

a certain area by geo-scientific methods that oil could be found out here, it takes time to arrange for drill. It takes time to drill and produce oil, test it and establish the quantity. That itself takes, in my opinion, about three years. It takes three years to discover the oil and after that another three years to produce the oil—the world record is that about 50 or 70 months should be given to an area where oil has been indicated.

SHRI INDRAJIT GUPTA: My question is this. What are the things which prevent us from doing that—how long are we to go on depending on foreign sources?

SHRI K. D. MALAVIYA Obviously, we have to depend on import of oil every time. If I could get the money and resources and know-how and all that and the hardware that is required, then it will take us fifty or sixty months to become self-sufficient.

Contract between Integral Coach Factory and Hindalco

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*211 **SHRIMATI PARVATHI KRISHNAN:**

DR. RANEN SEN:

Will the Minister of RAILWAYS be pleased to state:

(a) whether the authorities of the Integral Coach Factory had entered into a contract with Hindalco, a Birla firm, in 1972 for aluminium rolled plain sheets to manufacture coaches during the years 1973 and 1974;

(b) if so, whether Hindalco had completed supplies by December 31, 1973 as stipulated in the contract; and

(c) if not, the facts thereof?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI MOHD. SHAFI QURESHI). (a) to (c). A statement is laid on the Table of the Sabha.

(a) No, Sir. ICF entered into contract with M/s. Hindalco on 26-3-1973

for supply of approximately 309 tonnes of 4 sizes of aluminium sheets at the controlled prices subject to variations as per Aluminium Control Order (1970) and other statutory levies.

(b) and (c). No, Sir. Although the contractual terms gave a longer delivery period, the firm was requested to improve upon the delivery and complete the order by 31-12-73. The firm supplied 92 tonnes by 31-12-73.

SHRIMATI PARVATHI KRISHNAN: May I know what were the terms of the contract in regard to the per month delivery of the aluminium sheets and whether there was, any delay in that delivery and as a result thereof how far the production of the coaches affected?

SHRI MOHD SHAFI QURESHI: The delivery conditions stipulated in the purchase order for the four items placed on the HINDALCO were that in the case of item No. 1 the delivery will commence after two months from the receipt of order. As regards items 2—4 the delivery would commence at the rate of 5 to 10 metric tonnes per month within five to six months of the receipt of order. Actually in 1973-74 the production of coaches in the ICF was 750 coaches and in 1974-75 the production remained at the targeted level of 570 coaches. So, this did not affect the production of coaches in the ICF.

SHRIMATI PARVATHI KRISHNAN: May I know whether because of the delayed delivery any loss has been incurred by the ICF and whether any investigation is being made. Were there any penalty clauses and whether they were acted upon and also whether the files happened to be missing in regard to this contract?

SHRI MOHD. SHAFI QURESHI: Actually the order was placed on the firm for 308.909 metric tonnes. The balance quantity outstanding as on 15-7-1975 was 88.664 metric tonnes. The date 15-7-1975 is crucial because the Government of India revoked the

aluminium control order on 15-7-1975. There were two categories of aluminium—one was the levy and the other was non levy. These sheets come under non-levy. At that time HINDALCO asked for enhancement of price. According to the terms of the agreement they were at liberty to ask for enhancement. There are two producers of aluminium, namely, Indian Aluminium Company and HINDALCO. We found that the rates given by HINDALCO were less as compared to the price quoted by Indian Aluminium Company. The balance quantity of 88.664 m. tonnes was found to be on the high side based on their latest requirements and the ICF reduced the order to 43.500 m. tonnes. The additional amount paid to HINDALCO for this enhancement was Rs. 3.94 lakhs. This is not a loss suffered but an additional amount which we paid because the control order was revoked in 1975.

SHRIMATI PARVATHI KRISHNAN: But they failed to fulfil their contract in time.

SHRI MOHD. SHAFI QURESHI: According to the terms of the contract the delivery was to begin after five months of the placing of the order and the stipulation was that they will supply five to ten metric tonnes per month. Even if they supplied 10 metric tonnes per month delivery period would extend to three years. A request was made to the firm to supply, if possible, earlier. But that was not part of the contract.

SHRI INDRAJIT GUPTA: I understood the Minister to say just now that due to this slow delivery or somewhat delayed delivery, production of coaches was not affected. The statement says that 'although the contractual terms gave a longer delivery period, the firm was requested to improve upon the delivery and complete the order by 31-12-73'. Obviously, this request must have been made because coaches were on the production line and they felt it was necessary to get the aluminium sheeting. That was why they asked

the firm to speed up and complete the order by 31-12-73. Therefore, I wanted to know how is it, since the firm did not supply more than 92 tonnes out of 309 tonnes by 31-12-73, that production was not affected. It must have been affected. It was in order to meet the requirements of coaches that you had asked the company to speed up the delivery by 31-12-73. It was not done, and yet you say production of coaches was not affected.

SHRI MOHD. SHAFI QURESHI: Because purchases were made from the open market, also. I will give the figures of production of coaches. In 1973-74, it was 750 which was the target fixed for production. In 1974-75, the figure is 570 as per target. So there has not been any reduction with respect to targets so far as production of coaches was concerned. The only thing is there was a backlog in supply of 88 tonnes.

SHRIMATI PARVATHI KRISHNAN: What is the loss suffered?

SHRI INDRAJIT GUPTA: You had to buy in the open market?

SHRIMATI PARVATHI KRISHNAN: He said there is no loss.

SHRI MOHD. SHAFI QURESHI: The open market prices were much higher compared to what they quoted. That is what I am saying, that when the control order was lifted for the sheets, the prices were much higher in the open market.

SHRI INDRAJIT GUPTA: Have you understood it, Sir? Are you satisfied?

SHRIMATI PARVATHI KRISHNAN: To fulfil the contract, they had to buy in the open market. That is why the loss. But he says there is no loss. It is a contradictory answer.

MR. SPEAKER: If the open market prices were much higher, naturally the factor must have paid more.

SHRI MOHD. SHAFI QURESHI: That is what I said. When the control order was lifted, non-levy aluminium, which was required by ICF, was available in the free market. The original term was 'subject to variation in prices in the control order'. When the control order was lifted, we had to do it. We did not go to the open market, but we paid some more money, over Rs. 3 lakhs after ascertaining prevailing market prices. Even with the additional amount paid to these people, compared to the rates quoted by other people, their rates were lower.

SHRI INDRAJIT GUPTA: Are you satisfied. He is always giving figures of coach production, orders for coaches, for 1973-74 and 1974-75. This statement is relating to the period prior to 31st December 1973. The company was to give these aluminium sheets by 31st December, 1973.

SHRI MOHD. SHAFI QURESHI: No.

SHRI INDRAJIT GUPTA: It is in your statement. What can I do?

SHRI MOHD SHAFI QURESHI: I have made it clear that the terms of the contract indicated definite terms of delivery. They had to supply 5-10 tonnes a month, the total being 300 tonnes. They were within their right to supply it within 3 years. A request was made.

SHRI VAYALAR RAVI: Before lifting control?

SHRI MOHD. SHAFI QURESHI: A request was made to the firm, if it was possible for them to expedite.

SHRI INDRAJIT GUPTA: Why?

SHRI MOHD. SHAFI QURESHI: We made a request because we wanted it.

SHRI N. K. P. SALVE: The thrust of the question is whether or not Hindalco conformed to the terms of

the contract. If they have conformed to the terms of the contract, and despite that they were required to purchase in the open market, it is for them to decide. Therefore, the first question is whether they conformed to the terms of the contract. Then is it that they deliberately slowed down supplies under the contract, and when the control order was lifted, they said 'All right, now purchase at higher prices'. Is that when has happened? If this is what has happened, a two-fold explanation is called for from the hon. Minister. One, why did they take short deliveries and two, having taken short deliveries, why did they not penalise Hindalco for their being required to purchase at higher cost after the control was lifted?

SHRI MOHD. SHAFI QURESHI: The point is that according to the terms of the contract, Hindalco supplied the requisite quantities within time. The only thing is that when the control was lifted, the matter was about the price, not about the delivery. The dispute arose in regard to price; they wanted a higher price.

Derailments of Trains

*212 **SHRI M RAM GOPAL REDDY:** Will the Minister of RAILWAYS be pleased to state—

(a) whether a recent study has revealed that a majority of the derailments on the Indian Railways were due to defective wagon build-up or defective overhauling of the wagons; and

(b) if so, the remedial steps the Railways have taken or propose to take in this regard?

THE DEPUTY MINISTER IN THE MINISTRY OF RAILWAYS (SHRI BUTA SINGH): (a) No, Sir.

(b) Does not arise.