

RAJYA SABHA

Thursday, the 10th August, 1967/the
19th Sravana 1889 (Saka)

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

ORAL ANSWERS TO QUESTIONS

*379. [The questioner (Shri A. D. Mani) was absent. For answer, vide col. 3172 infra].

EXPENDITURE ON DELHI AVOIDING LINES AND CONNECTED TRAFFIC FACILITIES PROJECT

*380. SHRI M. P. BHARGAVA: Will the Minister of RAILWAYS be pleased to refer to the answer given to Starred Question No. 212 in the Rajya Sabha on the 1st June, 1967 and state:

(a) what was the original estimate of expenditure for Delhi Avoiding Lines and Connected Traffic Facilities project;

(b) what is the revised estimate of expenditure for completion of work by the end of December, 1968; and

(c) what was the loss suffered by the Government by terminating the contract of one of the contractors and what was the difference in the old and new contract?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI PARIMAL GHOSH): (a) The original estimated cost of the project was Rs. 2.43 crores, on the basis of cutting and bridges for single line.

(b) The revised estimate for the project is Rs. 6.25 crores, on the basis of cuttings and bridges for double line.

(c) The earlier contract had to be terminated owing to the failure of the

contractor. While awarding a new contract, on the basis of open tenders, the additional cost for balance of work is roughly assessed as Rs. 17.5 lakhs. The contractor had gone in for arbitration, and the Arbitrator's award was a settlement of the contract without any financial liability on either side.

SHRI M. P. BHARGAVA: May I know whether there was any penal clause in the contract that in the case of failure the contractor had to pay certain damages?

SHRI PARIMAL GHOSH: Sir, there is a penal clause but the other terms of contract are also there that in case of dispute the contractor has the right to ask for arbitration and in this particular case the contractor asked for arbitration and the whole matter was referred to the arbitrator and the arbitrator has already decided on that issue.

SHRI M. P. BHARGAVA: May I know the causes for the failure of the contract, whether there was any valid reason for the contractor not to fulfil the contract and if he himself terminated the contract, how could he ask for arbitration?

SHRI PARIMAL GHOSH: Originally the whole area was divided into three sections, normal earth, soft rock and hard rock and there were three different rates for three different sections. The contractor completed the first part of the work and after he started the second part of the work, he found that the rate he had quoted was abnormally low and he thought it would not be possible for him to execute the work at that rate. So he asked for enhancement of the rate, and the normal practice with the Railways is that they do not agree to the enhanced rate. The contractor ultimately asked for arbitration and that is also part of the agreement. The contractor can ask for arbitration. The matter was referred to

arbitration and the arbitrator decided that whatever work the contractor had done, he should be paid accordingly and there should be no loss on either side.

SHRI M. P. BHARGAVA: May I know who was the arbitrator and whether his name was suggested by the contractor himself?

SHRI C. M. POONACHA: Sir, arbitrators are appointed from out of a panel of names that is furnished by the Railways which the parties concerned also would scrutinise and indicate their preferences. Accordingly two Railway officers were appointed. One is Shri P. Govinda Rao, Officer on Special Duty, Northern Railway and another is Shri A. L. Sanchiti, Deputy Financial Adviser. These were the approved Arbitrators who entrusted to arbitrate on this matter.

SHRI T. V. ANANDAN: Has any attempt ever been made before embarking upon this embanked railway system for getting comparative estimated costs between the underground railway system and the present one and, if so, what is that attempt?

SHRI C. M. POONACHA: Sir, this is purely an embanked railway line, not underground. No survey or study was made with reference to any underground railway when this project was taken up.

SHRI A. C. GILBERT: Sir, my information is—and I can give you proof also—that sometimes contracts are given just to oblige some particular people for reasons best known to the officers concerned. May I know whether the Government has examined whether this contract was given to the contractor just to show him some favour?

SHRI C. M. POONACHA: For the second contract, Sir, as many as 20 tenders were received and they were for Zone A. For Zone B we received 19 tenders. The tender submitted by

the present contractor being the lowest was accepted.

SHRI KOTA PUNNAIAH: May I know whether the new contractor has accepted the rates of the previous contractor?

SHRI C. M. POONACHA: There is some change in the rates. Now it is not classified according to soft rock and hard rock; it is for the entire excavation work; the rates are revised.

SHRI ARJUN ARORA: Sir, there has been extraordinary delay in the execution of this project. May I know who is responsible for this extraordinary delay—the first contractor, the present contractor or some official?

SHRI C. M. POONACHA: Sir, when the work is entrusted to contractors and they default, there is bound to be some delay, inasmuch as that contract will have to be terminated and fresh tenders will have to be invited and all that takes time to finalise the next stage of work. Therefore this delay has happened which is due to the fact that the previous contractor defaulted.

SHRI A. G. KULKARNI: May I know whether this new contractor to whom the contract has been given has ever done such work and, if he has done it, what has been his performance? Also, Sir, is the Government aware that the value of the new contract goes on increasing? Generally the contractors, in collusion with the officers concerned, just adjust such rates and adopt such practices that ultimately the value of the contract goes up and thereby they can earn more money. Is the Government aware of such practices?

SHRI C. M. POONACHA: As for the general question whether Government are aware of such practices, I must say probably those practices are noticed in some cases, but in this particular case, as I was mentioning

earlier, we had as many as 20 and 10 parties who gave their quotations and out of them this party was selected after due care and examination.

SHRI A. G. KULKARNI: What is the performance of the new contractor?

SHRI C. M. POONACHA: I would require notice, Sir.

SHRI A. G. KULKARNI: Is it a new party or the same old party?

SHRI C. M. POONACHA: It is a new party, not the old party.

SHRI NIREN GHOSH: What was the necessity of giving this project on contract? Did the Railways not have sufficient personnel, technical know-how, etc., to undertake the construction work on their own?

SHRI C. M. POONACHA: Sir, this is in respect of earth-cutting and excavation work which is normally done through contractors.

RISE IN PRICES OF CONSUMER GOODS

*381. SHRI R. P. KHAITAN: Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the rise in prices of consumer goods is on account of shortage of raw materials and the setting up of more industries;

(b) which are the consumer industries facing shortage of raw materials; and

(c) whether there is any proposal under Government's consideration to the effect that no industry will be allowed to be set up without the adequate supply of raw materials?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AF-

FAIRS (SHRI BHANU PRAKASH SINGH): (a) Rise in prices of consumer goods is due to various reasons—one of these may be shortage of raw materials. Setting up of more industries should not raise the prices, on the other hand it should improve the price situation because of increased competition.

(b) Shortage of raw materials has been felt mainly by the consumer goods industries falling in the non-priority category. Some of these are included in the list attached. [See below.]

(c) No, Sir. Generally satisfactory arrangements for supply of raw material is a criterion for allowing new industries to come up.

List of Consumer Goods Industries which have been facing raw material shortage

1. Sewing Machines.
2. Duplicators.
3. Oil Pressure Stoves and lamps.
4. Typewriters.
5. Zip fastners, Snap fastners.
6. Packing and Jointing and Mechanical toys.
7. Hurricane Lanterns.
8. Domestic Buckets.
9. Clocks.
10. Time-pieces.
11. Watches.
12. Domestic utensils.
13. Sanitary fittings.
14. Safety pins.
15. Steel furniture.
16. Safety Razor blades.
17. Safety Razors.
18. Cotton Textiles.
19. Sugar.
20. Vanaspati.
21. Fountain Pen including Ball point.