tour, the poor officer in FACT booked a seat in the economy class, by which, Sir, you and I travel. But this man sent a message from Paris asking, "Who is the idiot who has booked my seat in economy class?" Immediately, they

[Shri Vayalar Ravi]

remitted money into Air India and converted it into first class, because he belongs to a privileged class and he can travel only in first class. The Ministers are listening to the words of the petty officials in the Ministry. The officials can go and have pleasure trips to FACT. Naturally how can they object to this kind of action? Chief Project Officer, of the Ministry, Mr. Venkataraman, issued a statement at Cochin saying "Everything is all right in FACT". I am happy he made that statement because he was in an intoxicated mood after enjoying many things. How can you blame him? I have written to the minister about it. I have not received a reply. But I am not going to leave the issue. Officers support him because they think it is a better place for them to enjoy. But we are not going to allow it for a long time.

FACT is incurring heavy losses. You are losing foreign exchange. You are paying every foreigner in foreign exchange. Already it has come to Rs. 3 crores and you have to pay more. The production would have been there is worth Rs. 6 lakhs per day but we are losing it every day. If they had taken a decision earlier, we could have saved about Rs. 6 crores by way of production. The interest on the investment of Rs. 60 crores itself comes to Rs. 9 crores. Everything is running at a loss.

The most surprising thing is the scandal about the Ammonia contract. Messrs. Norsk Hydro of Norway offered the Ammonia at 40 dollars per tonne CIF Cochin. This offer came on the 8th September 1972 and it was open upto 15th September 1972. He slept over it because he failed to take a decision. As the FACT guest house was closed he had to go to either Sea Lord or Malabar Hotel, three-starred hotels. He is keeping his bull dog as his watchman

in the office rooms. Of course that is another matter. He could not take a decision till March 1973. So that the offer closed and the price went up to 70 dollars from 40 dollars and a contract was signed for one year and to the extent of seven years. The result is that you are losing Rs. 10 crores over a period of seven years. If only a decision was taken when the offer was open the country could have saved this money; but it was not done. The result is that there is a total loss of Rs. 10 crores in the ammonia contract.

Then I come to the appointments in the public sector. How are appointments made to the top managerial cadre? Naturally, it is done from the open market. There is one person who has come from the Birlas. There is another person who was in the railways for four years. He is in charge of Cochin Phase II. What does this person know about Cochin phase II? And another person as the head of FEDO knows nothing about design engineering. They do not know the ABC of the fertilizer industry. Yet, you are appointing them.

Then, I do not know why so many ladies are being appointed. Being a bachelor, Shri Khanna has many interests. **

MR. CHAIRMAN: Are you objecting to the appointment of ladies?

SHRI VAYALAR RAVI: Not to the appointment as such.

SHRI K. P. UNNIKRISHNAN (Badagara): He is harsh on bachelors, Sir. Shri Chandrappan and myself are bachelors!

SHRI VAYALAR RAVI: He is duping not only the public but also the Government. He says that the production has gone up. Because of Udyogamandal Expansion 4, there is an addition to the capacity of Udyo-

**Expunged as ordered by the Chair.

gamandal production. If you look at the chart, you will see that the production has actually come down. If you add the full capacity of 36,000 tonnes per year of Udyogamandal Stage 4 at the rate of 120, tonnes per day you will see that the production has come down. Because up to September 1973 the production is only 30,272 tonnes, which includes 18,000 tonnes of production of Udyogamandal Stage 4. So, the production has gone down to 35 per cent; even though the capacity has been increased, the productivity has gone down.

I have here with me an editorial of the *Economic Times* which makes comments on various aspects of the working of this unit. Yet, Government have not taken any notice of these comments, or pursued them.

I will conclude by referring to another institution, namely, FEW, Fact Engineering Works, which was running at a profit in FACT. Now FEDO is killing and also the FEW. You will be surprised to know that they have stopped the import of certain materials of caustic soda plant. They have also stopped the import of some other materials which were used to be imported earlier. They are fabricating secondary cells and primary cells of the caustic soda plant. And also manufacturing kittle plate for gasification plant. They had orders in hand worth Rs. 2 crores. He is now transferring engineers from there. The whole idea is to wind up the FEW.

Again coming to FEDO, they were offered a project costing Rs. 80 crores but the Managing Director refused to negotiate it. He was avoiding it. The offer was made by IFFCO, Kandla. There was public criticism and I myself raised it. And at last this gentleman discussed the agreement because of the criticism.

I will conclude by requesting the Minister not to make a desperate attempt to defend this gentleman. I charge Shri B. K. Khanna with ** corruption and inefficiency because of which he has ruined this industry, which is the mother industry, vital industry not only for Kerala but for the whole country. He is misusing and abusing his official position for enjoying all the worldly pleasures at the expense of this institution. So, I would request you to enquire into it and take some quick action in the matter.

MR. CHAIRMAN: You have mentioned the name of Mr. Khanna; you have criticised him....

SHRI VAYALAR RAVI: I have written to the Speaker.

MR. CHAIRMAN: But even then, when a person is not there to defend himself, I think, it is not proper.

Shri Ramachandran Kadannapalli to put a question.

SHRI RAMACHANDRAN KADANNAPALLI (Kasergod): Mr. Chairman, Sir, I appreciate my hon. colleague, Mr. Vayalar Ravi, who took so much pain to explain his case before the House.

I will only ask a few questions.

Is it true that an amount equivalent to Rs. 12 lakhs was due to FEDO from SOCIETE DE PRAYAN of Belgium, due to their revision of Designs? Is it true that the Managing Director visited Belgium, the Chairman negotiated this issue and finally agreed that M/s. Prayan need pay only Rs. 60,000? It is not correct that there was an inordinate delay in finalising the contract with the Belgium suppliers under Supplier's credit? Has this delay not affected in the delayed supply of equipment and the consequent delay in the completion of the Project?

**Expunged as ordered by the Chair.

SHRI K. P. UNNIKRISHNAN: Mr. Chairman, Sir, it is a good augury that again we are discussing a public sector undertaking where capitalists without investment have been bureaucratising the whole set-up and appropriating all credit to themselves. I had occasion to refer to this aspect of Public Sector Undertakings functioning earlier.

I would raise only one question. Several allegations have been made against the management and the gentleman who is running the show there; in the House as well as outside, in the press as well as through various other organisations connected with it. If this Government means business, may I ask; has these allegations been brought to the attention and the notice of the Minister and, if so, what action they propose to take on this serious matter with which we are vitally concerned? That is the only question to which an answer is needed, at this stage.

SHRI B. S. BHAURA (Bhatinda): About the question just referred to by Mr. Vayalar Ravi, the Minister of Petroleum and Chemicals said about it in the Rajya Sabha on 14th August. About three months have elapsed since when the Minister said something about this matter.

I want to know whether the Government is going to take any action on the lines suggested by Mr. Vayalar Ravi. He has raised so many questions. As we know, Kerala is a developing State in our country. I would like to know whether the Government is taking action to institute an inquiry on the following grounds, namely, non-fulfilment of production quota of this factory; continuous loss in the factory; under-utilisation of installed capacity in the Alwaye unit and delay in the setting up of Cochin unit; failure to distribute fertiliser even in Kerala State where this Factory is situated; reported news that

fertiliser produced in this Factory is lying waste due to failure of proper distribution of fertiliser despite the Centre's instructions to the Factory that this amount of fertiliser should be given to Kerala State.

MR. CHAIRMAN: Before I call upon the Minister, I would like to point out that Shri Vayalar Ravi has made certain remarks about Mr. Khanna. I have asked the office to refer it to the Speaker. If it is not found in order, it will be expunged.

SHRI VAYALAR RAVI: I must be informed as to what is being expunged.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI SHAHNAWAZ KHAN): I am grateful to all the hon. members who have taken part in this discussion and pinpointed the failures of the Cochin plant. My only regret is that personal attacks should have been made on officers who are not here to defend themselves. You, Sir, in your wisdom have very rightly decided on the course of action to be adopted....

SHRI VAYALAR RAVI: I have not made any personal attacks. I have said about appointments. I have only narrated facts—the fact of his visit to Paris. What is wrong in that?

SHRI SHAHNAWAZ KHAN: There is a regular procedure for making appointments in the public sector undertakings, including Cochin. Whenever vacancies arise, they are referred to the Employment Exchanges. The Employment Exchanges submit the names and then the selection is made. That is for Class III and Class IV. For the superior staff, the gazetted staff, it is advertised in papers; applications are invited; a regular Board of selection is constituted and then the selection is made by the Board....

SHRI VAYALAR RAVI: If that has not been done, will you take action?

SHRI SHAHNAWAZ KHAN: If the hon. Member has any specific cases....

SHRI VAYALAR RAVI: I have already referred.

SHRI SHAHNAWAZ KHAN: If he refers to individual cases, I shall certainly look into them and if any irregularity has been committed, I will take proper action.

MR. CHAIRMAN: He says, he has already referred.

SHRI SHAHNAWAZ KHAN: I will look into those papers also.

My hon. friend has laid a great emphasis on the low quality of leadership in the management of the plant....

SHRI VAYALAR RAVI: Mr. Bhaura mentioned it. I did not say.

SHRI SHAHNAWAZ KHAN: I agree that there had been inordinate delays in the commissioning of this plant. Originally, the plant should have been commissioned completed, some time in 1969. The mechanical erection was completed some time in July 1971 and then certain defects were noticed. The plant went into production in April 1973. Certainly, anybody looking at the dates is bound to come to the conclusion that there have been extreme failures and very regrettable delays which have caused the exchequer very heavily.

As the hon. Member said, we have about 25 foreign experts, and we had entered into agreement with foreign firms. The contract was with three firms to make supplies and two firms to give technical know-how. Firstly there were inordinate delays in the supply of indigenous equipment. It was our effort to fabricate as much as possible of the plant from our indigenous sources....

MR. CHAIRMAN: Was there no penalty clause?

SHRI SHAHNAWAZ KHAN: First they pleaded inability, *force majeure*, etc., that is, non-availability of steel, for instance, and also power failure. So, there were delays in the supply of indigenous equipment....

MR. CHAIRMAN: Was there a penalty clause or not in case of delay?

SHRI SHAHNAWAZ KHAN: There was also *force majeure* where the cause is beyond the control of the contractor. Then, of course, that has to be taken into consideration. Then, they pleaded non-availability of steel and power cut....

SHRI VAYALAR RAVI: This is a lame excuse.

SHRI C. K. CHANDRAPPAN (Telli-cherry): This is a very strange answer the Minister is giving. In the other House, the senior Minister, Mr. Borooah who is in charge of the port folio, said that there was inefficiency of the first order and the scandalous behaviour of the management.

SHRI K. P. UNNIKRISHNAN: There is an obvious contradiction between the statements of the two Ministers....(Interruptions).

SHRI VAYALAR RAVI: The Minister said that the materials could not be supplied. My simple question is that after June 1971, if you replaced the defective boiler....

SHRI SHAHNAWAZ KHAN: Let me complete my answer.

As I was submitting, there was an inordinate delay in the supply of indigenous equipment. Then with regard to the imported equipment, the foreign exports were supposed to be at the site throughout the erection stage so that they could be associated with the actual construction stage and could accept the responsibility later on. When the erection

[Shri Shahnawaz Khan]

was completed and they tried to run the plant, certain defects came to light and these defects were mostly from the imported equipment.

[Now, my friend wanted to know whether it was the failure of one boiler only. The defects were many and it was not so simple as all that, that if the one boiler which failed could be replaced, then the entire thing would have run properly. The defects which were noticed were the limitations in the reformed gas chamber and the pre-heater and the waste-heat recovery section and the water cooler condensers and the inter-stage coolers and the ammonia synthetic section...]

SHRI VAYALAR RAVI: That is the boiler shell.

SHRI SHAHNAWAZ KHAN: I am not a technical man. It was not only the boiler.

MR. CHAIRMAN: It is the technical note he is reading.

SHRI SHAHNAWAZ KHAN: If you want to know more about it, I can give you a long list of the defects.

SHRI C. K. CHANDRAPPA: Is the Minister satisfied with the functioning and the maintenance of the plant?

SHRI VAYALAR RAVI: That is the ter is new and we have full sympathy with him.

18 hrs.

SHRI SHAHNAWAZ KHAN: All I would like to submit is that the defects have been identified. We have incurred a heavy expenditure on the foreign experts. Those experts have to be kept there to keep alive the guarantee that they would make the replacement of the defective parts free of cost. This is the position. It was inevitable that due to certain factors which were beyond our control, those

foreign experts had to be kept. The entire responsibility for all this, I am afraid, cannot be placed on the head of one single man, Mr. Khanna. I think if there has been failure it has been a failure all-round. We are hoping that, now that the defects have been identified, within the next six months this plant will start functioning effectively to about fifty percent of the rated capacity. That should be fairly satisfactory working in the first year.

SHRI VAYALAR RAVI: He has not answered any of the points that we have raised. We have made several allegations.

SHRI K. P. JNNIKRISHNAN: Serious allegations.

SHRI C. K. CHANDRAPPA: He has given a very unsatisfactory answer. Will the at least institute an enquiry into the matter, to go into the whole case?

SHRI SHAHNAWAZ KHAN: Before I finish, why are they getting up?

SHRI DHARNIDIAR DAS (Mangaladai): Is the Ministry owning the responsibility for the failure?

SHRI VAYALAR RAVI: He cannot. He is a new Minister.

SHRI SHAHNAWAZ KHAN: If there had been such inordinate delay, the responsibility must be somewhere there. As having overall charge, the Ministry takes the responsibility, but I have to say that it is something beyond our control.

SHRI N. SREEKANTAN NAIR (Quilon): Will he institute an enquiry into the matter?

SHRI SHAHNAWAZ KHAN: Certain allegations were made against officers....

SHRI K. P. UNNIKRISHNAN: Not officers, but officer. We are pin-pointing on the particular person con-

cerned, Hon. Minister, you must understand this. You cannot generalise.

SHRI SHAHNAWAZ KHAN: Mr. Khanna and Mr. Venkataraman. He named two officers.

SHRI K. P. UNNIKRISHNAN: I named one and one only.

MR. CHAIRMAN: Please allow the Minister to conclude.

SHRI SHAHNAWAZ KHAN: Sometime ago, some Members submitted a memorandum containing various allegations against the Chairman and the Managing Director. We are looking into those allegations and we have asked for exploitation. As soon as we get them, as soon as we are in possession of all the facts, we will taken any action that is called for.

I may inform my hon. friends that I have just taken over and on the very first opportunity I wanted to go there. In fact, I booked my air-passage to Cochin in order to go there and study the problem at first hand, but because of the disruption of the airlines I have not been able to go there.

I assure my hon. friends that I will go there personally and that I will study the whole situation and then take proper action, whatever action may be called for. Thank you.

MR. CHAIRMAN: The House stands adjourned to meet tomorrow at 11 A.M.

18.03 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, November 27 1973/Agrahayana 6, 1895 (Suka).