

**GOVERNMENT OF INDIA  
SPACE  
LOK SABHA**

UNSTARRED QUESTION NO:2225  
ANSWERED ON:09.03.2011  
UNDUE BENEFIT TO PRIVATE SECTOR  
Sharma Shri Jagdish;Vardhan Shri Harsh

**Will the Minister of SPACE be pleased to state:**

- (a) whether there have been any instances of giving undue favour to private commercial establishment through single and proprietary tender in the last few years;
- (b) if so, the details thereof;
- (c) whether such irregularities had been brought to light in the Comptroller and Auditor General (CAG)'s audit report of 2008;
- (d) if so, the reaction of the Government thereto;
- (e) whether there was a mention about the shortcomings in the official procurement procedure by the Government in the said audit report; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRIES OF PARLIAMENTARY AFFAIRS, PERSONNEL, PUBLIC GRIEVANCES & PENSIONS  
AND IN PRIME MINISTER'S OFFICE (SHRI V. NARAYANASAMY):

(a) & (b) No, Sir. The Department has not given any undue favour to any private commercial establishment through single and proprietary tender. Space systems require components with high reliability, radiation hardening and proven heritage. Hence the Department has procured such specialized components, materials, sub-systems etc. like high reliable Crystal Oscillators, space qualified DC-DC converters, Application Specific Integrated Circuits, Space Grade Relays, etc., required for building satellites and launch vehicles on single tender/proprietary basis, following Purchase Procedure of the Department.

(c) & (d) Yes, Sir. C&AG has made certain observations on Irregularities in procurement actions. The C&AG have stated that certain post tender negotiations were irregular and not in conformity with CVC guidelines and GFRs. The Department has taken appropriate steps in the matter by issuing instructions to all concerned on November 28, 2008.

(e) & (f) Yes, Sir. Short coming relating to absence of time frame for various stages of procurement, lack of competitiveness in the tendering process, delay in inspection of materials, lack of monitoring of Bank Guarantees, non-revision of DOS Purchase Procedure have been pointed out by C&AG in their Audit Report. Accordingly, the Department has revised its Purchase Procedure w.e.f. 1.4.2009.