

RAJYA SABHA]

*Friday, the 7th December, 1973/the 16th
Igrahayana, 1895 (Saka)*

The House met at eleven of the clock
Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Delivery of Jeeps from Defence Quota

*554. SHRI N. G. GORAY: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that over 500 jeeps intended for supply to the defence services were diverted by some manufacturers during February and March 1971 for sale to other parties; and

(b) if so, whether this decision was taken by the Ministry of Defence and what are the names of parties/individuals to whom these jeeps were delivered?

THE MINISTER OF STATE (DEFENCE PRODUCTION) IN THE MINISTRY OF DEFENCE (SHRI VIDYA CHARAN SHUKLA): (a) and (b) A statement is laid on the Table of the House.

Statement

On 31st December 1970, a jeep manufacturer had represented to the Ministry of Industrial Development and the DGS&D that in view of the coming elections he had been approached by various political parties from all parts of the country to supply them jeeps immediately. The manufacturer was, however, unable to meet this requirement, unless the delivery date against orders placed for supplies to the Army was suitably re-fixed. The DGS&D passed on the request from the manufacture to Ministry of Defence. The Ministry of Industrial Development also transmitted the request from the manufacturer and suggested that the Ministry of Defence may review their immediate requirements so as to stagger their purchases in the coming months thus enabling

the Company to meet a fair proportion of the civilian demand, especially in connection with the elections.

2. The requirements of Defence for jeeps during the period in question were carefully reviewed. As a result, it was found possible to accept without detriment to Defence preparedness, the deferred delivery of 600 jeeps out of 1000 jeeps originally programmed to be supplied during January and February 1971 in the subsequent months. No postponement was agreed to in respect of the supply programmed for March 1971. The firm completed delivery of the entire order for 2537 jeeps by July 1971.

3. The supply of jeeps by the manufacturers to the various political parties/individuals was made by way of normal commercial transaction, without reference to the Ministry of Defence. However, according to the information now furnished by the manufacturer orders for 1,450 jeeps had been placed on them during the early part of the year 1971 by different Political Parties and individuals for election purposes. The number of jeeps actually delivered was 1,266. The details are as under:

Name of the Party	No. ordered	No. ultimately collected
(i) Congress (R)	900	763
(ii) Congress (O)	150	187
(iii) Swatantra	150	81
(iv) Jan Sangh	150	153
(v) Other miscellaneous parties and individuals.	100	82
	1,450	1,266

SHRI N. G. GORAY: Sir, I would like to draw the attention of the Minister to paragraph No 2 of the statement in which he has said:

"...it was found possible to accept without detriment to Defence preparedness, the deferred delivery of 600 jeeps out of 1,000 jeeps originally programmed to be supplied during January and February 1971 in the subsequent months."

I would like to know whether out of these 600 jeeps, 550 jeeps were sold to the Maharashtra Pradesh Congress Committee alone.

SHRI VIDYA CHARAN SHUKLA: Sir, I would not have all this information. As a matter of fact, this information regarding the sale of jeeps by this private manufacturer to various political parties was collected by us after making a great deal of efforts. I would not know out of these how many were given to which party. Whatever information I have about national parties, I have given in the statement.

SHRI N. G. GORAY: Sir, the manufacturer whose name is not mentioned here is Mahindra and Mahindra.

SHRI VIDYA CHARAN SHUKLA: There is only one manufacturer.

SHRI N. G. GORAY: Yes, there is only one manufacturer. In paragraph No. 3 he has said:

"The supply of jeeps by the manufacturers to the various political parties/individuals was made by way of normal commercial transaction, without reference to the Ministry of Defence."

Sir, "without reference to the Ministry of Defence" is correct, but so far as the words "by way of normal commercial transaction" are concerned, I want to bring it to the notice of the Minister that there was nothing of this kind. Sir, it was under a consortium led by the New India Assurance Company and the Chairman of the company at that time, Mr. B. K. Shah, arranged for this, and the sale of jeeps was not in the normal course. Here I want to point out that 548 jeeps were not sold in the normal course. The normal course for a purchaser is that he has to purchase through a dealer. He has to submit in writing his application to purchase jeeps. He has to make his own arrangements for the insurance policy and obtain temporary registration plates. Sir, the Minister would do well to enquire if no temporary plates were issued at all. They were given permanent plates as soon as the jeeps rolled out of the factory. There is a big scandal about this and I think it

will be well to take note of this because perhaps in the next elections in U.P. a similar arrangement is likely to be made and jeeps required for the Army are likely to be diverted for the requirements of a particular party.

SHRI VIDYA CHARAN SHUKLA: Sir, no jeeps were diverted for the needs of a particular party during the last mid-term poll nor is this kind of thing likely to be done this time. There is no scandal about it, if I may say so.

SHRI N. G. GORAY: Scandal in the sense that you have said that it was a normal commercial transaction.

SHRI VIDYA CHARAN SHUKLA: I am coming to that point. It is completely beyond my comprehension how he says that it was not a normal arrangement. He described the arrangement—I do not know whether that was the arrangement or not; even if that was the arrangement, how does he say that it was not a normal arrangement? I do not know whether temporary number plates were obtained or not. That is a matter with which the Central Government is not really concerned. It is a matter for the State Government who control the registration of vehicles, to decide whether or not to inquire as to what happened about that. As far as we are concerned, according to our information, according to the information that is in our possession this was a normal commercial transaction between the seller and various political parties. As you might see from the statement, various political parties put their requirements and took their deliveries. They took according to the arrangement they made with various people in business. They might have made different kinds of arrangements and different kinds of financial arrangements which we are not aware of. Neither are we parties to such arrangements nor have we encouraged anybody to make arrangements of that kind. Here you would see that the parties themselves made the request on the manufacturer and collected jeeps. Some parties collected more than what they had actually ordered for, and some people collected less than what they had ordered for. Therefore, to ask such questions of

the Government I did not think the Government is either concerned with it or is it in any way answerable about such matters

SHRI K P SUBRAMANIA MENON

May I know from the Government whether over 500 of these jeeps were returned to the manufacturer and they were reconditioned and supplied to the Defence Ministry? If so how can this constitute a normal transaction? If you purchase something from a manufacturer, he is not likely to take it back after three months' use. In this case over 500 jeeps were purchased and after three months' use they were returned to the manufacturer who reconditioned the jeeps and supplied them to the Defence Ministry. May I know whether this is a fact?

SHRI VIDYA CHARAN SHUKLA It is not a fact. No reconditioned jeeps were given to the Army. And if reconditioned jeeps were taken by the manufacturers, it must have been because of the terms of purchase whatever the purchases made and the agreement made between the purchaser and the supplier. But as far as Armed Forces of the country are concerned, we did not take any reconditioned jeep in our supplies.

SHRI N G GORAY Sir, have you ever heard that in any transaction something which is purchased once is sent back to the manufacturer?

MR CHAIRMAN You had put your question and you got an answer.

Next question, 555

Expenditure incurred on the abandoned Kudremukh iron ore project

*555 **SHRI DEBANAND AMAT**
SHRI M K MOHTA
SHRI K C PANDA †

†The question was actually asked on the floor of the House by Shri K C Panda

SHRI LOKANATH MISRA
SHRI VEERENDRA PATIL

Will the Minister of STEEL AND MINES be pleased to state

(a) the expenditure incurred on the site, establishment of the Secretariat and foreign travel if any in respect of the Kudremukh iron ore project which was ultimately abandoned and

(b) the reasons for its abandonment?

THE DEPUTY MINISTER IN THE MINISTRY OF STEEL AND MINES (SHRI SUKHDEV PRASAD) (a) and (b) A statement is laid on the Table of the House

Statement

(a) It is not correct to say that the Kudremukh iron ore project has been abandoned.

The expenditure on the project till 31.3.1973 including depreciation and interest on Government loans is Rs 160.85 lakhs as detailed below —

	Rs. (in lakhs)
(i) Prospecting exploration expenses	64.31
(ii) Pilot plant testing scheme	25.83
(iii) Carriage and Maintenance	70.71
TOTAL	Rs 160.85

No separate Secretariat exists for the Kudremukh project at the Head Office of the National Mineral Development Corporation. Information in regard to expenditure on foreign travel of the project personnel is being collected and will be furnished.

(b) Does not arise.

SHRI K C PANDA Sir, it is well and good that the project has not been abandoned. From the statement it appears that more than Rs 160 lakhs have already been spent. May I know from the honourable Minister whether iron ore has already been taken out and exported out side or has been kept for steel plants?