

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5222
ANSWERED ON:25.04.2003
C & AG REPORT ON ACCEPTANCE OF TENDERS
SHEESH RAM SINGH RAVI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the information had since been collected;
- (b) if so, the details thereof;
- (c) the reaction of the government thereto;
- (d) whether the Kendriya Bhandar accepted revised price whose prices were the highest in the bid earlier and the prices still being higher than the L-1;
- (e) if so, the reasons thereof;
- (f) is there any proposal to enquire into the matter; and
- (g) if not, the reasons therefor ?

Answer

Minister of State in the Ministry of Finance and Company Affairs (ANANDRAO V. ADSUL)

(a) to (c) Chennai Port Trust invited tenders for supply of 3 Tugs and 2 Pilot Crafts for operation at the newly constructed Ennore Port. These offers were to be valid for a period of 90 days (upto 20th April, 1998). However, the Consultant took time to submit the final evaluation report and order could not be placed to the firm even during the extended validity period. The lowest bidder did not extend the validity of their offer beyond 20th July, 1998. Chennai Port Trust then negotiated with the next lowest bidder and placed the order at a negotiated price. The C & A G's view is that the original offer of next lowest bidder included the element of Sales Tax at 5% and Turnover Sales Tax at 2.5 % and the basic price before negotiation would have come to Rupees 53.05 crores while the Port placed the order at a negotiated basic price of Rupees 55.14 crores which resulted in an additional expenditure of Rupees 2.09 crores in basic price and corresponding increase in tax of Rupees 0.23 crores. The Port's view is that the element of Sales Tax on works contract at 5% and Turnover Tax at 2.5 % included in the original offer was only for the components and not on the completed vessel, which should not be excluded to arrive at basic price. This matter is being examined in the Ministry of Shipping and a final view is yet to be taken.

(d) to (g) Since details of the specific tender are not mentioned, the concerned Department viz., Ministry of Personnel, Public Grievances & Pensions finds itself unable to answer the question in its present form.