

PUBLIC ACCOUNTS COMMITTEE
(1973-74)

(FIFTH LOK SABHA)

HUNDRED AND TWENTY-FIFTH REPORT

[Paragraphs contained in the Report of the Comptroller and Auditor General of India for the year 1971-72, Union Government, (Defence Services).]



LOK SABHA SECRETARIAT
NEW DELHI

April, 1974 | Chaitra, 1896 (S).

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Corrigenda to Hundred and Twenty Fifth Report of
Public Accounts Committee (Fifth Lok Sabha) presented
to Lok Sabha on 22.4.1974.

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8	1.24	3	then	them
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9	1.26(11)	1	had	laid
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32	1.78	12	cannot be	cannot but
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*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

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10-4-1973

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(1973-74)

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*Elected on 29-11-73 *vice* Shri D. S. Afzalpurkar died.

†Cesed to be member of the Committee consequent on retirement from Rajya Sabha
o.s.f. 2-4-1974.

INTRODUCTION

1. The Chairman of Public Accounts Committee, as authorised by the Committee do present on their behalf this Hundred and Twenty-Fifth Report of the Committee (Fifth Lok Sabha) on the paragraphs contained in the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services).

2. The Report of Comptroller & Auditor General of India for the year 1971-72, Union Government (Defence Services) was laid on the Table of the House on the 29th March, 1973. The Committee examined paragraphs relating to the Ministry of Defence on the 1st, 2nd and 3rd November, 1973. The Committee considered and finalised this Report at their sitting held on 10th April, 1974. Minutes of these sittings form Part II* of the Report.

3. A statement showing the summary of the main conclusions| recommendations of the Committee is appended to the Report (Appendix II). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these paragraphs by the Comptroller & Auditor General of India.

5. The Committee would also like to express their thanks to the officers of the Ministry of Defence for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
April 15, 1974

Chaitra 25, 1896 (S).

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

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REPORT
PURCHASE OF BOATS

Audit Paragraph

1.1. A boat designed and developed by the Research and Development Organisation was accepted in 1962 for introduction into service after extensive technical and user trials carried out during February, 1957 to December, 1961. It was to replace an imported one that was being used by the Army. The design of the new boat was based on canvas hull containing a number of balloons to give desired buoyancy. It was intended to carry assault elements complete with weapons in river crossing operations. The boat was also to be used as a raft for taking across guns and light tracked carriers.

1.2. In November, 1962, three orders were placed by the Army Headquarters on a public sector undertaking for supply of 660 boats at the rate of Rs. 4157 per boat. These were supplied during July, 1964 to October, 1964. Subsequently, during July, 1965 to December, 1968, orders were placed on this undertaking and four other firms 'A', 'B', 'C' and 'D' for supply of 1927 boats. The unit rate of these boats, which were supplied during February, 1966 to September, 1969, ranged from Rs. 3800 to Rs. 4300.

1.3. The specifications laid down in November, 1962 for these boats provided that all stitches on the hull below life line should be finished with leak-proof composition of an approved quality. In November, 1964 an amendment was issued to these specifications which required application of leak-proof compound to all stitches—both below and above life line. Detailed specifications for the adhesive to be used at the stitches were, however, not laid down. Consequently, the public sector undertaking and the two firms 'A' and 'B' which supplied in all 1776 boats during July, 1964 to December, 1967 used certain adhesives, while the other two firms 'C' and 'D' which supplied 811 boats during March, 1966 to September, 1969 used a different adhesive (which is much costlier and is very effective for waterproofing ordinary canvas).

1.4. In July, 1971 one Army unit reported to Army Headquarters that all the 36 boats (supplied by the firms 'C' and 'D') held by it were defective. On subsequent investigation in October, 1971 it was found that of the 811 boats costing Rs. 32.93 lakhs supplied by the firms 'C' and 'D', 606 boats (397 with field units and 311 in stock in

an ordnance depot) costing about Rs. 24.68 lakhs were defective. The seams of all joints of the boats disintegrated when the boats were inflated and put in water as the canvas at the seams had become brittle. Investigations ~~showed~~ that this was caused by oxidation of the adhesive used by these two firms to fix the seams of the boats (due to lack of chlorine acceptors in the adhesive as chlorine was liberated and hydrochloric acid was formed). The boats supplied by the public sector undertaking and the firms 'A' and 'B', in which a different adhesive was used, did not suffer from this defect.

1.5. The feasibility of repairing the defective boats was examined by sending some of them to an Army Workshop but without success. It was held by the Master General of Ordnance (in January, 1972) that there was no possibility of repairing the 608 defective boats and that the remaining 203 boats, then held as serviceable, supplied by those two firms were also likely to be beyond economical repair when they developed defects. In the meantime, instructions were issued by Army Headquarters in November, 1971 to the Ordnance Depot not to dispose of the stock of imported boats which had earlier been declared obsolete in April, 1971. It was found that 137 of these old boats were in a serviceable condition and Army Headquarters issued orders in December, 1971 for supply of these boats to units to meet operational requirement and also initiated action for getting 264 of these old boats repaired urgently.

1.6. The shelf life (before use) of the (indigenous) boats is 5 years. Of the 811 boats supplied by firms 'C' and 'D' 250 had completed the 5 year period by May, 1971. The other 561 boats were supplied between October, 1967 and September, 1969. According to the Ministry, the boats can be repaired at a cost of about Rs. 500 each.

[Paragraph 10 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services)].

1.7. Asked why detailed specifications for adhesives were not laid down while placing orders for boats on different firms the Scientific Adviser to the Ministry of Defence stated during evidence: "The Boas wax composition was known to the people who had tendered for it. However, at that time, some new adhesives had also come into the market, which R&D had not tried out. One of them is mentioned here (Neoprene based). Bitumen adhesives etc. were also known and some of them were claimed to be better than this.

The Bees wax composition was used and no specifications were laid down. If anybody had a better adhesive, that would be used. Otherwise, Bees Wax was known to them."

1.8. According to the Audit Paragraph, out of the 811 boats supplied by the firms 'C' and 'D' 668 boats (297 with field units and 311 in stock in an Ordnance depot) were found defective. The Master General of Ordnance, however, informed the Committee during evidence: "In all 2,587 boats were received by the Army on various indents on various firms. . . . Of these 2587, we have at the moment 669 boats which are with the units in a serviceable state. We have another 444 boats in ordnance stocks which are not in a serviceable state, but in a repairable state. . . . I cannot categorically state that out of 444 boats, the number of boats used or not used."

1.9. The Scientific Adviser stated that the defects were due not only to the wrong adhesives being used but to something else also. About the defects found in the boats besides the use of a wrong type of adhesive, the Director General of Inspection stated: "The covering of these boats is in canvas. This canvas, like any organic material, is subject to deterioration due to age, due to exposure to sunlight, due to contact with water, due to fungal attack, due to moisture and a host of other reasons. The fabrics are subject to decay or subject to tendering in course of time. Presumably, in some of these boats it was found that where Neoprene had been used there has been a little more tendering in those places. But even otherwise, textiles do deteriorate due to age etc. It is a normal process."

1.10. The Committee wanted to know whether there was some defect in manufacturing also, the Scientific Adviser stated during evidence: "Five years is the shelf life that was prescribed by us when the boats were manufactured, taking into account the natural process of deterioration. But if the boats are roughly used, the canvas would deteriorate much faster. Therefore, there are, apart from the natural causes of deterioration, deterioration due to rough use. If the shelf life is 5½ years, if they are used under various circumstances, the statistical average life would be less than five years. My papers do not show whether they were all due to Neoprene, but they were found to be defective when we examined them."

1.11. With regard to the procurement of boats, the Department of Supply have stated: "In regard to the procurement of 811 boats, advance samples were in each case approved by the Defence AHSP, inspected and accepted by Defence Inspectorate and ultimately

against all the contracts, the entire quantity was accepted by the respective consignees to their satisfaction and after getting their approval in this regard, the delivery dates were regularised.

It was for the inspectorate to have detected any substandard material use during the process of inspection."

1.12. Explaining the background about the use of Neoprene adhesive for the boats, the representative of R&D has stated: "In 1964, we started using Bees Wax. That was the most commonly available adhesive. This comes into contact with the canvass cloth and the metallic parts. Cloth is an organic material. The adhesive has to be neutral. When we started using it, Bees Wax was the only neutral adhesive available to R&D. As we went on, the use of Neoprene came in a long way and it was available in the country. It is very widely known and is used in all water proofing compositions for other purposes also. The only thing is that it is chlorine based adhesive. The Neoprene looks colourless as it is used and it remains colourless for two-three years, unless you accelerate the action of degradation. In the course of three-four years, you see a faint colourisation. And from that you can make out that the adhesive is slightly deteriorating and this process of deterioration is based on the release of hydro-chloric acid. At the time when the adhesive was used, and also when inspected, one could not detect that there was anything wrong, and since the adhesive was very widely used, we thought that it was the right type of adhesive. One of the things to prevent chlorine reaction is to add zinc oxide. It will delay the reaction. It is not expensive and we assumed that this was automatically used. But visual inspection or by just taking the quality of the adhesives, one could not say whether it is going to deteriorate in two-three or four years. Therefore, this adhesive was accepted in good faith. It is much better. It is twenty times more expensive than the other one. The deterioration can be delayed if zinc oxide is used along with the adhesive. But it just happened that in the course of 3-4 years, when the boats were used, the deterioration reaction took place and the tendering of the cloth occurred."

1.13. The Scientific Adviser admitted during evidence that "we did not know at that time that this particular defect could arise in Neoprene... Now that we have studied this problem, we know that, in future, if we use Neoprene, particularly in contact with metal, we have to use some acceptor."

1.14. When asked why Neoprene was allowed in preference to Bees Wax used earlier, the representative of R&D stated: "At that time, the adhesive which we were using and which was fairly good

and available in large quantities was bees wax. But we experienced a slight difficulty in using this bees wax because it is not quite a good adhesive material and the bees wax has also indicated a very slow rate of water seepage. But it was not 100 per cent water-proof. It was on account of that that we accepted a better adhesive which is the neoprene based wax."

1.15. The Committee enquired whether the Ministry of Defence were aware of the fact that Neoprene based adhesive which was not properly neutralised was used by firm 'C' and 'D' and if not, when the Ministry came to know of this requirement. The Ministry of Defence, in a note, has submitted: "R&D Organisation was not aware of the fact that Neoprene based adhesive which was not properly neutralised was used by Messrs. . . . and Messrs. . . . at the time of manufacture of boats. R&D Organisation came to know of this defect only when chemical analysis was carried out during September, 1972 as part of investigation to find out the causes of this failure."

1.16. In the absence of full knowledge about the Neoprene, the Committee asked whether the Technical Committee of Research and Development Organisation of Ministry of Defence had approved its use. The Ministry of Defence in a note has stated: "There is nothing on record to show whether approval to use neoprene based adhesive was given by the Establishment (Technical Committee) to the firm."

1.17. The Scientific Adviser admitted during evidence that they had relied on the text book knowledge that Neoprene was better adhesive and it was unfortunate that they did not test it whether it was fully neutralised. It should have been done.

1.18. The Committee enquired whether the boats where neoprene-based adhesive was used were tested in water for the required length of time. It was stated during evidence that the boats were not tested for the required length of time—but they were tested in water for a period of one hour for any leakage.

1.19. The Committee drew attention to the following note written by the Ministry of Defence on the 25th September, 1972 regarding advantages of the Neoprene-based adhesive: "Neoprene based adhesive, though much costlier, has been used by the two firms M/s. and M/s. for the following reasons:

- (a) It has excellent waterproofing and weather resisting properties.

- (b) On outdoor exposure fabrics coated with this compound remain in good condition even for a period up to ten years.
- (c) Coated fabrics are resistant to the action of sunlight as well as ozone.
- (d) This adhesive is compatible with untreated canvas."

The Committee wanted to know how this note came to be written in the face of complaints received in 1971. The Ministry of Defence stated in a note: "Neoprene based adhesive if properly neutralised does not have corrosive effect. The deterioration of canvas in this particular case has happened due to low percentage of chlorine acceptors contained in the adhesive thus resulting in free chlorine which formed into hydro-chloric acid which in turn attacked the canvas."

1.20. The Committee were informed during evidence that the life expectancy of the boat for 5 years was decided in mid fifties and no review of it had since been done. Asked whether in view of the complaints it was going to be reviewed, the witness stated. "I would like to explain that it took some time to locate what the defect was. After that we know that this boat was not going to be held in stock and a new design was going to be inducted. I admit that we have not done an exercise of re-evaluating the life expectancy of the boat but the amount of exercise necessary is perhaps not justified by the very fact that the boat is going out of use in the course of the next year, when the present boats are finishing their life."

1.21. It was stated that regular inspection of boats were carried out and regular reports were sent to the Statistical Officer. Asked why a large number of boats were found to be defective during the special investigation made after the complaints were received in 1971, the Engineer-in-Chief replied: "It is very difficult to explain because, as I mentioned, regular inspections are carried out, and the boats are tested and in every report, we report to the MGO, that so many of them have become unserviceable and he is required to make issues to replace those unserviceable ones."

1.22. The Committee were informed that no warranty clause was included in the contracts with firms 'C' and 'D'. The Director, DGS&D, explained: "The warranty clause is included in respect of those items where defects can come to light only when the stores are put to use and not before by visual or laboratory inspection. The boats did not come under this category. All the suppliers supplied the boats after the pilot samples were approved by the Defence Inspectorate. In respect of such items, we do not ask for a warranty

clause unless it is asked for by the indenter or the Defence Inspectorate. They did not ask for it either at the indenting stage or at a later stage."

In reply to another question about the necessity of such a clause, the witness stated: "It is unnecessary.... Any firm can be sued for a breach of warranty. In this case, we could not do anything with the supplier as they supplied stores to specifications."

1.23. Asked whether any log book or history sheets for these boats were kept, the Master General of Ordnance submitted during evidence: "We have been using boats before and that has never been the practice to the best of my knowledge. It is only for machinery which is fairly expensive that that is done because the amount of money that you will have to spend on making and maintaining log books would not really be commensurate with the advantages that one may derive from it." The witness however, admitted that log books were being maintained for certain less costly items like motor cycles, trailers and mules etc.

1.24. The Ministry of Defence had informed the Audit that the boats could be repaired at a cost of about Rs. 500 each. Asked about the number of boats repaired so far and their cost, the Ministry of Defence, in a note furnished to the Committee, stated: "Repair of the boats found defective on account of use of neoprene base adhesive is proposed to be undertaken now. Sanction has been accorded for the repair of 10 boats as an experimental measure at an estimated cost of Rs. 1,000 each. Actual cost of repairs of the boats will be known only on receipt of quotations which have already been invited. It may be mentioned that the estimate of Rs. 500 per boat was based on patch repair while Rs. 1,000 now estimated involves replacement of the entire canvas of each boat as desired by the users."

In a subsequent note, the Ministry of Defence, have informed the Committee: "Government sanction was accorded for repair of boats pneumatic Mk. I, quantity 10 at the rate of Rs. 1,000 each. Tenders were called for from four firms, against which two firms quoted at the rate of Rs. 425 and Rs. 4300 respectively. Repairs involve complete replacement of canvas hull and bottom. The original cost of these boats when procured in 1964 to 1968 ranged between Rs. 3,800 and Rs. 4,300. The two firms who have quoted rates for repairs now, had also supplied these boats as per the prices quoted above. The high cost of repair is due to the increase in the cost of canvas and overheads.

In view of the foregoing, when the repair cost equates with the procurement rate, the Chief of the Army Staff has decided not to pursue the repair of these boats and declare them as obsolete."

1.25. Asked about the cost analysis of the re-usable components of the boat, like aluminium, the Ministry of Defence, in a note, have stated: "The materials for the fabrication of boat assault pneumatic Mk.I comprise canvas, aluminium strakes rubber balloons and cordages. The boats when declared beyond economical repairs by the Technical authorities are disposed of through salvage. The boats on receipt in the salvage Depot as unserviceable are dismantled and the materials involved taken out and put in the respective stack already containing the said material. In the case of these boats, canvas rubber balloons and cordages have no sale value. As regards aluminium content the same is merged with the existing stock held in the salvage and disposed of. No separate account of aluminium recovered from the boats is maintained and no cost thereof can be given."

1.26. An assault boat was designed and developed by the Research and Development Organisation to replace an imported one and it was accepted in 1962 for introduction into service. 2587 boats of this type were procured during July 1964 to September 1969 from four firms and a public sector undertaking at the rate ranging from Rs. 3800 to Rs. 4300 per boat. On receipt of a complaint from one Army Unit in July 1971 that all the boats held by it, which were supplied by two firms, were defective, the matter was investigated in October, 1971 and found that of 811 boat costing Rs. 32.92 lakhs supplied by the two firms 608 boats (297 with field units and 311 in stock in an Ordnance Depot) were defective. The seams of all joints of the boats disintegrated when the boats were inflated and put in water at the canvas at the seams had become brittle. Investigations disclosed that this was caused by Oxidisation of the adhesive used by these two firms to fix the seams of the boats. As the cost of repair involving complete replacement of canvas hull and bottom would be equal to the cost of procurement of these boats it had been decided to declare them as obsolete. It was held by the Master General of Ordnance in January 1972 that the remaining 203 boats were also likely to be beyond economical repair when they developed defects.

It is unfortunate that all this happened at a time when the Army needed these boats most. The Committee are very distressed to note the following lapses which cost the exchequer very dearly:

- (i) ~~The specifications for the adhesive to be used at the~~
~~stitches were not laid down by the Research and~~
~~Development Organisation.~~
- (ii) ~~the specifications laid down in November, 1962 provided~~
 that all stitches should be finished with leakproof composi-
 tion of an approved quality. The two firms concerned
 used neoprene based adhesive whereas the others used
 Bee's wax which was also used by the Research and
 Development Organisation. Unfortunately there is stated
 to be nothing on record to show whether approval to use
 neoprene based adhesive was given by the Establishment
 (Technical Committee) to the two firms.
- (iii) In respect of the boats procured advance samples were in
 each case approved by the Development, inspected and
 accepted by Defence Inspectorate and entire quantity
 was accepted by the respective consignees to their satis-
 faction. It was assumed that the necessary chlorine accep-
 tor was automatically used along with adhesive. The
 Scientific Adviser admitted that it was unfortunate that
 they did not test the adhesive whether it was fully neutra-
 lised and that it should have been done.
- (iv) No warranty clause was included in the contracts. The
 Committee were informed by the representative of the
 DGS&D that the warranty clause is included in respect
 of those items where defects can come to light only when
 the stores are put to use and that in this case neither
 the indenter nor the Defence Inspectorate asked for a
 warranty clause. No action could be taken against the
 firm as they supplied stores to specifications. It is surpris-
 ing that the Defence Department did not take this normal
 precaution especially because no detailed specifications
 for the adhesive were laid down by the Research and
 Development Organisation and it was admittedly not pos-
 sible to determine by usual inspection whether the adhe-
 sive used was going to deteriorate.
- (v) Although all the boats were supplied by the two firms
 during February, 1966 to September 1969 it required an
 investigation in October 1971 on the basis of a complaint
 from a single Army Unit, to find out that as many as
 608 boats were defective. The defects ought to have
 come to notice much earlier and in the normal course of
 inspection in the Regt. and Units. It is contended that
 the defects were noticed only when the boats were fitted
 and could not have been discovered earlier. The

Committee is not satisfied with the results of the special case study conducted regarding its working on [redacted]. The Committee did not get any [redacted] for this [redacted] failure.

The Committee [redacted] the [redacted] should be gone into for taking responsibility and taking appropriate action as also to ensure that they do not repeat in future.

1.27. The [redacted] were [redacted] during evidence that out of the 2137 boats [redacted], only 600 are now in serviceable condition. They have not been told as to how many of the unserviceable boats had been actually used and for how long. No log books are being maintained for these boats although for less costly items like motor cycles, trailers and trailers they are maintained. The Committee consider it essential to [redacted] log books for indigenously developed equipments of this kind which will help to study their performance and to determine the actual life in use. Such performance data may also be useful in deciding upon modifications in the designs to improve performance.

1.28. According to the representative of the Research and Development Organisation even Bees wax is not quite a good adhesive material and it has also indicated a very slow rate of water seepage. The Committee, however, are not very clear as to how many boats where this adhesive was used also developed defects. They learn that a different adhesive viz. Bitmarin No. 3 was used in the imported assault boat and that this was known to the Research and Development Organisation when the indigenous development of the boat was undertaken as early as 1949. However, there is stated to be nothing on the file to indicate why this adhesive was not used by the organisation. The Committee understand that a new design of the boat is going to be introduced. In view of the fact that the Bees wax is regarded as not quite good and completely waterproof and the neoprene based adhesive is twenty times more costly, the Committee desire that the Research and Development Organisation should find out a cheaper but effective as well as indigenously available adhesive for the newly designed boats. It is regrettable that they do not seem to have applied their mind to this so far.

1.29. The Committee note that the useful life period for these indigenous boats was fixed in [redacted] as five years taking into account the [redacted] nature of the [redacted]. It was stated that the average life of the boats is [redacted]. No [redacted] in this regard has been made [redacted], the Committee find that as many as 137 [redacted] boats which had earlier been declared obsolete

in April, 1971, were found still in serviceable condition and these were issued to units to meet operational requirement in December, 1971. If these boats which must have been imported long before 1962, were good enough even after 10 years, the Committee see no reason why the indigenous ones should not last longer than 5 years.

1.30. What has been stated in the above paragraphs adds up to a situation in an important organisation of the Defence Ministry which cannot but cause concern. The present procedures for the storage inspection and issue of vital stores are such that the unusability of a vital item may not be discovered until it is required for operational use. It does not require much imagination to see what a serious situation this could land the country's armed forces in. The Committee therefore, while expressing their grave concern at the somewhat mechanical, lackadaisical and unimaginative attitude that the Ministry's spokesman showed, would strongly urge the Ministry to carry out a thorough review of the procedures relating to acceptance of operational stores, their maintenance during storage and their inspection before issue to ensure that they are in the state of efficiency they should be.

1.31. The Committee also consider that the Research and Development Organisation does not appear to be kept in the close touch that it should be in respect particularly of items of stores, the production of which is newly established in the country, throughout their life, shelf life or life in actual use.

The Committee cannot but deprecate the slackness and unpreparedness of a vital organisation like Defence Department and its Research and Development Organisation.

Purchase of timber

Audit Paragraph

1.32. Against an indent placed by Naval Headquarters in August, 1969, for procurement of teak logs required for manufacture of boats, the Director General, Supplies and Disposals, concluded a contract with a firm (in station 'O') in May, 1970 for supply of 304 cubic meters of teak logs at a cost of Rs. 3.5 lakhs. Out of this, 250 cubic meters were to be despatched to a naval stores depot, 'A' at station 'O' and the rest to another naval stores depot 'B' at a different station. The agreement with the firm provided for inspection of the logs by Defence Inspector of General Stores at the firm's premises, 90 per cent payment on proof of inspection and despatch and the balance 10 per cent on receipt of stores by the consignee in good condition. It

was decided in a subsequent meeting in October, 1970 that the Surveyor of Stores, Naval Dockyard at station 'G' should be associated with the Defence Inspector of General Stores while carrying out the inspection. As per the agreement, delivery of the logs was to be completed by 28th February, 1971 or earlier.

1.33. The firm tendered the logs meant for depot 'B' for inspection in two lots—the first lot in May, 1970 and the second in February, 1971. Sixty logs measuring 53.930 cubic meters which were accepted by the Defence Inspector were received in depot 'B' during July, 1970 and March, 1971. Although some of those logs were found by the Naval authorities to be not of the requisite quality, they were accepted on the strength of the opinion of the professional authority (i.e., Commanding Officer of the Base Repair Organisation at the station). The latter, who had tested the logs, had recommended their acceptance as he had thought that the overall percentage of wastage due to conversion was not likely to exceed the permissible limit. Actually, 30 logs were converted between September, 1970 and July, 1972 and no wastage beyond permissible limit was noticed.

1.34. The logs intended for depot 'A' were tendered for inspection in three lots—the first in December, 1970 and the second and third in February, 1971. These were inspected in the firm's premises by the Defence Inspector and 256 logs measuring 249.045 cubic meters which were accepted by him were received in depot 'A' during January, 1971 to June, 1971.

1.35. On receipt of the first consignment of 48 logs in January, 1971 by depot 'A', the Surveyor of Stores of the Navy found on inspection on 15th March, 1971 that most of the logs had defects. Consequently, these logs were rejected by the naval authorities at the station and this was reported to Naval Headquarters in April, 1971. The remaining 208 logs were received in the depot during March, 1971 to June, 1971. As the instance of Naval Headquarters, the Director of Inspection (General Stores), Department of Defence Production, ordered in August, 1971 re-inspection of the logs jointly by the Inspector of General Stores at the station and also by the Surveyor of Stores of the Navy. Accordingly, all the logs were re-inspected by a joint team during October and November, 1971 when it was found that, barring a few, the logs fell short of the requirement mainly due to presence of natural defects, i.e., hollow centres, and other defects such as flutes, taper, wounds, knots, etc., beyond permissible limits. In addition, a good percentage of the logs was found to have progressive drying defects, i.e., splits and surface cracks and biological defects, i.e., decay and insect attacks of serious nature. This was

intimated by the Naval authorities at the station to Naval Headquarters in November, 1971. The latter brought the matter to the notice of the Director of Inspection (General Stores) in December, 1971. The Director General, Supplies and Disposals, was then apprised of the position in January, 1972 by Naval Headquarters.

1.36. In February, 1972, the Director General, Supplies and Disposals, informed the firm that all the logs supplied by it to depot 'A' had been rejected and requested their early replacement. The supplying firm to which Rs. 2.58 lakhs (representing 90 per cent of the cost of supplies) had already been paid did not accept the rejection of the logs (February, 1972). It contended, *inter alia*, that all the logs were inspected and accepted by the Defence Inspectorate, the source of supply was the same, inspection was carried out by the same officer and that the standard of acceptance was also the same.

1.37. A meeting was arranged in July, 1972 in the Directorate General of Supplies and Disposals with the supplier. As a result of the discussion, the firm agreed to replace only 10 logs as in its opinion not more than 10 logs could have defects; alternatively, it was ready to compensate to the extent of Rs. 10,000 for the whole transaction. As this proposal was not acceptable to Naval Headquarters, another meeting was held in September, 1972 and, on much persuasion, the supplier finally agreed to pay, as a compromise offer, Rs. 15,000 as compensation. The Director General, Supplies and Disposals, intimated (December, 1972) that, the firm had since forwarded its formal offer in the form of a notice to settle the case finally by paying it the balance amount of its 10 per cent claim after deducting Rs. 15,000 and that it had given a notice of eight weeks from the date of its offer, i.e., 3rd December, 1972.

1.38. In the meantime, all the logs received (more than 18 months ago) in depot 'A' for manufacture of boats are lying unutilised. The Ministry of Defence intimated (January, 1973) that a board of enquiry had been constituted to investigate the entire matter pertaining to the inspection of the logs in question.

[Paragraph 11 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services)].

1.39. The Deputy Director General, DGS&D informed the Committee during evidence that out of the seven quotations received against the tender, the firm's quotation was the second lowest. Asked why the lowest tender was not accepted, the witness deposed. "The lowest was that of... and Co. Apart from the unacceptable terms, their capacity was not recommended by the Defence Inspec-

torate. So we had to pass over that offer and we went into the second lowest tender."

1.40. The Committee were informed that the Naval Headquarters in a letter dated 12th August, 1969 had requested the DGS&D that in regard to the inspection of teak logs procured from the trade against this indent, the Surveyor of Stores, Naval Dockyard, Bombay, should be the Inspecting Officer and not the Inspector of the Inspectorate of General Stores.

1.41. The Committee were informed that the Department of Supply had explained (January, 1973): "In the A/T, inspection by I.G.S. was stipulated, although in the tender enquiry, the inspection was indicated to be carried out by the Surveyor of Stores, Naval Dockyard, Bombay. Naval Headquarters, subsequently, pointed out on 29th May, 1970 that this stipulation was not in line with their instructions. The firm were approached for the change in inspection authority to the Surveyor of Stores, Naval Dockyard, Bombay, but they did not agree to this suggestion. In the interest of supplies, a meeting was held on 23rd October, 1970 in D.G.S. & D., where the representative of the Naval Headquarters were also invited. It was decided in this meeting that in view of the attitude of the firm, the *status quo* should be maintained, but that the Surveyor of Stores, Naval Dockyard, Bombay should be associated with the Inspector, IGS of the area concerned, while carrying out the inspection."

1.42. The Secretary, Ministry of Defence stated during evidence: "In the tender enquiry floated by the DGS & D, which was done on 16th August, 1969, they did indicate the Surveyor of Naval Stores as the Inspector. But in the tender offer that was made by the firm, they indicated only the Inspector of General Stores and not the Surveyor of Naval Stores. Unfortunately, there has been a little slip that it was not noticed. Although the advertisement said that the Inspector would be the Surveyor of Naval Stores, the firm had tendered on the basis that the inspector would be the Inspector of General Stores. This was not noticed by the DGS & D."

The witness agreed that it was not in order for the firm in the tender offer to put in a mention of their own choice of the Inspectorate. In reply to a question as to how did it escape notice, the witness stated that it was a slip and DGS & D were taking necessary action against the persons concerned with the checking of the tender offer in accordance with the tender enquiry. He went on to say: "Here I would like to plead before you that there was a bona-fide mistake on the part of the D.G.S. & D. When the mistake was detected, that in the contract the Inspector of General Stores was

mentioned, the Naval Headquarters drew the attention of the D.G.S. & D., and he promptly made an effort to change the terms of the contract to inspection by the Surveyor of Naval Stores, but the firm would not agree." Asked about the reasons for not agreeing to inspection by Naval Dockyard, the witness stated: "the supplier perhaps had his own reasons for choosing the Inspector of General Stores. He perhaps expected a better deal." The witness further deposed: "When the first log was received in Bombay, they noticed that the Surveyor of Naval Dockyard had not signed the inspection report. They took the matter with their headquarters and the headquarters took it up with the DPIN. He took it up with the DGS & D. All this took a lot of time. In between, what happened was that all the lots had been inspected and despatched. Unfortunately, the Surveyor of Naval Stores could not be associated with any inspection of the logs which were supposed to go to Bombay or Cochin."

1.43. The Committee desired to know whether a copy of the letter dated 12th August, 1969 of the Naval Headquarters regarding the inspection of the logs was sent to Cochin. The Defence Secretary stated: "The letter of 12th August, 1969 was also sent to the Naval Stores Officer, Cochin."

1.44. The Committee desired to know that when it was decided at the meeting held on 23rd October, 1970 in the office of DGS & D that although technically the Inspector of General Stores would remain, the Surveyor of Naval Headquarters would also be associated with the inspection, why he was not subsequently associated. The witness replied: "The minutes of the meeting were conveyed by the DGS & D to Naval Headquarters, actually to the Director of Production and Inspection, Naval Stores. They reported to him. They also sent a copy of this to the Chief Inspector of General Stores at Kanpur. But, this communication did not go to the Inspector of General Stores who was the party concerned. The subsequent action was taken by the Director of Production and Inspection, on the naval side, that is, an Officer of the Director of DGI. What he did was, he communicated these instructions to the Chief Inspector of General Stores, Kanpur, then to the Inspectorate of General Stores, Calcutta. Unfortunately, they did not send a copy to the Inspectorate of General Stores, who was the proper authority. That is why, I said there has been a slip." Asked whether it was deliberate slip, the Defence Secretary deposed: "Unfortunately, we have not been able to put our finger on the real trouble spot, and so we say that there has been a slip."

1.45. The attention of the witness was invited to a letter from DGS & D, New Delhi dated the 30th October, 1970 to the Directorate

of Production and Inspection (Naval), New Delhi, at the bottom of which it was stated:

"Copy to:

1. Director of Stores, Naval Headquarters, New Delhi. This is with reference to the discussion held in the meeting on 20th October, 1970.
2. IGS, Kanpur. Reference letter No. C./1581/70/GS/5, dated 5th October, 1970. He is also requested that the Surveyor of Stores, Naval Dockyard, Bombay may be associated for all future inspection of logs to be offered by the firm."

In reply, the witness stated: "The second endorsement was really to CIGS, but my personal judgment is that he should have passed it on to the I.G.S. They are both in Kanpur.

The Director General of Inspection added: "I am responsible for CIGS and DPIN. This letter did indeed go to the CIGS. We asked the CIGS what exactly happened about it and why he took six weeks to communicate on this. We gave the explanation that he noticed that one other endorsee, apart from him, was an Inspector. The letter from the DGS & D dated the 30th October did not reach the CIGS. He communicated so to the DPIN soon after he got the DPIN's letter. We have verified through the records of the CIGS and we find that it is quite correct. He did not make it as an after thought; nothing like that. Well before that he had communicated that he did not receive this letter."

The witness also clarified that the CIGS in his letter No. C/1581/70/GS/5 dated 5th October, 1970 had taken up the discrepancy in the Inspecting authority as mentioned in the AT.

1.46. It has been stated that 60 logs accepted by the Defence Inspector were received at Cochin during July, 1970 and March, 1971. Although some of these logs were found by the Naval authorities to be not of the requisite quality, they were accepted on the strength of the opinion of professional authority of officer-in-charge of the Base Repair Organisation at Cochin, who recommended their acceptance as he had thought that the overall percentage of wastage due to conversion was not likely to exceed the permissible limit of 40 per cent. Asked how many had been converted out of 60 logs received in the depot and what was the actual percentage of wastage noticed, the Ministry of Defence, in a note, have stated: "Out of 60 logs, 40 logs were converted and percentage of wastage noticed ranges from 22 per cent to 36.8 per cent. No further conversion of

the remaining logs is being undertaken being the material objects of an Enquiry by the Superintendent of Police, C.B.I., S.P.E., Cochin against the consignment received at Cochin."

1.47. The D.I.G., C.B.I., informed the Committee during evidence: "One of our officers received information in July 1972 that certain sub-standard timber was accepted by the Deputy Inspector-General, Stores, Jabalpur and was supplied by the Naval Store Dockyard in Bombay and that the naval dockyard had not accepted the material and the material was lying unused. On receipt of this information, we had informal inquiries made from the Bombay branch.... This report also disclosed that the Department concerned had already started disciplinary action against the officer concerned who was responsible for this inspection and acceptance of sub-standard material. When this report was received, as is the normal practice with us, we made informal inquiries with the Ministry and asked them whether they would like us to continue our making the inquiries since they had already started departmental action. In December, 1972, we were informed that a probe by the CBI was not considered necessary, as disciplinary action had already been started. In November, 1972, another officer gave information about the same supply of timber, and in that, he also mentioned about the 54 c.m. that had been supplied to the Cochin Naval Dockyard. This time, the inquiry was being dealt with by another unit.... Our Cochin Office also informed that at the consignee's end, there was no inspection and the logs had been accepted as the professional authority there had said that the defects were within the tolerance limit allowed by the inspecting authority, that is the Deputy Inspector-General Stores.... So this information also has not been pursued by us because we have been under the impression that the Director of Inspection—General Stores, was making the inquiry."

1.48. As regards the CBI enquiry, Defence Secretary deposed: "There are two agencies here against whom there can be some doubt about their efficiency. One was the inspection organisation who did the work of inspection at Raipur at the premises of the supplier. The second part was, why did the Cochin people not realise that there was some defect in the timber. Between the CBI and the Ministry there was a verbal talk in respect of the first part, which is factually correct, that the Department of Defence Production and the Ministry of Defence had initiated action against the officers who did the inspection at the supplier's premises at Raipur and that the CBI need not proceed with it since we were taking departmental action. But, it seems, there was a confusion in the mind of the CBI and they did not proceed further about Cochin also; they thought

that this was also a part of that; they do not know the inner working of the Ministry. Regarding the second part, my present information is that they thought that the defect was within the permissible limit. In my opinion, a little probe is necessary. Whether the CBI do it or not, we will certainly do it."

In a subsequent note, the Ministry of Defence have informed: "...the C.B.I. authorities were requested to take up the case for investigation. In order to avoid any loss of the timber due to deterioration in storage, they have been specially requested to complete the investigation as quickly as possible. They have since registered a case formally and the matter is under their investigation. At their instance, this Ministry has issued instructions to all concerned to hand over the connected files to the C.B.I.'s representative to facilitate the inquiry.

As regards the joint inspection of logs during October-November, 1971, the Defence Secretary stated that "there was a difference of opinion between the General Stores Inspectorate and the Surveyor of Naval Stores. The D.G.I. Organisation ultimately upheld the opinion of the Surveyor of Naval Stores. They overruled the opinion of the Inspectorate of General Stores."

149. According to the Audit Paragraph, the supplier had agreed to pay, as a compromise offer, Rs. 15,000 as compensation. The Committee understood that according to the Ministry of Law, the purchaser would have to ascertain the difference between the actual value of sub-standard stores supplied and value of the stores, if they were according to the terms and conditions of the contract to find out whether the amount offered by the contractor approximated with the damage calculated. Asked about the amount of damages computed by the Naval authorities, the Ministry of Defence, in a note, stated: "Based on the technical appreciation of the Board of Enquiry ordered by the Director of Inspection (General Stores), NHQ have recommended to the DGS & D as under:

- (a) Logs belonging to Class I to be accepted.
- (b) As regards the remaining, DGS & D should negotiate with the firm for the recovery of cost taking into consideration prevailing price in the market at the time of acceptance of the Logs for Class II, Class III and below. At any rate the recovery from the firm should not fall below Rs. 22,000 on this account.
- (c) Recovery should also be made as deemed fit by DGS & D for breach of contract consequent on the firm's failure to supply stores to contracted standard."

When enquired about the present position of the case, the Ministry of Defence informed in a note: "The case has not been finally settled. DGS & D has intimated that the supplier has since referred the case to arbitration for settlement of dispute having withdrawn his earlier offer of Rs. 15,000 as compensation. The arbitration award is awaited."

About the outcome of arbitration, the Ministry of Defence, in a subsequent note, have stated that the next date for filing the counter statement has been fixed as 30th January, 1974 and the final outcome of the arbitration proceedings would be intimated in due course of time.

1.50. Regarding the constitution of Board of Enquiry to investigate the entire matter pertaining to the inspection of the logs, the Ministry of Defence, in a note (March, 1973) intimated: "The findings of the Board of Inquiry appointed to enquire into the matter pertaining to the inspection of the logs in question show that the supply, by and large, did not conform to the specification indicated in the Acceptance of Tender. The Board has fixed the responsibility for this lapse on the inspection staff who carried out the inspection before despatch. The DIGS has accepted the findings of the Board and is taking disciplinary action against the inspection staff responsible.

As regards delay on the part of consignee in rejecting the logs and intimating the same to the DGS & D; and allowing the logs received in the depot to remain unutilised for more than 18 months, NHQ have been requested to carry out a high level investigation urgently and submit a detailed report to this Ministry. The investigation *inter alia* would cover also the circumstances in which the logs were left in the open and why adequate measures were not taken to stack the logs in a proper place free from exposure to climatic conditions. Suitable measures will be taken on receipt of the detailed report from Naval Headquarters."

1.51. As regards the results of the high level investigations by the Naval Headquarters regarding the lapses on the part of the consignee, the Ministry of Defence have stated in a note: "The high level investigation carried out by a Board of Enquiry has concluded that there were no lapses on the part of naval authorities either in regard to the delay in intimating the rejections to the DGS & D or in regard to the adequacy of the storage of timber.

As regards the delay aspect it has been observed on further examination that naval authorities could have minimised delay had

they dealt with the matter by telegram or signal instead of ordinary correspondence. Further, even in the relevant communications to the DGS & D, the reasons for rejections and the point whether or not replacement is required were not specifically mentioned to the DGS & D by the Naval Authorities with the result the DGS & D could not take effective and timely action in this regard.

As regards storage of timber, the Board of Enquiry has stated that as per evidence available these logs were stacked on dunnage of sleepers and covered with tarpaulin leaving enough space for ventilation. These were spread on the ground only as and when required for inspection and restacked on completion. The Board visited the site and found the logs stacked in the above fashion. The Board has concluded that no blame can be attributed to the consignee for the manner of storage of logs at the Naval Stores Depot, Bombay."

1.52. Regarding disciplinary action taken against the inspection staff responsible, the Secretary, Ministry of Defence, informed the Committee during evidence: "The DGI organisation did come to the conclusion that the staff which did the inspection at the premises of the supplier in Raipur were negligent in their duty and disciplinary proceedings against them have been initiated."

Asked to state the outcome of the disciplinary action, the Ministry of Defence, in a subsequent note, have informed: "This concerns the Department of Defence Production of the Ministry of Defence. They have stated that since the case has been taken over by the CBI for investigation, disciplinary proceedings against the officer has been held over till such time as the conclusions of the C.B.I. investigations are known."

1.53. The Committee are concerned to note serious lapses that led to the procurement of 303 cubic meters of defective teak logs at a cost of Rs. 3.5 lakhs from a firm. Of these 249.045 cubic meters were received by a Naval Stores Depot at Bombay and the rest at another Depot at Cochin. From the following narration of facts the lapse would prima facie appear to be mala fide:

- (i) Against an indent placed by Naval Headquarters in August 1969, the DGS&D invited tenders. Out of the tenders received the quotation of the firm from which the logs were purchased was the second lowest. The quotation of the lowest tenderer was not accepted as his capacity was not recommended by the Defence Inspectorate.

- (ii) The Naval Headquarters in a letter dated 12th August, 1968 had requested the DGS&D that in regard to inspection of the logs procured from trade against their indent, the Surveyor of Stores, Naval Dockyard, Bombay should be the Inspecting Officer. Accordingly, the tender enquiry issued on 16th August, 1969 by the DGS&D indicated that the inspection would be carried out by the Surveyor of Stores. Strangely, the firm is stated to have tendered on the basis that the inspection would be by Inspector of General Stores. The Defence Secretary stated during evidence that the supplier "perhaps had his own reasons for choosing the Inspector of General Stores" and that "he perhaps expected a better deal".
- (iii) It is surprising that the vital discrepancy between the tender enquiry and the tender offer was not noticed by the DGS&D. In the Acceptance of Tender Inspection by Inspector of General Stores was stipulated as indicated by the firm.
- (iv) It was only after the Naval Headquarters took up the matter on 29th May, 1970 that the firm was approached for a change in the inspection authority and it did not agree.
- (v) It was decided on 23rd October, 1970, at a meeting held in the Directorate of Supplies and Disposals, attended also by the representative of the Naval Headquarters that in view of the attitude of the firm, the status quo should be maintained but the Surveyor of Stores should be associated with the Inspector while carrying out inspection. In the meantime, the first lot of logs meant for Cochin Depot, tendered by the firm were accepted by the Inspector. Surprisingly, neither the DGS&D nor the Naval Headquarters communicated the decision to the Inspector of General Stores concerned. On the contrary the communication was sent to an Inspector unconnected with this purchase. The Committee could not get any explanation for this slip. The Defence Secretary stated: "Unfortunately, we have not been able to put our finger on the real trouble spot."
- (vi) On receipt of the first consignment in January 1971, the Bombay Depot noticed that the Surveyor of Stores had not signed the inspection report and took up the matter with their headquarters. Before it was sorted out entire supplies were received at both the depots by June 1971. Significantly enough the Cochin Depot, which received the first consignment as early as July 1970, did not raise the matter although a copy of the letter of 12th August, 1969

of the Naval Headquarters regarding _____ of the logs had gone to them.

(vii) The Bombay Depot arranged for an _____ by the Surveyor of Stores on receipt of the first consignment and found that most of the logs had defects and the logs were rejected whereas Cochin Depot accepted the supplies on the strength of the opinion of the professional authority on the pretext that the defects were within the tolerance limit allowed by the concerned Inspector of General Stores.

(viii) During a joint inspection of the logs at the Bombay Depot in October-November, 1971, ordered by the Director of Inspection (General Stores) at the instance of the Naval Headquarters, which brought out serious defects, there was reportedly a difference of opinion between the Inspector of General Stores and the Surveyor of Naval Stores. The DGI organisation overruled the opinion of the Inspector of General Stores. A Board of enquiry which went into the matter subsequently, also held that the supply, by and large, did not conform to the specification and the Inspector was responsible.

(ix) The defects noticed at Bombay Depot having been brought to the notice of the DGS&D, they reported the rejection of supplies in respect of that depot to the firm and asked
 x z for replacement. The firm did not accept the rejection and contended inter alia that logs supplied to both the Cochin and Bombay Depots were inspected and accepted, the source of supply was the same, inspection was carried out by the same officer and that the standard of acceptance was also the same.

The Committee learn that on receipt of certain information in 1972, the CBI made some enquiries but did not pursue further. However, after the Committee took evidence, the CBI has been asked to investigate the case. The Committee desire that the CBI should inter alia go into the above aspects of the case and that on the basis of the findings stringent action should be taken against all the delinquents to effectively deter malpractice in the vital Defence establishment. The Committee would await a report in this regard within three months. The Committee would also like to know the outcome of the arbitration proceedings initiated at the instance of the firm.

Purchase of tinned food

Audit Paragraph

1.54. Procurement of tinned foodstuffs for Defence Services is arranged through contracts concluded with the suppliers by the Chief Director of Purchase, Ministry of Food and Agriculture. Under the terms of such contracts, inspection of consignment tendered by the supplier is carried out by the Composite Food Laboratory of the Army Service Corps. If, on inspection, the store is found to be acceptable, the Composite Food Laboratory sends to the Quarter Master General's Branch one sample of the accepted stores. After receipt of the stores, the consignees send to the Quarter Master General's Branch control samples from the stores received. The Quarter Master General's Branch Laboratory analyses the control samples to see that they conform to the sample received from the Composite Food Laboratory as also to the Army Service Corps specifications. If the consignment is found by the Composite Food Laboratory to be not according to specification it is rejected and necessary intimation to this effect along with reasons for rejection is sent to all including the supplier. The latter has a right to prefer an appeal against such rejection to Army Headquarters. A board consisting of officers of Army Headquarters periodically meets to hear such appeals. The Chief Director of Purchase with his technical adviser attends the appeal board meetings.

(a) Purchase of soluble coffee

1.55. In July, 1969 the Chief Director of Purchase, Ministry of Food and Agriculture, concluded a contract for purchase of 4.514 tonnes of soluble coffee at a cost of Rs. 1.54 lakhs from a firm. The coffee was to conform to I.S.I. specifications (of 1964) and was warranted for six months. The supplies received were initially rejected in the inspection conducted by Composite Food Laboratory in September, 1969 on the ground that it did not conform to relevant I.S.I. specification for soluble coffee as the samples, when dissolved, left a lot of sediment and some soft lumps were present in some tins. The contractor appealed against the rejection and in September, 1969 the appeal board held that the supplies conformed to the specification except that slight insoluble specks were noticed and recommended that the supplies might be accepted with a price reduction. Accordingly, the consignment was accepted by the Chief Director of Purchase with a reduction of 2 per cent in the purchase price with a fresh warranty period of six months from 26th September, 1969 and supplies were despatched to twenty supply depots in October, 1969.

1.56. A control sample from this consignment was received (from one of the consignee depots) in December, 1969 for test at Quarter Master General's Branch Laboratory. An analysis of this sample disclosed that the product was more like ground coffee in appearance, solubility and preparation. More samples were, therefore, obtained from eight other supply depots and it was found that against 100 per cent solubility to be achieved with moderate stirring in 30 seconds in boiling water in 3 minutes in cold water (according to the prescribed specifications), the coffee samples left a high percentage (over 50) of insoluble matter after moderate stirring for the prescribed period, and the laboratory branded the coffee as "unsound and unwholesome" and "unfit for issue" as soluble coffee to troops. Orders were issued in February, 1970 to freeze the unconsumed stocks with the depots and a claim for Rs. 0.70 lakhs representing the cost of 2.05 tonnes of coffee left unconsumed and other incidental expenses was preferred against the contractors. The latter neither paid the amount nor removed the condemned stocks. He contended in March, 1970 and June, 1970 that the reasons advanced for condemning the coffee were the same as intimated earlier at the time of initial rejection in September, 1969 and the supply having the same defect was accepted on 2 per cent price reduction. The value of stocks already consumed (which formed 56 per cent of the total accepted stock) and for which no claim could be preferred is Rs. 0.84 lakh.

1.57. The Ministry of Defence intimated in December, 1972 that it was likely that the defect detected at the time of initial inspection got aggravated while in storage probably due to manufacturing defects and that an arbitrator had been appointed for adjudication of the dispute.

[Paragraph 12A of the Report of the Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services).]

1.58. The Committee were informed in a note, furnished by the Ministry of Defence, that tender enquiries for purchase of soluble coffee were issued to 6 suppliers. The following offers were received:

Name of the firm	Quantity offered (in tonnes)	Rate per kg. (Rs.)
1. M/s.	4.514	34.05
2. *M/s.	4.514	37.00
3. *M/s.	4.514	34.05
The tender of M/s. was accepted as it was the lowest.		

*Firms which had established manufacture of instant coffee.

1.59. During evidence the representative of the Ministry of Defence submitted: "This firm was an approved contractor for ground coffee and, at that time, the firms which were approved for ground coffee were also asked to tender for soluble coffee and as a result, the tender of this firm being the lowest, was accepted."

1.60. The Committee were informed that this firm had not supplied soluble coffee earlier. Asked whether it was ensured that this firm could manufacture this kind of coffee, the representative of the Ministry of Food explained: "The supply of soluble coffee was introduced in the defence services sometime late in the 60s. Prior to that, only ground coffee was being supplied. The Chief Director of Purchase was maintaining a list of approved suppliers for ground coffee. To begin with, when soluble coffee was introduced for supply in the defence services, they were operating on the same list of approved contractors for inviting tenders for the supply of soluble coffee also. This worked well in the previous years. For the first time in this case, covered by the paragraph under reference, we met with this experience. Then on the basis of the inspection report of the Deputy Director|Technical Adviser, the position was reviewed and it was found that it was not safe to assume that everyone who can produce ground coffee can also produce soluble coffee. It was at that time decided that we should have a separate list of approved contractors for soluble coffee. These instructions were issued sometime in October, 1969. Since then, there are separate lists for the supply of the two items—ground coffee and soluble coffee."

1.61. In reply to a question how out of 3 tenders received why the second lowest offer from a well-known firm was not accepted and a firm having no experience in the line was given the order, the witness stated: "We had to accept normally the lowest quotation, unless the experience with that firm was not satisfactory. So far as this firm was concerned, it was only subsequently that the experience turned out to be bad."

1.62. According to Audit paragraph, in July 1969, an order for 4.514 tonnes of soluble coffee was given to this firm. When asked about the total requirement and how it was met, the representative of Ministry of Food submitted: "The indication given to us by Army Headquarters was 9.014 tonnes for the half year ending March 1970. Out of this, a contract was placed for 4.514 tonnes with this firm. Another contract was placed for the balance on the same firm later, on 10th October, 1969. The second supply did not materialise and the order was cancelled. According to law, for risk repurchase we

had to issue open tenders and the firm which failed was also competent to bid. It so happened that their bid was the lowest and the contract was given to them. But they failed again. Local purchase was made to meet the immediate requirements."

1.63. The Committee wanted to know (i) whether any penalty was imposed on the firm and (ii) the total quantity and the value of coffee locally purchased and the additional expenditure incurred thereon. The Ministry of Defence, in a note, have stated: "Penalties of Rs. 1,532 on account of risk repurchase loss and of Rs. 1,545.75 on account of administrative inconvenience caused to the Government were levied by C.D.P. on.... (the firm) on account of breach of contract on their part.

The quantity and value of coffee purchased locally by the Commands to meet immediate requirements is given below:—

(a) 1921·150 Kgs. Coffee soluble	Rs. 1,06,884·93
(b) 396·800 Kgs. Coffee Ground (equivalent to 79·360 Kgs. Coffee Soluble)	Rs. 6,201·21
TOTAL	<u>Rs. 1,13,086·14</u>

These purchases were sanctioned as the firm had failed to tender 4,500 tons of soluble coffee by the date prescribed in the contract which was cancelled by C.D.P.

Soluble coffee was purchased by the C.D.P. at Rs. 34.05 per kg. for DAVANGIRI railway station. The extra expenditure to the State for the quantity purchased locally when compared to this purchase rate by the C.D.P. works out as under:—

(a) Estimated cost of 2000·510 Kg. coffee soluble as indicated above	Rs. 68,117·00
(b) Total cost	Rs. 1,13,086·14
(c) Net extra expenditure (b)—(a)	Rs. 44,969·14

However, the net extra expenditure of Rs. 4469.14 incurred cannot be recovered from the firm as the purchases made locally by Army Commanders cannot be treated as 'risk purchases'. In the case of risk purchase, where additional expenditure incurred is recoverable

from the defaulter there are two essential conditions:—

- (a) the purchasing authority should be same as the authority who had made the original purchase; and
- (b) the defaulting firm should be given an opportunity to tender along with other firms.

In the case in question, although the supplier had defaulted, since the Army formations had no stock left they were compelled to resort to local purchase.

1.64. The Committee were informed that the supplies received initially were rejected by Composite Food Laboratory in September 1969 and on appeal by the contractor, the supplies were accepted by Appeal Board with 2 per cent reduction purchase price. The Committee desired to know that if the methods of testing were the same how could the tests conducted by Appellate Laboratory give different results on the basis of which the Appeal Board concluded that the supplies might be accepted and whether any investigation had been made in the matter. The Ministry of Defence, in a note, state: "Analytical tests were conducted by the Composite Food Laboratory, Madras on the original samples at the stage when supplies were offered. Except for the contents of two tins, the contents of others were acceptable. As a result the whole consignment was rejected by the Composite Food Laboratory. The Composite Food Laboratory has no authority whatsoever to accept stocks which show even minor deviations from specifications and such stocks are therefore rejected by them as in the present case. It may be added that as per procedure three samples are drawn at this stage, of which one is tested, the second given to supplier after sealing, and the third sent to Army Hqrs. Food Laboratory, in cases of rejections. The third sample is retained by the Laboratory, if the store is acceptable. In addition at despatching stage, samples are drawn afresh by representative of Composite Food Laboratory and sent to Army Hqrs. Food Laboratory for analysis.

In case of rejections, the supplier has a right of appeal which he has to support with the sealed sample with him. This sample and the one received from the Composite Food Laboratory are analysed before a decision is taken.

On receipt of appeal in this case, tests were conducted by the Army Hqrs. Food Laboratory on samples (sent by the supplier and by the Composite Food Laboratory Madras). As a result of the tests conducted by the Appellate Laboratory, only slight deviations from the prescribed specifications, not involving any health hazards, were noticed. The Appeal Board which is presided over by the DST|DDST in whom the authority vests to accept supplies with minor deviations only recommended acceptance of stocks on a price

reduction. The actual reduction of price is determined by Ministry of Food (Chief Director of Purchase). A price reduction of 2 per cent was fixed by Chief Director of Purchase with a fresh warranty. The methods of testing, whether conducted by the Composite Food Laboratory or the Army Hqrs. Food Laboratory are the same but slight variations in the results do occur sometimes. In view of this no investigations were conducted."

1.65. According to Audit para, the supplies were despatched to 20 supplies depots in October 1969 and on receipt of a defective sample from one of the consignee depot (Bangalore Depot) in December 1969, more samples were received from eight other supply depots. The Ministry of Defence were asked as to when did these depots received the consignments and whether any depot had sent any sample to the Quarter Master General's Laboratory before the one received in December, 1969. In a note, the Ministry of Defence stated: "The consignments were sent to as many as twenty consignee depots. The dates of actual receipt by them is being ascertained. As per standard practice, after the despatch instructions are issued a random selection is made by Army Hqrs. of 20 per cent of the consignee depots who are asked to send control samples for test at the Army Hqrs. Food Laboratory. Such instructions were issued to four such consignee depots in the present case. There is, however, no bar to any other consignee depot sending a control sample for test at the Army Hqrs. Food Laboratory. Supply Depot, Bangalore (which was not one of the four depots selected at random) sent a sample on their own. This was received on 19th December, 1969. As the test results of the control sample received from the Supply Depot, Bangalore proved to be adverse, it was decided to enlarge the area of tests. Therefore, 8 consignee depots (out of 20) who had received the largest supplies were selected and asked on 23rd December, 1969 to send control samples drawn by Boards of Officers. These samples were received during the period January|February, 1970."

The Committee were however informed during evidence that the letter to 8 depots was sent on 29th December, 1969 and not on 23rd December, 1969 as stated in the note. It was also stated that Bangalore Depot was not one of the four Depots selected to send control samples. Asked when the samples were received from the four selected depots, the witness replied: "Four depots were selected at random initially for sending samples, but before this process could be finalised, Bangalore on its own sent one sample and it was found to be below specification. Immediately, to be on the safe side, Army Headquarters asked eight depots to send samples instead of four."

They were asked to send samples on 29th December, 1969. The samples were received in January/February 70."

Asked when instructions were sent to four selected depots, the witness informed that the letter was sent to them on 24th December, 1969 and on the basis of the *suo motu* samples from Bangalore. the next letter to eight depots was sent on 29th December, 1969.

1.66. The Committee desired to know the reasons for delay in issuing instructions to the four selected depots while the supplies were despatched to the 20 depots early in October 1969. The Committee also wanted to know whether any of these depots were included in the 8 depots who were also asked to send control samples on 29th December 1969. The Ministry of Defence, in a note, have informed the Committee: "According to the practice then in vogue, control samples relating to various consignments of different food items used to be called for by making selection of depots periodically through a consolidated letter after collecting a sufficient number of despatch instructions. Accordingly, this particular consignment of soluble coffee was included in the consolidated letter issued by Army Headquarters on 24th December, 1969 calling for control samples. Instructions have since been issued on 21st November, 1973 to provide that such selections should be made fortnightly. Special control samples called for on the 29th December, 1969 included two depots to whom instructions were issued earlier on the 24th December, 1969 calling for control samples."

1.67. Taking note of the fact that the Bangalore Depot had sent the sample to the Quarter Master General's Branch Laboratory within one month of the receipt of stock, the Committee wanted to know as to how the quality could deteriorate so much within warranty period or whether the quality was bad *ab initio*. The representative of the Ministry of Defence deposed: "This consignment was offered in early September. It was perhaps manufactured in August. I have seen the laboratory report from Madras and the detailed report shows that they tested twelve tins out of which ten tins contained brown powder—and the brown powder was completely soluble and two tins contained blackish powder and there they found a large number of insoluble material. It is possible that the consignment had two types of tins only. Some tins were good and some tins were bad and it is possible that the Bangalore depot got some of the bad tins and they despatched them to the Central Laboratory where they were found unsatisfactory. Judging the thing as a whole, the main fault lay in not ensuring that this contractor was capable of producing soluble coffee before

orders were placed. That was the lacuna in this case and that has now been rectified."

The witness, however, admitted: "That is quite possible that some of the supplies were ab initio defective but the tender was placed on the basis of the small number of samples received in the Delhi QMG's Laboratory, which were found to be favourable."

1.68. The Committee were informed during evidence that Chief Director of Purchase finally approved the list of contractors. Asked about the basis on which they are approved, the representative of the Ministry of Food stated: "Twice a year we invite applications from suppliers who are interested in making supplies to the Army. They apply for registration and their applications are considered in the light of the Bank Report. The firms' bankers certify about the firms' financial stability.

Secondly, they should be suitable from the technical as well as hygienic point of view for supplying the products required for the Defence.

Thirdly, they should maintain a standing security as per requirements.

The applications for registration are considered in the light of these three factors."

1.69. The Committee desired to know as to why the firm's factory was not inspected prior to acceptance of the tender and under what circumstances it was inspected later on. The Ministry of Defence, in a note, have stated: "The contract in question with... (the firm) was placed on 14-7-1969. Till then, only one list of suppliers registered for coffee was maintained and tender enquiries for both ground coffee and soluble coffee were issued to the suppliers listed therein. This practice had worked satisfactorily in the past and no failures in the supply of soluble coffee came to notice. It was only after the placement of the contract in July 1969 that technical advice was received that the procedure and equipment for manufacture of soluble coffee were distinctly different from those for ground coffee and separate inspection and registration for the two items was necessary. The inspection of the factory was, therefore, conducted in September 1969 in order to determine its technical competence and suitability for production of soluble coffee."

1.70. The Ministry of Defence, in a note, have stated that the Deputy Technical Adviser of the Ministry of Food inspected the

firm's factory on 16th September, 1969. The Deputy Technical Adviser had come to the following conclusion in his report on the firm:—

"It is doubtful that the firm can produce soluble coffee with the equipments available with them and the method of production adopted by them. The product manufactured by the firm cannot be termed soluble coffee in terms of the definition given in the IS Specification No. 2701-1964 for soluble coffee. There are no facilities for extraction of coffee with hot water and the drying of coffee extract to a powder. The firm is, therefore, not considered suitable for production of soluble coffee. It would be desirable to enforce continuous inspection of production at the time of any new contract with the firm."

1.71. According to the Deputy Technical Adviser the firm had only the following equipments:

1. A roasting machine having a capacity of 60 Kg. per charge, supplied by G. W. Barth Ludwigsbarth West Germany with a control switch having arrangement for two temperatures control and water injection system. The roaster is equipped with pneumatic feeding device, cooling screens and a storage tank for 120 Kg. roasted coffee.
2. Automatic electrical balance to weigh 15—150 gms. for weighing 200 gms. in one tin, 100 gms. weight is transferred twice to the tin.
3. Equipment for seaming the containers.
4. Equipment for gas packing.

The representative of the Ministry of Food informed the Committee that the Report of the Deputy Technical Adviser was sent to QMG's Branch on 4th October, 1969. The Quarter Master General admitted during evidence that they did not take any action on that.

Asked whether the Coffee Board was ever consulted, the representative of Ministry of Food replied in negative.

1.72. The warranty period of six months commenced from 26th September, 1969 and was to expire by 25th March, 1970. Asked about the date when it was finally decided that the coffee supplies were unconsumable and the action taken thereon, the representative of the Ministry of Defence deposed that the stocks were frozen during February, 1970 and a telegram was issued on the 21st February, 1970

to all the supply depots. It was, however, admitted by the Quarter Master General that while the quantities still in the depots were frozen but they could not do much about the quantities which had been issued to the units.

1.73. The Committee enquired whether the expiry date is marked on the tinned food stuffs as is done in the case of medicines etc., the representative of Ministry of Food replied that the date of manufacture is marked on the tin but not the date of expiry.

1.74. Regarding the composition of the Appeal Board, the Ministry of Defence, in a note furnished to the Committee, informed that the Appeal Board consists of Director of Supplies and Transport (DST/DDST) as the Chairman and Dy. DS (Indentor) and the DD (FI) (an AMC Officer) as members. The Chief Director of Purchase or his technical representative also attends the meeting of the Appeal Board. Asked why full-fledged food technologists were not appointed as members on the Appeal Board, the representative of the Ministry of Defence stated: "We will consider it."

1.75. As regards the appointment of arbitrator the representative of Ministry of Food informed the Committee during evidence that the supplier filed a petition in the High Court requesting appointment of an arbitrator under Arbitration Act to go into the question of claim made by the Government. The Court gave a judgment asking the Government to appoint an arbitrator and they had appointed an arbitrator in compliance with the Courts order. The Government had accordingly appointed arbitrator on 3rd August, 1973 and the case is proceeding before an arbitrator.

1.76. From the statement showing the quantity and value of each purchase of ground coffee/soluble coffee during the years 1967 to 1969 it is seen that the following orders were placed on the firm for purchase of soluble coffee and that earlier the purchases (38.73 tonnes) were made on 9 occasions from firms which had established manufacture of instant coffee in the country.

S. No.	A T. No. and date	Quantity tonnes	Value of contract
1.	9/7/476/69 P. IV, dt. 14-7-1969	4.514	1,53,701.70
2.	9/11/581/69. P. IV, dt. 10-9-69	4.500	1,53,225.00 (Cancelled)
3.	9/13/716/69 P. IV, dt. 12-11-69	4.500	1,54,575.00

Further it is seen that during the period 1967-69 ground coffee was purchased on orders placed on seven occasions between February, 1967 and November, 1968 and all the orders were placed on this firm for a total quantity of 97.851 tonnes at the cost of Rs. 7.94 lakhs.

1.77. The Committee are surprised that 4.514 tonnes of what can only be regarded as ground coffee was purchased as soluble coffee at a cost of Rs. 1.54 lakhs through the Chief Director of Purchase, Ministry of Food and Agriculture to meet Defence requirements from a firm which had no capacity for the manufacture of soluble coffee. It should be noted that the price of soluble coffee was about four times the price of ground coffee. The following interesting points emerge out of the examination of the case by the Committee in so far as the conduct of the Purchasing Organisation is concerned:

- (i) The order for the supply was placed on the firm in July, 1969 without verifying the capacity of the firm. It is strange that it was assumed that everyone who can produce ground coffee can also produce soluble coffee and the list of registered suppliers of ground coffee was approved for inviting tenders for the supply of soluble coffee also.
- (ii) The Committee find that at present only three firms have established manufacture of soluble coffee in the country. They are unable to understand how this fact was not known to the Purchasing Organisation. The Organisation never consulted the Coffee Board or the Commerce Ministry in the matter. Moreover, it was not for the first time that the soluble coffee was being procured for the Defence Services in 1969. Purchases had been made since 1967 from established manufacturers. It was for the first time that an order was apparently wilfully placed in 1969 on a firm which had not capacity whatsoever for the manufacture of soluble coffee.
- (iii) During the period 1967—1969, ground coffee was purchased on orders placed on 7 occasions between February, 1967 and November, 1968 and all the orders were placed on this firm alone, for a total quantity of 97.85 tonnes at the cost of Rs. 7.94 lakhs. Presumably, the purchase of ground coffee for Defence was stopped after November, 1968. Thereafter this order for the supply of soluble coffee was placed on the same firm in July, 1969. Thus

there seems to have been some exercise of favouritism; corruption.

- (iv) The supplies received were initially rejected in the inspection conducted by Composite Food Laboratory of the Army Service Corps in September, 1969. The Appeal Board with which the Chief Director of Purchase and his officers were associated, held that the supplies conformed to the specification except that slight insoluble specks were noticed. Thereafter the consignment was accepted by the Chief Director Purchase with a nominal price reduction of 2 per cent. It will be of interest to know the part played by the officers of the Purchasing Organisation in arriving at this decision of the Board.
- (v) Another order was placed on this firm for 4.5 tonnes of soluble coffee of the value of Rs. 1.53 lakhs subsequently and the supply did not materialise. The risk purchase order was also placed in November, 1969 on the same firm presumably to oblige them and they again failed and finally local purchases had to be made at an extra cost of Rs. 0.45 lakh.
- (vi) In the meantime, the firm's factory was inspected by the Deputy Technical Adviser of the Ministry of Food on 16th September, 1969 which revealed that the firm had no equipment for the manufacture of soluble coffee. Instant coffee plant is capital intensive and complicated. All that the firm had were (a) a roasting machine, (b) an automatic electrical balance, (c) an equipment for seaming the containers and (d) an equipment for gas packing. In spite of these findings, not only were the supplies against the first order accepted by the Chief Director, Purchase but also a risk purchase contract against the second order was placed on the same firm.

The Committee consider that thorough probe into the deals with this firm is necessary since the facts set out above suggest clearly that corrupt practices were adopted. Exemplary action should be taken against the officials involved under advice to the Committee.

1.78. The Committee have also found serious lapses on the part of the Defence authorities as indicated below:

The supplies were despatched to 20 Supply Depots in October 1969 and the warranty period expired on 25th March, 1970. As per standard practice after the despatch instructions are issued, a random selection is made by Army Headquarters of 20 per cent of the consignee depots who are asked to send control samples for test at the Army Headquarters Food Laboratory. Surprisingly, instructions to the 4 selected depots to send control samples in this case went only on 24th December, 1969. In the meanwhile, one of the remaining depots sent a sample on its own on 19th December, 1969. The analysis of this sample disclosed that the product was more like ground coffee in appearance, solubility and preparation. Thereafter samples were called for from six more depots on 29th December, 1969 and they were received during January/February, 1970. These on analysis confirmed the earlier finding. All this was done perhaps to delay matters sufficiently and it was only in February, 1970, i.e., about a month before the expiry of the warranty period that orders were issued to freeze the unconsumed stocks with the depots and a claim for Rs. 0.70 lakh only representing the cost of 2.05 tonnes of coffee left unconsumed and other incidental expenses was preferred against the firm.

The Committee cannot but deprecate such costly delays and expect that the officers concerned should be punished specially because the Jawans got a fraction of their entitlement for which the Government paid for.

1.79. Another distressing lapse is that although the adverse report of the Deputy Technical Adviser on the capacity of the firm was sent to the QMG's Branch on 4th October, 1969, no action was taken thereon. This is a very serious matter since it happened even in QMG's Branch and action should therefore be taken under advice to the Committee.

1.80. The Committee would like to know the arbitrator's award on the claim of Government against the firm in this case.

1.81. The Committee have been informed that the Appeal Board consists of Director of Supplies and Transport as the Chairman, the indenter and an Army Medical Corps Officer as members. After examining this case the Committee have come to the conclusion that the functioning of the Appeal Board as it constituted at present is quite unsatisfactory and it needs to be reconstituted immediately. The Committee are of the view that the Purchasing Organisation

should not be associated with the Board. Instead Government should consider the advisability of having on the Board a competent food technologist and associating a representative from the Commodity Board concerned wherever necessary. It should also be considered whether there is any particular advantage in procuring tinned food-stuffs for Defence Services through the Ministry of Food and Agriculture.

PURCHASE OF TINNED MEAT

Audit Paragraph

1.82. Two contracts were concluded by the Chief Director of Purchase in January, and February, 1970 for supply of 15 and 30 tonnes of tinned meat by a firm at the price of Rs. 13,000 per tonne. The Army Service Corps specification for meat is as follows:—

“Quality: The meat selected for canning shall be of good quality, obtained only from the carcasses of healthy goats or sheep slaughtered in licensed premises according to approved procedure. The animal shall be subjected to proper *ante-mortem* and post-mortem inspection by a representative of the Remounts and Veterinary Directorate.”

1.83. The acceptance of tender in this case, however, provided for as follows:—

“That animals, duly slaughtered in Municipal Slaughter Houses inspected by their veterinary authorities, and stamped carcasses be accepted as having met the requirement of *ante-mortem* and post-mortem examinations. The carcasses of the animals, slaughtered in Municipal Slaughter Houses, duly stamped by the authorised veterinary authorities should be conveyed in closed vans with refrigeration/cooling arrangements.”

1.84. Supplies received in February and March, 1970 against the first contract were inspected by Composite Food Laboratory and the entire consignment was accepted in April, 1970. Bulk of the supplies (13.6 tonnes) was sent in May, 1970 through a rail-head supply depot to units in the forward area and the balance was issued to other supply depots in the same month. Issues to the troops in the forward areas were mostly made after July/August, 1970.

1.85. In the meantime in May/June, 1970, the supplies tendered against the second contract by the same firm were found on inspection by the Composite Food Laboratory to be unacceptable. The

main reasons for rejection were that the stocks were not free from excessive body fat and fascia, that they had objectionable flavour/smell, that the cans, on opening, gave a negative pressure less than specification limits and the stocks had not been adequately processed in that one can on incubation indicated evidence of microbial growth. An appeal preferred by the firm was also rejected by Army Headquarters in July, 1970 as the supplies were found to have suffered micro-biological spoilage due to inadequate/bad processing and were unfit for issue to troops. Since this gave rise to a suspicion that the supplies under the first contract accepted in April, 1970 might also have been affected, instructions were issued by Army Headquarters in August, 1970 to all supply depots to freeze stocks immediately and also send samples for test. On analysis of the samples it was found that those stocks were also similarly affected and unfit for issue to troops.

1.86. The rail-head supply depot, however, did not relay the instructions of Army Headquarters correctly to the supply units in the forward area and in a signal message the words "Freeze issues" were transmitted as "Free issues". In November, 1970 this mistake was discovered and action was taken to stop further issues. By then, however, over 9.4 tonnes of the meat (of value Rs. 1.22 lakhs) had already been issued to the troops and consumed.

1.87. Claims amounting to Rs. 0.76 lakh representing the cost of 5.3 tonnes of meat left unconsumed and other incidental expenses were preferred against the contractor. He, however, filed a suit in April, 1971 against the recovery and obtained an injunction from the High Court restraining Government from effecting the recovery. The Ministry of Defence intimated in December, 1972 that this injunction order had not yet been vacated.

[Paragraph 12(b) of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services)].

1.88. The Committee were informed that the firm did not earlier make any supply. It was stated during evidence that a tender enquiry was issued on 27th October, 1969 to eight firms. Out of which four firms including the firm in question were registered for supply of canned mutton. The other four firms had applied for registration but no final decision had been taken in their cases by that time. This firm had originally quoted Rs. 13.95 per kg. and subsequently reduced it to Rs. 13 per kg. The other offer was Rs. 12.45 per kg. but they offered only 16 tonnes. This firm offered 45 tonnes and the requirement was met by placing orders on both the firms. When

pointed out that meat was purchased in two instalments of 15 tonnes and 30 tonnes, why was not the lowest offer accepted, the representative of the Ministry of Food submitted: "Later on this firm not only reduced the price to Rs. 13 but reduced the quantity also to 15 tonnes." The witness added: "We accepted both quantities because our requirement was 200 tonnes and there was a backlog of 200 tonnes of canned mutton supply."

1.89. The supplies against the first contract were sent to the Supply Depots in May, 1970. Asked whether the control samples were not received in the QMG's Branch Laboratory for the test from these depots, immediately after receipt of stores, in the normal course, the Ministry of Defence, in a note, stated: "The control samples were received in the QMG's Branch Laboratory immediately after the receipts of the stores by the consignee depots in the normal manners."

1.90. The Supplies tendered against second tender of 30 tonnes by the firm in May/June, 1970 were found on inspection by Composite Food Laboratory to be unacceptable on account of excessive body fat and fascia, objectionable smell etc. In reply to a question whether these defects were not noticed by Composite Food Laboratory while inspecting the supplies against the first contract for 15 tonnes of tinned meat, the Ministry of Defence, in a note, have stated: "According to the laboratory reports pertaining to the first contract of 15 tonnes of tinned meat, taste and smell were reported to be satisfactory, whereas no observations were made with regard to body fat and fascia by the Composite Food Laboratory which were evidently not noticed."

1.91. Asked about the reasons for deviation from the army specifications for meat in the contract, the representative of the Ministry of Defence stated: "The army's requirement of tinned mutton is of the order of 1500 tonnes per annum. But year by year we found supplies are not coming forward from the open market. Therefore, it was represented to the AHQ by the Chief Director of Purchase that this particular stipulation that the sheep or goat should be inspected before and after slaughter by the army veterinary doctors should be relaxed. They also urged that in the municipal slaughter houses there is already an organisation by which the civilian veterinary doctors examine the animals before slaughter and after slaughter and put a stamp on the carcasses. It was urged that this should be a sufficient safeguard against bad meat being supplied to the army. Therefore, because the supplies were not coming forward, as a temporary measure, this was agreed to by AHQ in consultation with the Army Medical Directorate and a letter was issued. The witness added: "The relaxation was effective from 20th August,

1969 upto some time in May, 1970. Subsequently, on 24th June, the restriction was again reimposed. It was during this period of relaxation that these two firms who had no facilities for slaughter of animals within their factory were allowed to supply canned mutton."

1.92. Asked what was the difficulty in inspection by the Army Veterinary authorities, the witness deposed: "Normally, the requirement is that the animals should be slaughtered in the factory premises of the supplier and before and after slaughter inspection should be done by the army veterinary officers. But it was suggested to AHQ that this procedure was proving very difficult with the result that suppliers were not coming forward. Because these suppliers did not have facilities for keeping the animals within their factory premises so that our doctors could go and inspect them."

1.93. The Committee were informed by the representative of the Ministry of Food, during evidence, that on the basis of two representations from two firms including the representation from the firm in question, the Chief Director of Purchase had suggested for relaxation with regard to place of slaughter place of inspection and the authority for inspection. The Quarter Master General deposed before the Committee: "We did not have sufficient number of officers who could go round the municipal slaughter houses for inspection.... As we did not have the manpower, we felt that we would try this method whereby we can take meat which has been slaughtered in the Municipal Slaughter House.... Results have been unpleasant and so we have stopped this relaxation."

In reply to another question, the witness admitted that it was not possible to ensure that the carcass which is taken away from the municipal slaughter house is the same carcass cooked in the factory.

1.94. The Committee wanted to know as to how the mistake in transmission of signal occurred and who made the signal. The representative of the Ministry of Defence stated during evidence: "We investigated into this and it appears that the signals which were issued from here had the word 'freeze', but in transmission there was an obvious error, with the result that the Pathankot depot which received the bulk of the supplies, had the message recorded as 'free issues'. That was very unfortunate; it was a dangerous mistake and we have already taken corrective action that in future this kind of signal should not be issued but such instructions should be issued only on the telephone and the instruction also sent as 'withhold supplies'. Of course, by the omission of two letters all the damage was done.... Lt. Col. had signed the signal from here on the 22nd August, 1970"

When asked whether the usual letter, in confirmation of the signal/telegram was not sent, the witness replied that while the telegram was sent on the 22nd August, "the confirmation letter was issued on the 26th where also the word 'freeze issues' were repeated, but unfortunately the Pathankot depot did not take action on this letter as well; till later on sometime in November they came to know about this mistake." The witness added: "The Pathankot depot had received the letter on the 28th August. What they did was, they asked the forward company to send the samples only, but they did not issue any instructions to freeze."

Asked whether it was not the usual procedure to repeat the operational part of the signal, the Quarter Master General agreed: "It depends on the discretion of the officer.... this was the operational part and so he should have repeated the word 'freeze'." The Committee were informed during evidence that the officer who signed the signal was initially a Territorial Army Officer and he did not undergo any formal training in sending message.

1.95. The Ministry of Defence had intimated (February, 1973) the Audit that "to safeguard the state interest a warranty clause was included in the contract to the effect that the supplies should be sound, wholesome and fit for human consumption for a period of twelve months from the last day of the month of tendering, in any climate and under all conditions of storage and movement in India. Claims were preferred against the supplier through Chief Director of Purchase in time and well within the above warranty period."

1.96. The Ministry of Agriculture (Department of Food) had intimated (February, 1973) the Audit as under:

".....the issue of future tender enquiries to this party for normal purchases was also suspended. Besides, the contracts against which sub-standard supplies were made by the firm were cancelled at their risk and cost. However, in order to ensure that risk repurchase was legally valid and enforceable the defaulting firm had to be given an opportunity to quote against the tender enquiries issued at their risk and cost and it resulted in one of the risk repurchase contracts for 9.450 tonnes being awarded to them. No other contract has been concluded with them and for normal purchases, as stated above, no tender enquiry was thereafter issued to them."

1.97. The Committee desired to know the quantity that was purchased at the risk and cost of the firm on account of sub-standard supplies made by them and the extra expenditure incurred on this account and whether it was recovered. The Ministry of Defence, in a note, informed: "No risk purchase was made at the cost of the firm on account of sub-standard supplies referred to in the Audit para. In the case of supplies which go bad during the warranty period, the Government has no right under the contract to effect risk repurchase at the cost of the supplier. The Government, however, has the right to dispose of the condemned stocks in any way it considered necessary after giving due notice to the contractor and also at its discretion either to allow the contractor to replace the condemned stocks within a specified period or to recover from the contractor the contract price thereof together with all incidental and freight charges incurred from the place of delivery to the place where the supplies were ultimately condemned. On this basis, a claim of Rs. 75,164.48 representing the cost, transportation and incidental charges in respect of 5.3 tonnes of canned meat left unconsumed was made against the firm."

Clarifying the position during evidence the representative of the Ministry of Food stated: "The first contract failed after the supplies had been accepted. This is governed by the warranty clause. This (risk) purchase was made in respect of the second contract which failed *ab initio*." He further clarified that repurchase is possible when the supplies are not accepted.

1.98. Asked how the risk purchase contract came to be awarded to the same firm which failed, the representative of the Ministry of Defence stated: "The commonsense view is that the man who supplied material which was not upto the mark should not be allowed to tender again. But, unfortunately, the Law Ministry gave this ruling that he should again be given an opportunity. I understand, in all these cases of risk purchase, the supplier who has defaulted is given another opportunity to tender."

Asked if the supplier again supplies the defective store, whether they will again go in for repurchase and for how long, the representative of the Ministry of Food deposed: "They say it cannot be helped. . . . Finally, we can claim, at a certain stage, damages for not fulfilling the obligations."

1.99. Giving details of the risk repurchase contracts to the firm, the witness informed the Committee: "We placed orders of 20.450 tonnes on the other firm at the rate of Rs. 13.50 and for 9.55 tonnes on this firm—they failed to supply on the last occasion—at the rate

of Rs. 12.45. Out of 9.55 tonnes order which was placed on them for repurchase, they failed to supply 4.23 tonnes. They supplied the rest."

Asked about the extra expenditure incurred on it, the witness replied: "The total amount has not been computed." In reply to a question it was stated that the firm's name could not be black-listed because the case is still pending."

1.100. Regarding the present position of the case, the Ministry of Defence have informed the Committee in a note: "The petition filed by the supplier under Section 20 of the Arbitration Act, 1940, has been accepted by the Delhi High Court on 13-8-1973 and the Union of India has been directed to appoint an Arbitrator. The Government has accordingly appointed the Arbitrator on 27-8-1973. At the same time, an appeal against it has also been filed on 8-10-1973 before the Division Bench."

1.101. This is yet another case where the purchases against the Defence requirements were thoroughly mismanaged. Two contracts were concluded by the Chief Director, Purchase in January and February, 1970 for supply of 15 tonnes and 30 tonnes of tinned meat by a firm at the price of Rs. 13,000 per tonne. Normally the requirement is that the animals should be slaughtered at the firm's premises and before and after slaughter inspection should be carried out by the Army Veterinary Officer. On the basis of two representations from two firms, including the firm in question, the Chief Director, Purchase had suggested relaxation of this requirement. This particular firm had no facilities for slaughter of animals within their factory. The Army Headquarters readily agreed, as a temporary measure, to allow the slaughtering of animals in the Municipal Slaughter Houses inspected by Municipal veterinary authorities. It was during this period that the firm supplied the meat. The representative of the Ministry of Food admitted during evidence that it was not possible to ensure that the carcass which was taken away from the Municipal Slaughter House was the carcass cooked in the factory. The possibility of substituting a different and inferior meat by unscrupulous suppliers cannot therefore be ruled out. The Committee find that the supplies received in February and March, 1970 against the first contract were inspected by the Composite Food Laboratory and the entire consignment was accepted in April 1970. However, the supply tendered against the second contract in May/June, 1970 was found by the Laboratory to be unacceptable. The main reasons for the rejection were that the stocks were not free from excessive body fat and fascia, that they had objectionable flavour/smell and that the stocks had not been

adequately processed in that one can on incubation indicated evidence of microbial growth. Thereafter an analysis of samples of the supplies against the first contract it was found that those stocks were also similarly affected and unfit for human consumption. Action was taken only in November, 1970 to stop further issues to troops. By then over 9.4 tonnes of this substandard and unhygienic meat had already been consumed and claims amounting to Rs. 0.70 lakh only would be preferred against the contractor. In view of this the Committee regard it as extremely unwise, if at all it had been done in good faith, to have placed orders on this firm without verifying the capacity properly and to have relaxed the requirement of the Army in regard to inspection especially when the firm had not made any supply of meat earlier. What is more, the risk purchase order for the failure of the firm against the second contract was also placed on the same firm and it again failed partly. The Committee stress that appropriate action should be taken in the matter, inter-alia, for laying down suitable guidelines for risk purchase in order to ensure timely supplies.

1.102. The Committee have not got any satisfactory explanation why the Composite Food Laboratory did not notice the defects in the supplies received against the first contract. They, however, learn that no observations were made with regard to body fat or facia by the Laboratory in this case. Further, although the Depot which received the bulk of the supplies received the post-copy of the telegram dated 22nd August, 1970 to 'freeze issues', strangely enough the Depot did not take any action till November, 1970 for reasons known to them. Such delays in stopping issue of substandard material for consumption could seriously endanger the health of troops. The Committee require that responsibility should be fixed for these lapses and action taken reported to them.

1.103. The Committee understand that an arbitrator has been appointed to go into the claims of the Government as per the Delhi High Court order and that on legal advice an appeal against the decision of the High Court has been filed on 8-10-1973 before the Division Bench. The Committee would like to know the outcome. They would also like to know the action taken in regard to recovery of the additional expenditure incurred by Government in the repurchase on the failure of the firm against risk purchase order placed on them.

Strengthening of an air field

Audit Paragraph

1.104. An airfield at a station originally constructed during the last world war was taken over by the Indian Air Force in 1962. Certain minor repairs to the airfield were then carried out by the Military Engineer Services. A sitting board was assembled in November, 1964 to recommend minimum essential facilities to be provided at the airfield for operation of certain types of transport and fighter aircraft. On the recommendations of the board, sanction was accorded in July, 1965 by the headquarters of an Air Command for execution of work for strengthening the existing airfield at an estimated cost of Rs. 24.95 lakhs. A contract was concluded by the Military Engineer Services authorities in September, 1965 for Rs. 27.67 lakhs for execution of the work which was started in October, 1965. Although the work was to be completed in July, 1966 it was completed in April, 1968 on account of extensions granted to the contractor from time to time due to delay in handing over of the entire site by the Air Force authorities, political situation and subversive activities of hostile elements in the area, rains, delay in receipt of bitumen, break-down of tools and plant issued by department, etc. While issuing the completion certificate to the contractor on 30th April, 1968, certain minor defects were pointed out by the Garrison Engineer. It was, however, certified by him that the work had been completed satisfactorily and taken over on that date. A Board of Air Force officers held in May, 1968 to take over the runway from the engineering authorities pointed out certain defects such as depressions at several places, lots of cracks, etc.

1.105. The defects in the execution of the work were pointed out by the Military Engineer Services authorities to the contractor for rectification in May, 1968 and the latter rectified them by June, 1969 excepting the cracks. In the meantime, it came to notice that the binder content used in the work was less than that required and certain characteristics, prescribed in the contract, for bituminous pavement had not been adhered to and, in particular, the void percentage was on the higher side. This was investigated and the matter was referred by Military Engineer Services authorities to the Central Road Research Institute. The latter confirmed that the cracks were due to expansion/contraction and high water table in the area and did not affect the structural soundness of the construction. It was finally decided in August, 1969 that the pavement was technically acceptable with price adjustment for variations from contract specifications as disclosed by the investigation report. A cut of Rs. 72,658 was effected from the final bill of the contractor in March, 1972 on account of price adjustment of contract specifications with

regard to change in grading and void ratio. The contractor, however, did not agree to this recovery and an arbitrator was appointed by the Engineer-in-Chief in July, 1972 to adjudicate the dispute. The arbitrator's award is awaited (December, 1972).

1.106. The Ministry stated (September, 1972) that since the date of taking over (August, 1969), the runway was being used by transport aircraft and was also fit for use by fighter aircraft requiring 2,000 yards of runway. The local Air Force authorities have, however, intimated (October, 1972) that the defects still remain unrectified. They had also stated earlier (June, 1972) that no trial landings of fighter aircraft had been carried out because of the risk involved till defects were rectified. Thus, the expenditure of Rs. 25.23 lakhs incurred till the end of March, 1972 on a work which was commenced in 1965 for improving the airfield has not so far (October, 1972) fully served the intended purpose.

[Paragraph 13 of the Report of Comptroller and Auditor General of India for the year 1971-72 Union Government (Defence Services).]

1.107. The Committee were informed during evidence that the airfield was perhaps used for Dakotas before it was taken over in 1962. Asked about the need for improvement of the airfield, the Secretary, Ministry of Defence stated: "For the defence aircraft certain specifications are prescribed because often they have to go with full load of equipment and men and, therefore, they have laid down certain specifications for all kinds of aircraft and this is what the air-field has to conform with in case they are released for use by the defence."

1.108. Asked when defects were noticed, why the completion certificate was given, the witness explained that after the completion certificate one year is allowed for maintenance. For minor defects they did not withhold completion certificate. The Committee wanted to know whether it was not desirable to associate the users at the time of final inspection of work by the Engineering authorities before the issue of completion certificate to the contractor. The Engineer-in-Chief stated: "The procedure is that the engineers are responsible for making sure that all the works executed are as per specifications laid down and they are responsible for the technical viability of any project. Therefore, the users are not brought in at this stage because they are technical people. The engineers first certify that the work has been executed as per the contract and as per specifications to meet the requirements of the users and then a Board is constituted."

1.109. The specifications provided in the contract and those adopted by the contractor are given below:

	As per particular specifications of the contract agreement	Design mix actually adopted at site
<i>Wearing course :</i>		
Crushed stone aggregate $\frac{3}{4}$ " graded.	60%	50%
Sand	30%	30%
Bituman 60/70.	6%	6%
Cement	4%	4%
Fine sand	10%
<i>Sand Bitumen Carpet :</i>		
Sand	75%	46%
Cement	15%	1
Bitumen	10%	
Fine sand	3

Asked as to how these deviations from the specifications were allowed, the Engineer-in-Chief deposed: "We did not allow. The Engineer-in-charge was to do it. Subsequent to the completion of the work we have had it tested by the Central Road Research Institute and they brought out that there were certain shortfalls in the completion of the work."

The Secretary, Ministry of Defence, however, stated: "My own feeling was that there was deficient supervision and in respect of that Engineer-in-Chief Army H.Q., is looking into it."

1.110. According to Audit, the cracks in the pavement were referred by M.E.S. to the Central Road Research Institute, which confirmed that the cracks were due to expansion/contraction and high water table in the area but it did not affect the structural soundness of the construction. Asked when the pavement was made, whether proper soil and hydrological tests were conducted, the Engineer-in-Chief stated: "They were investigated before the pavement was designed and even the various mixtures were taken to the laboratory in Jorahat. The Works Engineer got those laboratory tests carried out before incorporating them in the contract. I have not been able to get the record of laboratory tests, because nine years

have elapsed: I am still trying to find out if the records can be obtained."

In a subsequent note, the Ministry of Defence have intimated that "Engineer-in-Chief's Branch have stated that the records have been traced. They have also confirmed that the requisite tests for soil and sub-soil water were carried out by Geological Survey of India."

The Engineer-in-Chief, however, admitted during evidence that "the defects were due to firstly, there was some deficiency in the specifications and secondly, the specifications were not correctly implemented."

1.111. In reply to a question, whether the cracks have been rectified and if so, with what cost, the Ministry of Defence, in a note, informed the Committee: "Cracks have been rectified departmentally in July, 1973 except a few left for the reference of the Arbitrator, at the risk and cost of the Contractor at a cost of Rs. 4,472.51 P. Rs. 20,000/- due to the contractor has been retained by the Department as the contractor has disputed the final Bill amount. This amount of Rs. 20,000/- is sufficient to cover the cost of rectification done by the Department."

The Secretary, Ministry of Defence, informed during evidence that besides Rs. 20,000/-, the Deptt. had Rs. 72,000 as earnest money from the contractor.

The Engineer-in-Chief further informed the Committee that the arbitrator had not yet given his findings.

1.112. Audit had informed the Committee that the Ministry of Defence in September, 1972 had stated that since the taking over in August, 1969 the runway was being used by transport aircraft such as Dakota, Avro and Fokker Friendship and was also fit for use by fighter aircraft requiring 2000 yards or runway. On the other hand, the local Air Force authorities, however, intimated in October, 1972 that the defects still remained unrectified. They had stated earlier that no trial landings of fighter aircraft had been carried out because of the risk involved till defects were rectified. When asked to reconcile these statements, the Secretary, Ministry of Defence explained: "The local Officer-in-charge did make the statement when the comment of the Audit was referred to him for his reply. But the Senior Officers have gone into this matter and they have certified that the air-field is fully fit for fighter aircraft also. I would like to mention two things which are necessary—one is suitability of the surface.

There is a technical word—LC that is prescribed for each kind of aircraft. The other thing is the length of the runway. We have looked into it from these points of view. This field is fully competent to take the load. It so happens that in this period no need arose for the use of the fighter aircraft but after we were seized of the matter just to test them we asked the air force to do some test flights and they have done some test flights and some fighter aircrafts have touched the air-field and taken off.”

The witness added that the test flights were done after the matter was brought to the notice of the Committee.

1.113. Strengthening of an air field for operation of certain types of transport and fighter aircraft was taken up through a contractor at a cost of Rs. 27.67 lakhs in October 1965 and the work was completed in April 1968. Although certain ‘minor’ defects were pointed out by the Garrison Engineer, he certified that the work had been completed satisfactorily and the completion certificate was issued. Within a month thereafter a Board of Airforce Officers pointed out certain defects such as depression at several places, lots of cracks etc. and the defects excepting the cracks were rectified by the contractor. In the meantime, it came to light on tests conducted by the Central Road Research Institute that there were significant deviations from specifications. The Engineer-in-Chief informed the Committee that there were also some deficiencies in the specifications which partly accounted for the defects. The Defence Secretary felt that there was deficient supervision. The Committee deprecate these serious lapses in a strategic area and stress that responsibility should be fixed for appropriate action under intimation to them.

1.114. The Committee note that the contractor had not agreed to the recovery of Rs. 72,658 for the variation from specifications and that the matter is being adjudicated by arbitrator. The Committee would like to be informed of the outcome of the arbitration proceedings.

Construction of an air field

Audit Paragraph

1.115. In February, 1967, headquarters of an Air Command accorded sanction for construction of an advance landing ground at a station with a runway of 1000 yards length, as an emergency work, to provide communication facilities in the area by light aircraft. This work was completed in March, 1968.

1.116. In the same month the Air Force authorities recommended extension of the length of this runway so that Dakotas could also use it without any load restrictions. Accordingly, sanction was accorded by Air Headquarters in October, 1968 in supersession of the sanction issued earlier in 1967 by the Air Command, for construction of a runway of 1400 yards length and other ancillary requirements such as taxi-track/external services, buildings, etc., at an estimated cost of Rs. 49.62 lakhs. The extension of the runway, construction of taxi-tracks, etc., which were done through troops or departmentally employed labour, were completed on 30th November, 1968. Contractors were employed for construction of buildings, water-supply and external electrification and these were completed in January, 1969.

1.117. A Board of Officers which assessed the work in February, 1969 noticed certain defects like unevenness of the surface of the runways, taxi-track, etc., and depressions. In July, 1969 the Air Force station also pointed out that throughout the length of the runway depressions had occurred and shoulders all along the length on both sides were uneven and soft, and part of the shoulders had been washed away due to rain. It was stated that, unless those defects were removed, it was not safe to operate the landing ground. Subsequently, in September, 1969, the Command headquarters instructed that further work on the landing ground should be stopped and the project closed after completing works under construction. After this, area—drainage work was taken up in December, 1969 and completed in the same month as it was considered important for protection of the landing ground and Rs. 0.81 lakh were spent on that. The project, excepting a few works which were not taken up in pursuance of the instructions issued in September, 1969 by the Air Command, was completed on 30th June, 1970.

1.118. The Military Engineer Services authorities stated in August, 1970 that, due to land slides in rainy season in the region, extension of the runway to the full length of 1400 yards was not possible and the Air Force authorities should be persuaded to accept a length of 1250 yards. The local Air Force authorities, however, pointed out in April, 1971 that, due to heavy rains, the edges of the landing ground had been washed away with the result that only 900 yards were available for aircraft operations and, as such, it was only fit for emergency and restricted operations. They also stated in November, 1972 that due to indifferent conditions of the runway surface and erosion of soil adjacent to the runway, aircraft operations with full load had not been undertaken in the landing ground.

1.119. The buildings constructed at the site of the landing ground are not in use from January, 1970. The expenditure on the project to the end of July, 1972 was Rs. 41.05 lakhs.

1.120. The Ministry of Defence stated in May, 1972 that, after extensive reconnaissance carried out by engineers in the area, it was decided that the site at that particular place was the best in that area inspite of various limitations and that the width of the runway and shoulders had to be reduced below the standard requirement because of space limitations at the site. A Board was constituted to investigate into the quality of the work done and to find out the reasons for deterioration of the landing ground. The recommendations of the Board are under examination (January, 1973).

[Paragraph 14 of the Report of Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services)]

1.121. The Engineer-in-Chief, Army Headquarters, informed the Committee during evidence that a total of Rs. 42.38 lakhs has been spent on the air-field which is inclusive of Rs. 21.35 lakhs sanctioned in 1967.

1.122. The extension work on the airfield was completed in November, 1968, but a Board of Officers which assessed the work in February, 1969 noticed certain defects like unevenness of surface of the runway etc. and depressions. According to the Board most of the defects were because of subsidence and erosion of shoulders and overruns due to heavy rain fall. Asked whether the defects were due to lack of supervision, the Secretary, Ministry of Defence submitted during evidence: "It is a very difficult area with hills all round. Even to find a landing ground is so difficult. On the other hand, the need for having some landing ground was very urgent at that time. Even the road from Silchur to Aijal was in very bad shape. So, first they thought that 1000 yds. would be enough and we could land smaller aircraft. But while the work was on, on reconsideration, in the light of the developing situation, they thought we must upgrade the airfield to be able to carry Dakotas. So, they decided to have 1400 yds. The requirement of this additional 400 yds. presented a very big problem. Either the high hill sides had to be cut down, which was thought to be impracticable and time-consuming or depressions as deep as 150 ft. had to be filled up. The engineers decided on the latter. The other factors for consideration are that there was lot of difficulty in the matter of materials. No satisfactory stone was available locally. It would cost Rs. 70 lakhs to get good quality stone from outside. No good sand or lime, which is the binding material, was available. For getting lime from outside the additional cost

would have been Rs. 10 lakhs. So, they had to have a compromise and this was the result of that compromise."

1.123. The Ministry of Defence, in a note, had stated that the site was selected by the AOC-in-C, HQ Eastern Air Command in September, 1966 on the basis of recommendations submitted by the then D.W. (Air). Asked about the suitability of this site, the witness stated that "they saw three or four sites and ultimately the expert advice was that this was the best site available."

1.124. The Audit paragraph states that a Board was constituted to investigate into the quality of the work done and to find out the reasons for deterioration of the landing ground. The Ministry of Defence, who were asked to indicate the findings and recommendations of the Board and the action taken thereon have stated, in a note, as under.

"Rapid deterioration of the runway surface is due primarily to use of poor quality of locally available stone. No repairs or resurfacing work has been done for the last four years. The erosion of shoulders and overrun of the ALG is primarily due to the fact that the ALG has been located over heavy fill and in a severe monsoon region. During construction sufficient time was not allowed for proper settlement and consolidation of this fill and subsequently when slips and erosion of fill started occurring, adequate counter measures such as improvement of drainage, provision of protective works in the shape of retaining/toe walls and stone pitching of slopes have not been undertaken over the last 4 years."

Action taken

The various factors contributing to the poor quality of work and the remedial measures taken by the E-in-C have been listed out in their letter No. 96976/E. 2 Planning (P.V.) dated 27th August, 1973 at Appendix I.

1.125. Referring to the adverse findings of the Board, the witness submitted: "As I said, it was a compromise. The engineering skill was employed to devise ways and means, but the question again was throwing good money after bad. We had to go down for about 150 ft. Stone had to be brought from outside and also all other materials. The cost involved was very high. When they did this filling up to 150 ft. depth, they allowed one rainy season to elapse. We were told that unless 3 or 4 rainy seasons were allowed, it would not be good. As I had mentioned, the cost of the retention walls would have been very high. They utilized a lot of bamboo logs as the next best thing

and put them as binding material and also G.C. sheets; and tried to retain them with their help. The rain in those years was much more than in earlier years. It was 100" as against the normal quantum of 65" or 70".

1.126. In reply to a question, the Engineer-in-Chief informed the Committee the testing of the materials and locally available stone was carried out by the College of Military Engineering, Poona.

1.127. According to the report of the Technical Board the design thickness on examination was found to be inadequate. When asked as to who did the designing, the witness stated that the design was done by the College of Military Engineering. They were told about the materials available and samples were sent. When asked as to how did the design fail and whether this failure was due to wrong or inadequate designing, the witness submitted: "It is not the design of the pavement which has failed but it is the sub-grade underneath which has resulted in the failure."

1.128. When pointed out whether the buildings constructed at the site of the landing ground were not in use, the Secretary, Ministry of Defence, informed the Committee during evidence: "At that time, when it was thought this will be a regular airfield, these buildings were constructed for Air Movement Control Centre; and they were adequate for that purpose. A little Army unit is there. The building was adequate for that purpose as also for supply dropping. Later on, this air-field could not be used. The buildings are still being utilised for other purposes...the buildings are put to full utilisation."

1.129. The witness confirmed during evidence that at the moment nearly 900 yards of the runway was usable. As regards the information of Ministry of Defence in May, 1972 that the aircraft landing ground was extensively used by Dakotas in 1969 and in the first part of 1970, the witness explained that at that time the whole damage was not done and Dakotas could land. At that time 1250 yards was usable. Subsequently it reduced to 900 yards. Asked as to how 900 yards runway could be utilised, the Committee were informed that with very experienced pilots, this strip could be utilised for operating with a load of about 1800 kg.

1.130. When asked about the utilisation of the runway, the Committee were informed during evidence: "In 1968, we used the airfield by the Otter aircraft. 130 landings were there by them and by Caravelle 192; landings by helicopters were 50. In 1969, we used it almost every month and we carried out 333 landings by Dakotas. In 1970, was used it again."

1.131. In reply to a question whether the money spent on the extension of runway has not been fully utilised and much less rewarded, the Secretary, Ministry of Defence, submitted. "I would say, 'partially used'. The DGGa people are getting interested in this. They have examined the place; and may be, with some slight modifications, they will be able to make use of it. They are thinking of a twice-weekly service to Aijal on the civil side. May be, all this money will not be lost."

1.132. The Committee deeply regret to note that extension work on an advance landing ground completed at a cost of about Rs. 21 lakhs in November 1968 proved to be infructuous. The runway was extended from 1,000 yards to 1,400 yards. A Board of Officers which assessed the work in February 1969, noticed defects like unevenness of surface of the runways, taxi track etc. and depressions. By April 1971, a part of the landing ground, we were told, had been washed away due to rains with the result that only 900 yards were available for aircraft operations. The Committee have been informed that the remaining strip could be utilised only for operation of aircraft with limited load by very experienced pilots. A Technical Board constituted to investigate the quality of the work done and the reasons for rapid deterioration in the landing ground had found inadequacies in preliminary investigation and in design of pavement, lack of technical knowledge at the execution stage, use of poor quality of construction materials, poor construction of fills, insufficient/poor drainage etc. The Committee require that Government should investigate the matter in the light of the observations of the Technical Board and fix responsibility for remissness on the part of the authorities concerned. The action taken in the matter may be reported to the Committee.

1.133. The Committee note that the possibility of utilising the landing ground for civil aviation is being considered by the Director General, Civil Aviation. The Committee would like to be apprised of the progress made in this regard.

Payment to an electric supply company

Audit Paragraph

1.134. Under an agreement entered into in September, 1967, by the Ministry Engineer Services authorities with an electric supply company for bulk supply of electric energy to a station, the company was to charge the consumer at the flat rate of 21 paise per unit but this charge was subject to a special extra discount to be allowed

to the consumer based on the number of units consumed in a month. In case the electric energy consumed was very much less, the company was entitled to receive a minimum annual charge of Rs. 22,387 irrespective of the energy consumed during any calendar year. Further, the consumer was not permitted to purchase or generate or otherwise obtain electric energy except through this company. Bulk supply of electric energy commenced from April, 1968. Since then, the number of units consumed every month was more than 41,000, thus entitling the consumer to a special extra discount of 50 per cent under the terms of the agreement. But neither the company allowed this special extra discount in its monthly bills nor the Military Engineer Services authorities detected this omission, before admitting them for payment. This resulted in excess payment of Rs. 8.83 lakhs to the company for the period April, 1968 to March, 1972.

1.135 When the excess payment was pointed out by audit to the Military Engineer Services authorities in March, 1972, the latter addressed the electric supply company immediately to refund the amount paid in excess. The company, however, refused (June, 1972) the refund claim on the ground that, from the outset, the load (402 to 615 K.V.A.) was far in excess of the maximum demand of 300 K.V.A. stipulated in the agreement and, although this excessive demand and the need for amending the agreement was pointed out by it in July, 1968, the Military Engineer Services authorities did not take any action but continued to pay the bills at the maximum rate, thereby signifying acceptance of the position.

1.136. The Ministry stated (October, 1972) that action was under way to refer the dispute to arbitration and that a board of officers had been convened to fix responsibility.

[Paragraph 15 of the Report of Comptroller and Auditor-General of India for the year 1971-72, Union Government (Defence Services)].

1.137. According to the Audit paragraph, an excess payment of Rs. 8.83 lakhs has been made to the company from April, 1968 to March, 1972, as the company did not allow a special extra discount of 50 per cent which the consumer was entitled from the beginning of 1968 in terms of the agreement.

1.138. The Committee desired to know whether an attested/certified true copy of the contract agreement concluded by the Chief Engineer, Central Zone, Nagpur, was sent to the following authorities for necessary action:

- (a) Garrison Engineer, Jabalpur, for verification and certification of the bills of the Company for payment.
- (b) Unit Accountant, GE's Office, Jabalpur, for checking the bills of the Company with reference to the terms of the agreement before admitting them for payment.
- (c) CDA, Central Command, Meerut, for check of the bills of the company during post audit of cash vouchers.

The Ministry of Defence, in a note, stated: "Through an oversight, attested/certified true copies of the contract agreement were not sent by the Chief Engineer, Central Zone, Nagpur (now shifted to Jabalpur), to the Garrison Engineer (East), Jabalpur, Unit Accountant, GE's Office, Jabalpur and the Controller of Defence Accounts, Central Command, Meerut, for necessary action, prior to the 6th May, 1972. However, a copy of the draft agreement was available with the authorities mentioned above."

1.139. The Committee then enquired whether these bills were not checked with the reference to the terms and conditions of the contract agreement. If so, as how the concerned officials failed to notice during the scrutiny of the bills of the company that the company had omitted to allow the special discounts due to the Government. In reply, the Ministry of Defence stated: "It appears that the bills of the Company were not checked by the officials concerned with reference to the terms and conditions of the agreement concluded with the Company due to negligence on their part. As such, the omission made by the Electric Company in not allowing discount in the bills to the Government, was not detected."

1.140. It has been stated that the Electric Supply Company refused the refund claim on the ground that the actual load was consistently more than that stipulated in the agreement and, although this excessive load and the need for amending the agreement was pointed out by the company in July, 1968, the Military Engineering Services authorities did not take any action but continued to pay the bills at the maximum rate, thereby signifying acceptance of the position. When asked about the action taken on the Electric Company's letter of July, 1968, the Ministry, in written note stated: "On receipt of the Electric Company's letter of July 1968 addressed to the Commander, Works Engineer, Jabalpur, copy to Garrison Engineer (East), Jabalpur, the CWE's Office asked for comments from the Garrison Engineer. The latter sent his comments to the CWE on 16th July, 1968 to the effect that actual maximum demand was 600 KVA and requested the VWE to have the agreement revised in

consultation with the Electric Company. Available records do not indicate that any action thereon was taken in the Office of the Commander Works Engineer,"

The Ministry further informed the Committee that from February, 1972 the bills of the Electric Company were being paid under protest and the total amount of discount not allowed by the Electric Company for the period April, 1972 to March, 1973 came to about Rs. 2,63,450.

1.141. It was stated that the dispute was being referred to arbitration and a board of officers had been convened to fix responsibility. In a written note, the Ministry have furnished the following findings of the Board held on 15th February, 1973:

"(i) Failure to check the Electric Company's bills with reference to the terms and conditions of the agreement

In accordance with the proforma attached to each monthly bill presented by the Electric Company, the following Officers have failed to check the bills as per the terms and conditions of the agreement, especially clause 10 thereof:

1. SDO I|C E|M (E), Jabalpur.
2. Unit Accountant, Garrison Engineer (East), Jabalpur.
3. Garrison Engineer (East), Jabalpur.

(ii) Delay in the distribution of copies of the agreement in the Office of Chief Engineer, Central Zone, Nagpur (now shifted to Jabalpur).

The actual date of commissioning the power, viz., 23rd April, 1968 was to be entered in the draft agreement, before it could be finalised and put on the Stamp Paper. Thereafter, attested copies of the final agreement were to be distributed to all concerned by the Chief Engineer, Central Zone, Nagpur (now at Jabalpur). In his letter dated 28th June, 1968, Commander Works Engineers, Jabalpur, intimated the actual date of commissioning power to the Chief Engineer, Central Zone without asking for its insertion in the agreement and for distributing copies thereof to all concerned. This letter was, therefore, just filed in HQ, C.E. Central Zone, without taking any further action on it, even though seen by SE (SO I) and AEE (SO III).

(iii) Failure to amend the agreement in view of the maximum demand pointed out by the Electric Company.

(Available records do not indicate that any action was taken in the Office of the Commander Works Engineer.)”

1.142. The Committee regret to find that an excess payment of Rs. 11.46 lakhs has been made to an Electric Company from April 1968 to March 1973 due to negligence on the part of officials who failed to check the bills of the company with reference to the terms and conditions of the agreement under which the consumer was entitled to a special extra discount of 50 per cent for the actual consumption. The Committee note that a Board of Officers convened in February, 1973 to fix responsibility has found three officers responsible. The Committee recommend that appropriate action should be taken against the erring officers. They would await a report in this regard.

1.143. The Committee would also like to know the terms of the settlement of the dispute between the Department and the Electric Supply Company.

Accommodation for certain Defence units

Audit Paragraph

1.144. In 1964 a proposal was initiated to shift three Defence units to another location as their continuance at the existing location entailed recurring expenditure of Rs. 12.77 lakhs per annum on account of rent for the hired lands, belonging to Post Trust and Railways authorities, on which they were located. A recce-cum-siting board convened under the orders of the Command Headquarters issued in July, 1964 recommended location of these units at a new site in the same station where adequate requisitioned/hired land was available.

1.145. A project for construction of domestic accommodation at a cost of Rs. 71.09 lakhs was sanctioned by Government in October, 1976 to provide residential accommodation for all ranks of the units to be located in the new site. The service personnel of these units were shifted from their existing residential accommodation, which was mostly Government owned, to the newly constructed domestic accommodation by the end of June, 1971 although their units continued to function at their existing location due to the fact that accommodation to house them had not been built at the new site.

1.146. Although sanction was accorded in August, 1967 for construction of administrative and technical accommodation for one of the units at the new site at a cost of Rs. 60.92 lakhs, execution of the work was suspended under instructions received from Army Headquarters in March, 1969 as the question of siting the technical and

administrative accommodation of all the units was under review. A user receive-cum-siting and costing board was held in July, 1969 to plan accommodation for these units. After that the work, which was suspended in March, 1969, was taken up again after June, 1972 and is expected to be completed in December, 1974. A proposal for construction of administrative and technical accommodation for the remaining two units was initiated in May, 1970 and sanctioned in January, 1972; the work, estimated to cost Rs. 234.27 lakhs, is expected to be completed in July, 1975.

1.147. Consequent on the delay in provision of administrative and technical accommodation for the three units at the new site and their continuance in their existing location, Government vehicles are deployed for conveying the personnel from the domestic accommodation at the new site to their offices situated at a distance of about 33 kms. and back and also for collection of their midday meals entailing recurring expenditure of about Rs. 13,000 per month from July, 1971. In the meantime, expenditure is also being incurred on payment of Rs. 12.77 lakhs per annum as rent for the hired land on which the units continue to be located.

[Paragraph 16 of the Report of Comptroller & Auditor General of India, for the year 1971-72, Union Government, (Defence Services)]

1.148. The Ministry of Defence, in a note, furnished to the Committee, have given the following details of the areas of land hired/requisitioned at the new sites and the dates when these were hired/requisitioned:—

(a) Area used for projects	KANDIVILLI	MALAD
(i) Requisitioned	136.39 acres.	117.36 acres.
(ii) Hired	17.97 ,,	0.20 ,,
(b) Date of hiring/requisitioning.	1943-45	1942-43
(c) Rent paid for hired lands.	Rs. 529.24 per annum	Rs. 300.00 per annum
(d) Rent paid for requisitioned land	Rs. 7,767.43 per annum	Rs. 12,863.65 per annum
(e) Land since acquired.	136.39	33.808

1.149. The Committee desired to know why the construction of domestic accommodation was taken up before the question of shifting the units and constructing administrative and technical accommoda-

tion was finally settled. The Ministry of Defence, in a note furnished to the Committee, have submitted as under:

"In January, 1964, Headquarter Southern Command recommended that the Ordnance Depot including Vehicle Depot Workshop, AFMSD, SEWRI which were located on BOMBAY Port Trust land be shifted to KANDIVILLI. The proposal was discussed in a meeting held at Army Headquarter under the Chairmanship of the QMG on 30th March, 1964 and it was decided that a Board should be ordered to go into the question of planning of accommodation for Ordnance Transit Depot, AFMSD and Engineer Transit Park at KANDIVILLI. Consequently, a Board was held by HQ Southern Command from 31st July to 12th August, 1964. The Board recommended that separate projects be prepared for units as under:

- (a) Phase I—Accommodation for AFMSD and Cold Storage.
- (b) Phase II—Accommodation for Ordnance Depot including Vehicle Depot Workshop.

The Board proceedings and other connected documents were received by Army HQ in April, 1965.

2. In a meeting held under the Chairmanship of the Additional Secretary on 22nd April, it was agreed that the requisitioned/hired lands available at KANDIVILLI constituted a compact area suitable for location of these units/installations.

3. In pursuance of this, a project for provision of storage, technical and administrative accommodation for AFMSD including Cold Storage which was planned during Phase I of the overall project was sanctioned at a cost of Rs. 60.92 lakhs on 19th August, 1967. Another project for provision of domestic accommodation for all the units to be located at KANDIVILLI and MALAD at an estimated cost of Rs. 71.09 lakhs was also sanctioned on 6th October, 1967.

4. Both the sanctioned projects i.e. accommodation for AFMSD and Cold Storage, and domestic accommodation for all the units (Ordnance Depot including Vehicle Depot Workshop and AFMSD and Cold Storage) were progressed simultaneously. While the project for domestic accommodation continued to make progress un-hindered, the AFMSD and Cold Storage was suspended as the land requirements at KANDIVILLI/MALAD came under review. The reviews took place under the Chairmanship of Joint Secretary (Q) at New Delhi and at Bombay during March, 1969 and it was decided to locate Ordnance Complex and AFMSD (including Cold Storage) at KANDIVILLI. Consequent to these decisions, fresh Board for Ordnance Depot and Vehicle Depot Workshop EME was ordered for July 1969. The processing of the Board proceedings for 369 L.S.—5.

according administrative approval from the Government took time. These proceedings were further delayed due to Bangla Desh problem and war during 1971. It was only in January, 1972 that Phase II—accommodation for Ordnance Depot including Vehicle Depot Workshop was sanctioned.

5. It would, therefore, be seen that the decision to shift these units as well as personnel was taken simultaneously. Whereas the domestic accommodation project did not pose any problem and got completed by May 1971, the other projects were delayed, firstly due to review of land requirements and secondly due to events of 1971. This delay was forced due to circumstances and could not be avoided."

1.150. In reply to a question, whether all aspects relating to the location of the ordnance Depots and the Armed Forces Medical Stores Depot were not fully considered earlier in 1964 when the sitting Board was convened for the purpose and subsequently when sanction was accorded by Government for construction of domestic as well as administrative and technical accommodation, the Ministry of Defence, in a note, stated: "The Board which was convened during 1964, for the purpose of planning accommodation for Ordnance Depot including Vehicle Depot Workshop EME, AFMSD including Cold Storage, proposed Engineer Transit Park and domestic accommodation for all the three units, had taken into consideration various factors regarding extent of the hired/requisitioned land available and utilised in COD MALAD and ESD KANDIVILLI areas. It was after due consideration of various factors that the Board had recommended that the area at MALAD was more economical and suitable for married accommodation for the three units. For the Technical and Administrative accommodation projects for the three units, the Board had recommended that these should be sited in KANDIVILLI area.

2. There has been some delay in providing Technical and Administrative accommodation for the units in question. But this was not intentional. The delay occurred as a result of unforeseen factors. In fact, the Administrative and Technical accommodation for the AFMSD including Cold Storage was sanctioned on 19th August, 1967 i.e. about two months earlier than the project for domestic accommodation in all the units was sanctioned. But on account of a proposal to locate the entire Ordnance Complex including the COD MALAD at KANDIVILLI, the latter project had to be revised. The suggestion to locate entire Ordnance Complex at KANDIVILLI.

necessitated review of the land requirements for the location of KLP units including AFMSD at KANDIVILLI and MALAD.”

1.151. The Committee were informed that although the User-Recce-Cum-Siting and Costing Board was held in July, 1969, the proceedings were received in Army Headquarters in November, 1969. The modifications to the administrative approval were issued in November, 1971 and thereafter tenders were floated in June, 1972. Giving reasons for the delays, the Ministry submitted: “A User-Recce-Cum-Siting and Costing Board for planning accommodation for Ordnance Complex including Vehicle Depot Workshop EME and AFMSD at KANDIVILLI was held on 29th July, 1969 and subsequent days. This Board was presided over by a Brigadier and had 14 members alongwith three members in attendance. The cost of the project was approximately 237 lakhs. The Board proceedings were finalised on 3rd November, 1969. Thus, it was only a period of three months that was spent by the Board to finalise these proceedings. A Board for a project of this magnitude would normally take 1½ to 2 months. Three months time taken by the Board is considered not unduly excessive. On receipt of the proceedings at Army HQ. these were progressed with the Government for sanction. Usually it takes 1 to 1½ years to process a project costing more than 2 crores for sanction with the Government. While this was being done and the project was in final stages of its being sanctioned, in August, 1971 the Government held the sanction of this project in abeyance, due to economic conditions because of Bangla Desh Refugees. It was only after the War of 1971 that the Government accorded their sanction in January, 1972. After the project was sanctioned by the Government and released for execution; Engineers proceeded with their procedural and technical actions and to float necessary tenders. After these formalities, which usually takes 3 to 4 months time, the work on this project and AFMSD and Cold Storage was commenced in June, 1972. There was no undue delay in these actions/events.

Having regard to the involved nature of the various issues connected with the two projects, the time taken for the issued of sanction/amendment to the administrative approval, already issued was unavoidable; but not excessive.

It would, thus, be seen that whatever decisions were taken at various stages were so taken in the best interest of the state, e.g.

(i) When it was decided to shift the units to KANDIVILLI/MALAD, the guiding factor was to ensure saving on account of high rent paid for the lands on which the units were located;

(ii) When the review of the location of all the three units at KANDIVILLI was on, it was decided not to make further contractual commitment in respect of Administrative and technical accommodation for the AFMSD at KANDIVILLI beyond commitments already made, as further commitments would have resulted in considerable extra expenditure after the re-siting of the units."

The Quarter-Master General, Ministry of Defence, however, admitted during evidence that "It is a fact that lengthy procedure is involved. At the moment the Ministry has appointed a Study Group to improve the procedure so that projects are completed early."

1.52. The latest position regarding execution of the project, as furnished by the Ministry of Defence, is as under:

"The present position in respect of Administrative and Technical accommodation for the Ordnance Complex and AFMSD (including Cold Storage) at KANDIVILLI is as follows:—

- (a) *Ordnance Complex*.—Contracts for Rs. 100 lakhs providing 18 storage sheds and 2 Vehicle sheds alongwith external services for water and electricity have already been entered into and the present overall progress is 42 per cent. 15 storage sheds are 100 per cent ready and five sheds are 44 per cent complete. The fire fighting buildings and static tanks, Depot office and sanitary connections are 42 per cent complete. The contract was suspended on 25th August, 1973 under Government orders till 31st January, 1974 due to paucity of funds. The work has since been reviewed (on 24th November, 1973). The remaining works could not be contracted by the Engineers due to non-availability of sufficient funds in 1972-73 and restrictions imposed during 1973-74.
- (b) *AFMSD & Cold Storage*.—This work was commenced for execution during June, 1972. The present progress of the work is 60 per cent. This project was also suspended (on 25th August, 1973) by the Government due to paucity of funds and has been revived only during December, 1973. This project also is making slow progress due to financial stringency.

2. As per the original estimates, it was expected that the Ordnance Complex project would be ready by March, 1975 and AFMSD and Cold Storage by October, 1974. Due to general constraint on finances and reduction of funds for the Army Works, these projects are likely to take longer time than expected for their completion."

1.153. The Committee were informed during evidence that the revised estimate for Armed Forces Medical Stores Depot and Cold Storage project was Rs. 62.16 lakhs and the total expenditure on it till September, 1973 was Rs. 39.66 lakhs. For Ordnance Complex, the estimate was Rs. 236.56 lakhs and the expenditure on it till September, 1973 had been Rs. 99.59 lakhs.

1.154. According to Audit paragraph, a recurring expenditure of about Rs. 13,000 per month was being incurred from July, 1971 on conveyance of personnel to their offices and collection of their mid-day meals. The Committee were informed during evidence that it had been stopped and the personnel were using public conveyance etc.

1.155. The Committee note that in pursuance of the decision taken in 1964 to shift three defence units to another location, a project for provision of storage, technical and administrative accommodation for only one unit was sanctioned in August, 1967 and another project for domestic accommodation of all the three units at a cost of Rs. 71.09 lakhs was sanctioned in October, 1967. While the project for domestic accommodation was completed in May, 1971 and the service personnel of the units were shifted to the new site, the construction of project for provision of storage, technical and administrative accommodation was suspended in March, 1969 as the question of siting the technical and administrative accommodation for all the units was under review. This review was completed and modifications to administrative approval was given in November, 1971. The expenditure sanction was accorded only in January, 1972. The work commenced in June, 1972 and it was again suspended in August, 1973 due to financial stringency. In the meantime, expenditure is being incurred on payment of Rs. 12.77 lakhs per annum as rent for the hired land on which the units continue to be located besides expenditure of Rs. 13,000 per month from July, 1971 on transport of officers till recently. The Committee are not satisfied with the explanation for the lack of synchronisation of the construction of domestic accommodation and the technical and administrative buildings. This should be possible to a far greater extent than is suggested by the Ministry's spokesman. Between 1967 and 1969,

what extra-ordinary development took place which made it imperative to suspend action on portions of the project on which work had not commenced? And then it was over two and half years later, six months after the domestic accommodation had been completely constructed, the approval was given to necessary modifications in the scheme. All this could have been avoided, if it were well intentioned and had those taking the decision to suspend action had satisfied themselves before taking the decision that the modifications necessary were of such vital significance that they would outweigh the financial loss involved in suspension.

1.156. Admittedly the present procedures are not satisfactory. The Committee desire that the Study Group appointed by the Ministry to suggest improvement in the procedures should speedily complete their study and that steps should be taken to cut out avoidable delays in future. In the meantime, the Committee trust that the remaining work will be completed expeditiously.

NEW DELHI;
April 15, 1974.

Chaitra 25, 1896 (Saka)

JYOTIRMOY BOSU,
Chairman,

Public Accounts Committee.

APPENDIX I

(Vide paragraph 1.124 of the Report)

ARMY HEADQUARTERS
ENGINEER-IN-CHIEF'S BRANCH
DHQ PO NEW DELHI-11
27th August, 1973.

No. 96976/E 2 Plg (Plg)

To

E-in-C's List 'A' & 'B'

PREMATURE FAILURE—ALG

A case has recently come to light where an ALG constructed in a forward area has failed prematurely. The investigation has revealed that the failure was due to the following reasons:—

- (a) *Inadequate Preliminary Investigation|Collection of Data.*
The executive authorities undertook the work without collection of sufficient data for planning and design of ALG:—
 - (i) Type of soil and its CBR.
 - (ii) Meteorological data.
 - (iii) Type of stones available locally and its structural usefulness.
- (b) *Design of Pavement.* The design thickness on later examination was found to be inadequate and the materials used were not properly selected. The design was also not based on the soil investigation report and TI 1/66.
- (c) *Use of Poor Quality of Construction Materials.* The local stone used was of inferior quality in abrasion and attrition.
- (d) *Poor Compaction of Fills.* The fills were not compacted to the desirable densities. No targets for density were fixed or checks made. The construction of protective works to these fills was completely ignored.
- (e) *Insufficient|Poor Drainage.* The drainage provided was insufficient and was based on inadequate meteorological data.

(f) *Inadequate time of Completion.* The time given for completion of the ALG to engineers was too short. The implication of this was not brought to the notice of users.

(g) *Lack of Technical Knowledge at Execution Stage.*

(i) CBR of compacted subgrade was not checked.

(ii) Checks during execution on the quality of stones used and its variance with the design assumptions, was not done.

(iii) Compaction of subgrade in suitable layers was not done.

2. To avoid recurrence of premature failures of pavements, the E-in-C directs that the following points will be borne in mind while planning, designing and execution of the ALG/Airfields:—

(a) *Preparation.* Before design, the following must be done:—

(i) Soil investigation must be done in detail.

(ii) Availability of local materials and determination of its properties with a view to decide on its use as per specifications laid down.

(ii) Collection of meteorological data.

(b) *Design of Pavement.* The design must be based on TI 1,66 and should be approved by this HQ before commencement of the work.

(c) *Time of Completion.* The time required for completion of the work must be worked out methodically based on resources available, technical requirements and restrictions of work. In case the time allowed for execution of the job is compressed by the local Commanders due to operational reasons, the consequences of poor workmanship and eventual failure at a later stage due to restricted time of completion must be brought out to their notice before undertaking the work and it should be made known that the expedient is only to meet an operational urgency and NOT a long term service.

(d) *Drainage.* Adequate drainage based on relevant meteorological data must be provided.

(e) *Protective Works.* Suitable Protective works must be provided where necessary.

- (f) **Execution of work.** The various checks required at each stage must be specified and strictly observed.
- (g) **Compaction.** Compaction must be done at the specified moisture content to achieve design density. This must be done in layers and thickness of layers specified.

Sd/- (HARISH CHANDRA)

Brig

Director Designs

Engineer-in-Chief

APPENDIX II

Summary of main conclusions/Recommendations

S. No.	Para No.	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1.	1.26	Defence	<p>An assault boat was designed and developed by the Research and Development Organisation to replace an imported one and it was accepted in 1962 for introduction into service. 2587 boats of this type were procured during July 1964 to September 1969 from four firms and a public sector undertaking at the rate ranging from Rs. 3800 to Rs. 4300 per boat. On receipt of a complaint from one Army Unit in July 1971 that all the boats held by it, which were supplied by two firms, were defective, the matter was investigated in October 1971 and found that of 811 boats costing Rs 39.92 lakhs supplied by the two firms 608 boats (297 with field units and 311 in stock in an Ordnance Depot) were defective. The seams of all joints of the boats disintegrated when the boats were inflated and put in water as the canvas at the seams had become brittle. Investigations disclosed that this was caused by Oxidisation of the adhesive used by these two firms to fix the seams of the boats. As the cost of repair involving complete replacement of canvas hull and bottom would be equal to the cost of procurement of these</p>

boats it had been decided to declare them as obsolete. It was held by the Master General of Ordnance in January 1972 that the remaining 203 boats were also likely to be beyond economical repair when they developed defects.

It is unfortunate that all this happened at a time when the Army needed these boats most. The Committee are very distressed to note the following lapses which cost the exchequer very dearly:

(i) Detailed specifications for the adhesive to be used at the stitches were not laid down by the Research & Development Organisation.

(ii) The specifications laid down in November 1962 provided that all stitches should be finished with leakproof composition of an approved quality. The two firms concerned used neoprene based adhesive where as the others used Bee's wax which was also used by the Research & Development Organisation. Unfortunately there is stated to be nothing on record to show whether approval to use neoprene based adhesive was given by the Establishment (Technical Committee) to the two firms.

(iii) In respect of the boats procured advance samples were in each case approved by the Deptt., inspected and accepted by Defence Inspectorate and entire quantity was accepted by the respective consignees to their satisfaction. It was assumed that the necessary chlorine acceptor

was automatically used along with adhesive. The Scientific Adviser admitted that it was unfortunate that they did not test the adhesive whether it was fully neutralised and that it should have been done.

- (iv) No warranty clause was included in the contracts. The Committee were informed by the representative of the DGS & D that the warranty clause is included in respect of those items where defects can come to light only when the stores are put to use and that in this case neither the indenter nor the Defence Inspectorate asked for a warranty clause. No action could be taken against the firm as they supplied stores to specifications. It is surprising that the Defence Department did not take this normal precaution especially because no detailed specifications for the adhesive were laid down by the Research and Development Organisation and it was admittedly not possible to determine by usual inspection whether the adhesive used was going to deteriorate.
- (v) Although all the boats were supplied by the two firms during February 1966 to September 1969 it required an investigation in October 1971 on the basis of a complaint from a single Army Unit, to find out that as many as 608 boats were defective. The defects ought to have come to

notice much earlier and in the normal course of inspection in the Depots and Units. It is contended that the defects were noticed only when the boats were floated and could not have been discovered earlier. The Committee is not wholly satisfied. In a matter such as this extra special care must be taken having regard to its bearing on Defence preparedness. The Committee did not get any explanation for this serious failure.

The Committee desire that the above lapses should be gone into for fixing responsibility and taking appropriate action as also to ensure that they do not recur in future.

2. 1.27 Defence

The Committee were informed during evidence that out of the 2587 boats purchased, only 669 are now in serviceable condition. They have not been told as to how many of the unserviceable boats had been actually used and for how long. No log books are being maintained for these boats although for less costly items like motor cycles, trailers and mules they are maintained. The Committee consider it essential to maintain log books for indigenously developed equipments of this kind which will help to study their performance and to determine the actual life in use. Such performance data may also be useful in deciding upon modifications in the designs to improve performance.

3. 1.28 -do-

According to the representative of the Research and Development Organisation even Bees wax is not quite a good adhesive

material and it has also indicated a very slow rate of water seepage. The Committee, however, are not very clear as to how many boats wherein this adhesive was used also developed defects. They learn that a different adhesive viz. Bitmarin No. 3 was used in the imported assault boat and that this was known to the Research and Development Organisation when the indigenous development of the boat was undertaken as early as 1949. However, there is stated to be nothing on the file to indicate why this adhesive was not used by the organisation. The Committee understand that a new design of the boat is going to be introduced. In view of the fact that the Bees wax is regarded as not quite good and completely waterproof and the neoprene based adhesive is twenty times more costly, the Committee desire that the Research and Development Organisation should find out a cheaper but effective as well as indigenously available adhesive for the newly designed boats. It is regrettable that they do not seem to have applied their mind to this so far.

72

4.

1.29

Defence

The Committee note that the shelf life period for these indigenous boats was fixed in mid-fifties as five years taking into account the natural process of deterioration. It was stated that the average life of the boats in use would be less. No assessment in this regard has been made. However, the Committee find that as many as 137 old imported boats which had earlier been declared obsolete in April, 1971, were found still in serviceable condition and these were

issued to units to meet operational requirement in December, 1971. If these boats which must have been imported long before 1962, were good enough even after 10 years, the Committee see no reason why the indigenous ones should not last longer than 5 years.

5. 1.30 -do-

What has been stated in the above paragraphs adds up to a situation in an important organisation of the Defence Ministry which cannot but cause concern. The present procedures for the storage inspection and issue of vital stores are such that the unusability of a vital item may not be discovered until it is required for operational use. It does not require much imagination to see what a serious situation this could land the country's armed forces in. The Committee, therefore, while expressing their grave concern at the somewhat mechanical lackadaisical social and unimaginative attitude that the Ministry's spokesman showed, would strongly urge the Ministry to carry out a thorough review of the procedures relating to acceptance of operational stores, their maintenance during storage and their inspection before issue to ensure that they are in the state of efficiency they should be.

73

6. 1.31 -do-

The Committee also consider that the Research and Development Organisation does not appear to be kept in the close touch that it should be in respect particularly of items of stores, the production of which is newly established in the country, throughout their life, shelf life or life in actual use.

The Committee cannot but deprecate the slackness and unpreparedness of a vital organisation like Defence Department and its Research and Development Organisation.

7.

1.53

Defence

The Committee are concerned to note serious lapses that led to the procurement of 303 cubic meters of defective teak logs at a cost of Rs. 3.5 lakhs from a firm. Of these 249.045 cubic meters were received by a Naval Stores Depot at Bombay and the rest at another Depot at Cochin. From the following narration of facts the lapse would *prima facie* appear to be *malafide*:

- (i) Against an indent placed by Naval Headquarters in August 1969, the DGS&D invited tenders. Out of the tenders received the quotation of the firm from which the logs were purchased was the second lowest. The quotation of the lowest tenderer was not accepted as his capacity was not recommended by the Defence Inspectorate.
- (ii) The Naval Headquarters in a letter dated 12th August, 1969 had requested the DGS&D that in regard to inspection of the logs procured from trade against their indent, the Surveyor of Stores, Naval Dockyard, Bombay should be the Inspecting Officer. Accordingly, the tender enquiry issued on 16th August 1969 by the DGS&D indi-

cated that the inspection would be carried out by the Surveyor of Stores. Strangely, the firm is stated to have tendered on the basis that the inspection would be by Inspector of General Stores. The Defence Secretary stated during evidence that the supplier "perhaps had his own reasons for choosing the Inspector of General Stores" and that "he perhaps expected a better deal"

- (iii) It is surprising that the vital discrepancy between the tender enquiry and the tender offer was not noticed by the DGS&D. In the Acceptance of Tender inspection by Inspector of General Stores was stipulated as indicated by the firm.
- (iv) It was only after the Naval Headquarters took up the matter on 28th May 1970 that the firm was approached for a change in the inspection authority and it did not agree.
- (v) It was decided on 23rd October, 1970, at a meeting held in the Directorate of Supplies and Disposals, attended also by the representative of the Naval Headquarters that in view of the attitude of the firm, the status quo should be maintained but the Surveyor of Stores should be associated with the Inspector while carrying out inspection. In the meantime, the first lot of logs meant for Cochin Depot, tendered by the firm were accepted by the Inspector. Surprisingly, neither the DGS&D nor the Naval Headquarters communicated the decision to the Inspector of

General Stores concerned. On the contrary the communication was sent to an Inspector unconnected with this purchase. The Committee could not get any explanation for this slip. The Defence Secretary stated: "Unfortunately, we have not been able to put our finger on the real trouble spot."

(vi) On receipt of the first consignment in January 1971, the Bombay Depot noticed that the Surveyor of Stores had not signed the inspection report and took up the matter with their headquarters. Before it was sorted out entire supplies were received at both the depots by June 1971. Significantly enough the Cochin Depot, which received the first consignment as early as July 1970, did not raise the matter although a copy of the letter of 12th August, 1969 of the Naval Headquarters regarding inspection of the logs had gone to them.

(vii) The Bombay Depot arranged for an inspection by the Surveyor of Stores on receipt of the first consignment and found that most of the logs had defects and the logs were rejected whereas Cochin Depot accepted the supplies

on the strength of the opinion of the professional authority on the pretext that the defects were within the tolerance limit allowed by the concerned Inspector of General Stores.

- (viii) During a joint inspection of the logs at the Bombay Depot in October-November, 1971, ordered by the Director of Inspection (General Stores) at the instance of the Naval Headquarters, which brought out serious defects, there was reportedly a difference of opinion between the Inspector of General Stores and the Surveyor of Naval Stores. The DGI organisation over-ruled the opinion of the Inspector of General Stores. A Board of enquiry which went into the matter subsequently, also held that the supply, by and large, did not conform to the specification and the Inspector was responsible.

- (ix) The defects noticed at Bombay Depot having been brought to the notice of the DGS&D, they reported the rejection of supplies in respect of that depot to the firm and asked for replacement. The firm did not accept the rejection and contended *inter alia* that logs supplied to both the Cochin and Bombay Depots were inspected and accepted, the source of supply was the same, inspection was carried out by the same officer and that the standard of acceptance was also the same.
-

The Committee learn that on receipt of certain information in 1972, the CBI made some enquiries but did not pursue further. However, after the Committee took evidence, the CBI has been asked to investigate the case. The Committee desire that the CBI should *inter alia* go into the above aspects of the case and that on the basis of the findings stringent action should be taken against all the delinquents to effectively deter malpractice in the vital Defence establishment. The Committee would await a report in this regard within three months. The Committee would also like to know the outcome of the arbitration proceedings initiated at the instance of the firm.

8.

1.77

Defence/Agriculture
Deptt. of Food

The Committee are surprised that 4.514 tones of what can only be regarded as ground coffee was purchased as soluble coffee at a cost of Rs. 1.54 lakhs through the Chief Director of Purchases, Ministry of Food and Agriculture to meet Defence requirements from a firm which had no capacity for the manufacture of soluble coffee. It should be noted that the price of soluble coffee was about four times the price of ground coffee. The following interesting points emerge out of the examination of the case by the Committee in so far as the conduct of the Purchasing Organisation is concerned:

- (i) The order for the supply was placed on the firm in July 1969 without verifying the capacity of the firm. It is strange that it was assumed that everyone who can pro-

duce ground coffee can also produce soluble coffee and the list of registered suppliers of ground coffee was approved for inviting tenders for the supply of soluble coffee also.

(ii) The Committee find that at present only three firms have established manufacture of soluble coffee in the country. They are unable to understand how this fact was not known to the Purchasing Organisation. The Organisation never consulted the Coffee Board or the Commerce Ministry in the matter. Moreover, it was not for the first time that the soluble coffee was being procured for the Defence Services in 1969. Purchases had been made since 1967 from established manufacturers. It was for the first time that an order was apparently wilfully placed in 1969 on a firm which had no capacity whatsoever for the manufacture of soluble coffee.

(iii) During the period 1967-69, ground coffee was purchased on orders placed on 7 occasions between February 1967 and November 1968 and all the orders were placed on this firm alone for a total quantity of 97.85 tonnes at the cost of Rs. 7.94 lakhs. Presumably, the purchase of ground coffee for Defence was stopped after November, 1968. Thereafter this order for the supply of soluble coffee was placed on the same firm in July 1969. Thus there seems to have been some exercises of favouritism corruption.

- (vi) The supplies received were initially rejected in the inspection conducted by Composite Food Laboratory of the Army Service Corps in September, 1969. The Appeal Board with which the Chief Director of Purchase and his officers were associated, held that the supplies conformed to the specification except that slight insoluble specks were noticed. Thereafter the consignment was accepted by the Chief Director, Purchase with a nominal price reduction of 2 per cent. It will be of interest to know the part played by the officers of the Purchasing Organisation in arriving at this decision of the Board.
- (v) Another order was placed on this firm for 45 tonnes of soluble coffee of the value of Rs. 1.53 lakhs subsequently and the supply did not materialise. The risk purchase order was also placed in November 1969 on the same firm presumably to oblige them and they again failed and finally local purchases had to be made at an extra cost of Rs. 0.45 lakh.
- (vi) In the meantime, the firm's factory was inspected by the Deputy Technical Adviser of the Ministry of Food on 16th September, 1969 which revealed that the firm had no equipment for the manufacture of soluble coffee. Instant coffee plant is capital intensive and complicated. All that

the firm had were (a) a roasting machine, (b) an automatic electrical balance, (c) an equipment for seaming the containers and (d) an equipment for gas packing. In spite of these findings, not only were the supplies against the first order accepted by the Chief Director, Purchase but also a risk purchase contract against the second order was placed on the same firm.

The Committee consider that a thorough probe into the deals with this firm is necessary since the facts set out above suggest clearly that corrupt practices were adopted. Exemplary action should be taken against the officials involved under advice to the Committee.

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1.78

Defence

The Committee have also found serious lapses on the part of the Defence authorities as indicated below:

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The supplies were despatched to 20 Supply Depots in October 1969 and the warranty period expired on 25th March 1970. As per standard practice after the despatch instructions are issued, a random selection is made by Army Headquarters of 20 per cent of the consignee depots who are asked to send control samples for test at the Army Headquarters Food Laboratory. Surprisingly, instructions to the 4 selected depots to send control samples in this case went only on 24th December, 1969. In the meanwhile, one of the remaining depots sent a sample on its own on 19th December, 1969. The analysis of this sample disclosed that the product was more like ground coffee in

appearance, solubility and preparation. Thereafter samples were called for from six more depots on 29th December, 1969 and they were received during January/February, 1970. These on analysis confirmed the earlier finding. All this was done perhaps to delay matters sufficiently and it was only in February, 1970, i.e., about a month before the expiry of the warranty period that orders were issued to freeze the unconsumed stocks with the depots and a claim for Rs. 0.70 lakh only representing the cost of 2.05 tonnes of coffee left unconsumed and other incidental expenses was preferred against the firm.

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The Committee cannot be deprecate such costly delays and expect that the officers concerned should be punished specially because the Jawans got a fraction of their entitlement for which the Government paid for.

-do-

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Another distressing lapse is that although the adverse report of the Deputy Technical Adviser on the capacity of the firm was sent to the QMG's Branch on 4th October 1969, no action was taken thereon. This is a very serious matter since it happened even in QMG's Branch and action should therefore be taken under advice to the Committee.

11. 1.80 Defence/Agriculture (Deptt. of Food) The Committee would like to know the arbitrator's award on the claim of Government against the firm in this case.
12. 1.81 -do- The Committee have been informed that the Appeal Board consists of Director of Supplies and Transport as the Chairman, the Inspector and an Army Medical Corps Officer as member. After examining this case the Committee have come to the conclusion that the functioning of the Appeal Board as it constituted at present is quite unsatisfactory and it needs to be reconstituted immediately. The Committee are of the view that the Purchasing Organisation should not be associated with the Board. Instead Government should consider the advisability of having on the Board a competent food technologist and associating a representative from the Commodity Board concerned wherever necessary. It should also be considered whether there is any particular advantage in procuring tinned food stuffs for Defence Services through the Ministry of Food and Agriculture.
13. 1.101 -do- This is yet another case where the purchases against the Defence requirements were thoroughly mismanaged. Two contracts were concluded by the Chief Director, Purchase in January and February, 1970 for supply of 15 tonnes and 30 tonnes of tinned meat by a firm at the price of Rs. 13,000 per tonne. Normally the requirement is that the animals should be slaughtered at the firm's premises and before and after slaughter inspection should be carried out by the Army Veterinary Officer. On the basis of two representations from two

firms, including the firm in question, the Chief Director, Purchase had suggested relaxation of this requirement. This particular firm had no facilities for slaughter of animals within their factory. The Army Headquarters readily agreed, as a temporary measure, to allow the slaughtering of animals in the Municipal Slaughter Houses inspected by Municipal veterinary authorities. It was during this period that the firm supplied the meat. The representative of the Ministry of Food admitted during evidence that it was not possible to ensure that the carcass which was taken away from the Municipal Slaughter House was the carcass cooked in the factory. The possibility of substituting a different and inferior meat by unscrupulous suppliers cannot therefore be ruled out. The Committee find that the supplies received in February and March, 1970 against the first contract were inspected by the Composite Food Laboratory and the entire consignment was accepted in April 1970. However, the supply tendered against the second contract in May/June, 1970 was found by the Laboratory to be unacceptable. The main reasons for the rejection were that the stocks were not free from excessive body fat and fascia, that they had objectionable flavour|smell and that one can on incubation indicated evidence of microbial growth. Thereafter on analysis of samples of the supplies against the first contract it was found that those stocks were also similarly affected and unfit for human consumption. Action was taken only in November, 1970 to stop further issues to troops. By then over 9.4 tonnes of this sub-

standard and unhygienic meat had already been consumed and claims amounting to Rs. 0.76 lakh only could be preferred against the contractor. In view of this the Committee regard it as extremely unwise, if at all it had been done in good faith, to have placed orders on this firm without verifying the capacity properly and to have relaxed the requirement of the Army in regard to inspection especially when the firm had not made any supply of meat earlier. What is more, the risk purchase order for the failure of the firm against the second contract was also placed on the same firm and it again failed partly. The Committee stress that appropriate action should be taken in the matter, *inter alia*, for laying down suitable guidelines for risk purchase in order to ensure timely supplies.

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1.102

Defence

The Committee have not got any satisfactory explanation why the Composite Food Laboratory did not notice the defects in the supplies received against the first contract. They, however, learn that no observations were made with regard to body fat or fascia by the Laboratory in this case. Further, although the Depot which received the bulk of the supplies received the post-copy of the telegram dated 22nd August, 1970 to 'freeze issues', strangely enough the Depot did not take any action till November, 1970 for reasons known to them. Such delays in stopping issue of substandard material for consumption could seriously endanger the health of troops. The Committee require that responsibility should be fixed for these lapses and action taken reported to them.

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1.103

Defence/Agriculture
(Deptt. of Food)

The Committee understand that an arbitrator has been appointed to go into the claims of the Government as per the Delhi High Court order and that on legal advice an appeal against the decision of the High Court has been filed on 8-10-1973 before the Division Bench. The Committee would like to know the outcome. They would also like to know the action taken in regard to recovery of the additional expenditure incurred by Government in the repurchase on the failure of the firm against risk purchase order placed on them.

1.113

Defence

Strengthening of an airfield for operation of certain types of transport and fighter aircraft was taken up through a contractor at a cost of Rs. 27.67 lakhs in October 1965 and the work was completed in April, 1968. Although certain 'minor' defects were pointed out by the Garrison Engineer, he certified that the work had been completed satisfactorily and the completion certificate was issued. Within a month thereafter a Board of Air Force Officers pointed out certain defects such as depression at several places, lots of cracks etc. and the defects excepting the cracks were rectified by the contractor. In the meantime, it came to light on tests conducted by the Central Road Research Institute that there were significant deviations from specifications. The Engineer-in-Chief informed the Committee that there were also some deficiencies in the specifications which partly accounted for the defects. The Defence Secretary felt that there was deficient supervision. The Committee deprecate these serious lapses.

in a strategic area and stress that responsibility should be fixed for appropriate action under intimation to them.

17 1.114 -do-

The Committee note that the contractor had not agreed to the recovery of Rs. 72,658 for the variation from specifications and that the matter is being adjudicated by arbitrator. The Committee would like to be informed of the outcome of the arbitration proceedings.

18 1.132 -do-

The Committee deeply regret to note that extension work on an advance landing ground completed at a cost of about Rs. 21 lakhs in November 1968 proved to be infructuous. The runway was extended from 1000 yards to 1400 yards. A Board of Officers which assessed the work in February 1969, noticed defects like unevenness of surface of the runways, taxi track etc. and depressions. By April 1971, a part of the landing ground, we were told, had been washed away due to rains with the result that only 900 yards were available for aircraft operations. The Committee have been informed that the remaining strip could be utilised only for operation of aircraft with limited load by very experienced pilots. A Technical Board constituted to investigate the quality of the work done and the reasons for rapid deterioration in the landing ground had found inadequacies in preliminary investigation and in design of pavement, lack of technical knowledge at the execution stage, use of poor quality of construction materials, poor construction of fills, insufficient/poor drainage etc. The Committee require that Government should investigate the matter in the light of the observations of the Technical Board and fix responsibility for remissness on the

provision of storage, technical and administrative accommodation for only one unit was sanctioned in August, 1967 and another project for domestic accommodation of all the three units at a cost of Rs. 71.09 lakhs was sanctioned in October, 1967. While the project for domestic accommodation was completed in May, 1971 and the service personnel of the units were shifted to the new site, the construction of project for provision of storage, technical and administrative accommodation was suspended in March, 1969 as the question of sitting the technical and administrative accommodation for all the units was under review. This review was completed and modifications to administrative approval was given in November, 1971. The expenditure sanction was accorded only in January, 1972. The work commenced in June, 1972 and it was again suspended in August, 1973 due to financial stringency. In the meantime, expenditure is being incurred on payment of Rs. 12.77 lakhs per annum as rent for the hired land on which the units continue to be located besides expenditure of Rs. 13,000 per month from July, 1971 on transport of officers till recently. The Committee are not satisfied with the explanation for the lack of synchronisation of the construction of domestic accommodation and the technical and administrative buildings. This should be possible to a far greater extent than is suggested by the Ministry's spokesman. Between 1967 and 1969, what extra-ordinary development took place which made it imperative to suspend action on portions of the project on which work had not commence? And then it was over two and half years later, six months after the domestic accommodation had been completely constructed, the

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approval was given to necessary modifications in the scheme. All this could have been avoided, if it were well intentioned and had those taking the decision to suspend action had satisfied themselves before taking the decision that the modifications necessary were of such vital significance that they would outweigh the financial loss involved in suspension.

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1.156

Defence

Admittedly the present procedures are not satisfactory. The Committee desire that the Study Group appointed by the Ministry to suggest improvement in the procedures should speedily complete their study and that steps should be taken to cut out avoidable delays in future. In the meantime, the Committee trust that the remaining work will be completed expeditiously.

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