

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:1691
ANSWERED ON:08.03.2001
PURCHASE OF ANCHOR CHAIN CABLE BY NAVAL HEADQUARTERS
PRABHUNATH SINGH

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Controller of Logistics, Naval Headquarters, failed to process and accept the lowest offer for the purchase of anchor chain cable despite approval of the purchase proposal and availability of funds;
- (b) if so, the reasons therefor;
- (c) whether the item was purchased subsequently at higher rates resulting into extra expenditure of Rs. 70 lakhs.;
- (d) if so, whether there is any proposal to enquire into the matter and fix responsibility and take action accordingly; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (e): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 1691
8.3.2001

The Comptroller & Auditor General of India, in its Report No. 8 of 2000, have pointed out that the Naval Headquarters procured 9 sets of Anchor Chain Cables in February-March, 1998 from a foreign firm at a cost of USD 424818 against a contract of March 1997. This procurement entailed an avoidable expenditure of Rs. 70 lakhs as a cheaper offer received in April, 1995 was not availed of although the requirement projected by a Naval Store Depot in December, 1994 had been approved by the Controller of Logistics at the Naval Headquarters, in-principle. However, the Deputy Controller of Logistics Support failed to process the indent on proper proforma, in time, without recording any reasons.

The Naval Headquarters have informed that a Logistic Delegation (LOGDEL) had gone to Russia in early 1995 for making purchases. The delegation had received an offer for supply of three sets of Anchor Chain Cables from M/s. Baltic. However, the firm was actually able to offer to the delegation only one set ex-stock. The delivery of remaining sets was not clearly defined by the firm due to uncertain political and economic conditions that prevailed in Russia in the aftermath of the break-up of the Soviet Union. The delegation, therefore, concluded the contract for supply of only one set, including accessories, at the cost of USD 26800. In March, 1996, an offer was received from the same firm quoting the unit price of USD 44800 per ship set, which was considered very high. The possibility of procurement of Anchor Chain Cables from indigenous sources was also explored. As the efforts to procure the item from indigenous sources did not materialize, procurement was made based on an offer received from another foreign firm at the rate of USD 47202 per set.

An Action Taken Note (ATN) on the Audit Para raised by the Comptroller & Auditor General of India has been prepared and is being finalized in consultation with the Principal Director of Audit.