

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:1045  
ANSWERED ON:22.07.2002  
BUNGLING IN PURCHASE OF CARPETS BY AI  
C. SREENVAASAN;M.H. AMBAREESH;PUTTASWAMY GOWDA

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether the Government's attention has been drawn to the news-item captioned '500,000 dollars for carpet Air India never rolled out' appearing in the 'Indian Express' dated July 11, 2002;
- (b) if so, the facts of the matter thereof;
- (c) the action taken by the Government to recover the public money;
- (d) whether the middleman was appointed for this deal;
- (e) if so, whether Air India appoints middleman for all their dealings;
- (f) if so, the reasons for appointing any middleman for Government purchase;
- (g) whether an officer of Air India who was posted abroad and who repeatedly requested the Air India management to take necessary steps in this matter was dismissed summarily; and
- (h) if so, the details thereof and the reasons therefor?

**Answer**

THE MINISTER OF STATE FOR CIVIL AVIATION ( SHRI SHRIPAD Y. NAIK )

(a), (b), (c); Yes, Sir. Air India placed a repeat order for supply of 15,000 Sq.mtrs. of carpet on M/s. Pennsylvania Woven Carpets Mills (PWCM) in December, 1994. In the earlier order which were in placed on PWCM, the payment terms were specified as on 30 days of invoicing which was later changed to 10 days of invoicing in the repeat order and the same was released through the then regional Stores & Purchase Manager, New York. The advance payments were made against certifications on the proforma invoices by the regional Stores & Purchase Manager, New York in respect of the aforesaid purchase order. Some of these carpets were manufactured and kept in the godown of PWCM and no physical deliveries were taken against the repeat order. Before the final delivery of the aforesaid carpets, the said firm went bankrupt and Air India could not take delivery of the entire consignment.

Some of the carpets later found in the PWCM godown were also found to be defective since they did not pass fire retardation tests. Air India filed a law suit in the New York District Court in February 1997 for the recoveries of money against PWCM and a judgement was given in favour of Air India dated 28th April, 1997. However, US Government declared bankrupt and its assets were taken over by a secured creditor.

(d): No, Sir.

(e) : Air India does not appoint middlemen for any dealings.

(f) : Does not arise.

(g) and (h) :After following due procedures and conducting the enquiry by an enquiry committee, the competent authority awarded the punishment of dismissal from service to Shri M.L. Thatte, the then Regional Stores & Purchase Manager, New York as the charges levelled against him were established. However, the Vigilance Department of Air India is again enquiring into the matter.