

**HUNDRED AND THIRTY-NINTH
REPORT
PUBLIC ACCOUNTS COMMITTEE
(1982-83)**

(SEVENTH LOK SABHA)

**PROCUREMENT AND UTILISATION OF
10-TON CHASSIS AND VEHICLES
BUILT THEREON**

MINISTRY OF DEFENCE



सत्यमेव जयते

has
30/4

Presented in Lok Sabha on 22.11.1983

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**LOK SABHA SECRETARIAT
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CORRIGENDA TO 139TH REPORT OF THE PUBLIC
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Minutes of sittings of the Committee held on :

20-12-1982

31-3-1983

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(1982-83)

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3. Shri K. K. Sharma—*Senior Financial Committee Officer.*

(iii)

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee do present on their behalf this Hundred and Thirty-Ninth Report on paragraph 6 of the Report of Comptroller and Auditor General of India for the year 1980-81, Union Government (Defence Services) on Procurement and Utilisation of 10-ton chassis and vehicles built thereon relating to the Ministry of Defence.

2. The Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (Defence Services) was laid on the Table of the House on 5 April, 1982.

3. In the light of facts placed before them and the evidence tendered, the Committee have come to the conclusion that the decision to go in for large scale acquisition of 10-tonne vehicles despite adverse reports from the field as to their utility in an operational environment, was totally ill-conceived. As a result 310-ten tonne vehicles procured at a cost of Rs. 700 lakhs have become surplus to requirements and are being used for purposes other than for which they were procured just to utilise them somehow. It is regrettable that such carelessness should be shown in planning the replacement of equipment for Defence Forces when Parliament is quite generous in granting funds for Defence expenditure. The Committee expect that proper lessons would be drawn from this experience at the Ministerial level so that the nation's precious resources are not frittered away on such schemes in the guise of meeting urgent/operational requirements of the armed forces.

4. The Committee (1982-83) examined paragraph 6 at their sitting held on 20 December, 1982. The Committee considered and finalised the Report at their sitting held on 31 March, 1983. Minutes of the sitting form Part II* of the Report.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

6. The Committee would like to express their thanks to the

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Officers of the Ministries of Defence for the cooperation extended by them in giving information to the Committee.

7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Officers of the Comptroller and Auditor General of India.

NEW DELHI;

April 6, 1983.

Chaitra 16, 1905(S)

SATISH AGARWAL

Chairman

Public Accounts Committee

REPORT

PROCUREMENT AND UTILISATION OF 10-TON CHASSIS AND VEHICLES BUILT THEREON

Audit Paragraph

1.1 Vehicles (10-ton 6×4) were intended for use in the Army mainly for the following roles:

General Services (GS) role in the transport companies of the Army Service Corps (ASC); and tractor role towing of 20-ton trailers.

1.2 A test-check in audit of the procurement and utilisation of 10-ton chassis and vehicles built on these chassis for GS and tractor towing roles disclosed the following:

(A) GS role

1.3 In October 1968, the Ministry of Defence sanctioned the raising of two 10-ton Transport Companies of ASC. In the provision reviews carried out by the Director of Ordnance Services (DOS) at the Army Headquarters (HQ) during 1969 and 1970, 680 numbers (taking into account 330 numbers for 2 new transport companies) of 10-ton vehicles were found deficient for GS role. To meet this deficiency, 3 indents were placed by the DOS on the Director General, Supplies and Disposals (DGSD) in May 1969 (230 chassis), April 1970 (150 chassis) and May 1970 (300 chassis).

The DGSD concluded two contracts with firm 'A' located at station 'Q' for supply of 680 numbers of 10-ton chassis manufactured indigenously at a total cost of Rs. 11.26 crores; the first contract was concluded for 230 chassis (cost : Rs. 3.19 crores) in January, 1970 (and modified in May 1970) and the second for 450 chassis (cost: Rs. 8.07 crores as revised) in July 1971. While 230 chassis against the first contract were supplied by firm 'A' by August 1972, the supply of 450 chassis against the second contract was completed in February 1975 after 3 extensions to the scheduled delivery period were granted. All the 680 chassis were delivered to a Central Vehicle Depot (CVD) located at station 'X' (nearest to the location of firm 'A').

1.4 Soon after placing indents on the DGSD for procurement of 680 chassis, the DOS had also placed (June 1969, May 1970 and June 1970) 3 indents for fabrication and mounting of cabs and bodies

over the chassis (for 230, 150 and 300 numbers respectively). These indents were covered by the Department of Defence Supplies (DDS) by placing supply orders as under:—

When placed	Firm on which placed	Number of chassis to be fabricated	Rate per unit Rs.
August 1971	'B' of New Delhi	300	9,530
October 1971	'C' of Bombay	250	8,195
February 1975	'D' of Jullundur	127	10,250

The remaining 3 chassis were issued (June-July 1973) to Electrical and Mechanical Engineering (EME) units (2 chassis) and an ordnance factory (1 chassis) for development and training purposes.

1.5 Firms 'B' and 'C' completed fabrication of cabs and bodies on 300 and 250 chassis (contracted quantities) by November 1975 and July 1977 after 6 and 4 extensions to the scheduled completion period were granted to them respectively. Firm 'D' which was awarded (February 1975) the fabrication work of 127 chassis on the basis of a limited tender enquiry was to commence body building work within 45 days after approval of the prototype. One chassis was issued to firm 'D' for this purpose in June 1975 after obtaining indemnity bond and insurance cover. The prototype submitted by the firm in August 1975 was approved by the Director General of Inspection in October, 1975. Thereafter, 30 chassis were issued (January 1976) to firm 'D' from the CVD at station 'Y' (to which station 427 chassis had been earlier moved) for fabrication work (at the rate of 15 bodies per month). As firm 'D' failed to deliver even a single built vehicle despite extensions of time (the last extension up to July 1976 was granted in May 1976), the supply order was cancelled (January 1977) at its risk and cost and it was asked to return all the 31 chassis (including the one issued for prototype). It was noticed in audit that no security deposit was made by firm 'D'.

1.6 A Board of Officers held (August-September 1977) for the purpose of assessing the condition and collecting the chassis from firm 'D' found that :

- the firm had fabricated bodies on only 9 chassis (including the prototype) but those had certain deficiencies;
- floor and certain other components only had been fabricated on another chassis; and
- no fabrication work had been done on the remaining 21 chassis.

Twenty-one chassis, on which no work had been done by firm 'D', were taken over by the Board of Officers in September 1977. In order to enable firm 'D' to complete work on the remaining 10 partly built chassis, the supply order was partially reinstated (September 1977). The firm, however, failed to complete even the reinstated order.

1.7 Another Board of Officers, concerned to take over 10 partly built chassis from firm 'D', reported (October 1979) that all these chassis were lying in the open with a large number of fitment items missing. As the whereabouts of the owner and/or the partners of the firm were not known, the Board could not take over these chassis. Yet another Board of Officers, detailed in February 1980, took possession of these chassis with the help of civil police and municipal authorities. The cost of damages/deficiencies in these chassis was assessed (June 1980) at Rs. 0.48 lakh by the workshop attached to the CVD at station 'Y'. It had not been possible for the Ministry to recover the amount from the firm so far (November 1981).

1.8 In the meantime, due to non-availability of adequate number of 10-ton built vehicles, the units requiring 10-ton vehicles had to be issued 3-ton vehicles. Consequently, the raising of one of the two 10-ton transport companies of ASC, sanctioned in October 1968, was cancelled by the Ministry of Defence January 1976. The review carried out in October 1976, however, revealed a surplus of 183 vehicles of 10-ton (built vehicles : 66 and chassis : 117).

1.9 While examining a proposal of the General Staff Branch for utilisation of the surplus 10-ton vehicles for GS role in transport platoons of the ASC and in Ordnance units in place of 3-ton vehicles which these units had been using, the Quarter Master General (QMG) and the Deputy DOS did not recommend (May and June 1977) the induction of 10-ton vehicles for GS role in place of 3-ton vehicles. The QMG stated (May 1977) that there was very limited use for 10-ton vehicles in an operational environment and suggested that the existing fleet of 10-ton vehicles should be gradually replaced by 3-ton 4x4 vehicles. The Deputy DOS stated (June 1977) that lorries 10-tonne could not be usefully employed in ordnance installations because transportation of such heavy loads was not a normal feature in the depots and that for day-to-day depot functioning, lorries 3-tonne had been found to be most suitable. Accordingly, he said, he had no requirement of lorries 10-tonne.

1.10 With a view to utilising the 183 vehicles (built vehicles: 66 and chassis : 117) rendered surplus (cost : Rs. 3.45 crores), a proposal for reorganisation of 3 existing 3-ton independent transport platoons (Civilian GT) into 10-ton platoons having been agreed to by an Army Command, was mooted (April 1978) by the GS Branch

and the same was sanctioned by the Ministry of Defence in May 1978. The total requirement of these (reorganised) platoons was worked out at 113 numbers of 10-ton vehicles, against which the DOS proposed (June 1978) to issue to them 66 built vehicles held as surplus and 44 vehicles out of 117 surplus chassis, after getting cabs and bodies fabricated thereon. In October 1978, the Ministry of Finance (Defence) approved the fabrication of cabs and bodies on 44 chassis by the EME at a total cost of Rs. 8.14 lakhs. At the request of the DOS, HQ Technical Group EME nominated (November 1978) an Army Base Workshop located at station 'ZZ' to do the job as two other Army Base Workshops (one located at station 'Y' where the CVD was holding the surplus chassis and the other at station 'YY') either did not have the requisite equipment and machinery or were fully booked up to 1980 to fabricate cabs and bodies on chassis of another make. All the 44 chassis were stock-moved (December 1978) from the CVD at station 'Y' to the CVD at station 'X' involving an expenditure of Rs. 1.92 lakhs on freight. 44 chassis were issued during January 1979—January 1980 to the Workshop at station 'ZZ', which commenced work in April 1980 and completed fabrication of 25 chassis till the end of March 1981.

1.11 With a view to utilising the remaining 73 chassis, it was decided (July 1979) to issue 18 chassis to Ordnance units for GS role, after fabrication of cabs and bodies thereon at an estimated cost of Rs. 18,500 per vehicle. The authorisation of 18 lorries 10-ton to 11 ordnance vehicle depots, by a corresponding reduction of 36 lorries 3-ton was sanctioned by the Ministry of Defence in December 1979. The "authorisation" of 18 vehicles was raised (January 1980) to 23 by including a reserve of 25 per cent. These 23 chassis were moved (July 1980) from the OVD at station 'Y' to the CVD at station 'X' (transportation cost: Rs. 0.60 lakh) for feeding the Army Base Workshop at station 'ZZ' nominated to undertake the job. Out of these 23 chassis, 22 were sent to the Workshop in March and July 1981. As regards the remaining 50 surplus chassis (held with the CVD at station 'Y'), the Ministry of Defence stated (November 1981) that a proposal had been initiated for utilising 48 chassis for fabrication of 10 kilolitre petrol tankers.

1.12 The Ministry of Defence stated (November 1981) that ; because of failure of body-building firm 'D', chassis could not be built according to schedule ;

reduction in the requirements due to cancellation of raising of one transport company (10-ton) contributed to delay in utilisation of chassis; and

against the total commitment of 67 chassis, 51 had been fabricated by the Workshop at station 'ZZ' till September 1981 and were under release to the units.

1.13 Thus, an expenditure of Rs. 2.27 crores on 117 chassis (50 lying with the CVD at station 'Y', 51 built by Workshop at station 'ZZ' up to September 1981 and awaiting release to units and the remaining 16 awaiting body-building) procured in 1974-75 remained unproductive for over 5 years.

(B) Tractor role

1.14 Vehicles (10-ton 6×4) were introduced in the Army for tractor role (towing of trailers) after the same were tried out successfully in plains in 1971. A provision review as on 1st October, 1971 carried out by the DOS in respect of 10-ton vehicles for tractor role revealed a deficiency of 462 vehicles, against which the DOS placed (July 1972) an indent on the DGSD for procurement of 400 numbers of 10-ton chassis from firm 'A'. According to the indent, the chassis were required during 1973-74 and 1974-75 at the rate of 200 numbers per year and were to conform to a particular specification. The estimated price (per unit) of chassis, as indicated in the indent on the basis of last procurement rate, was Rs. 1.44 lakhs.

The indent could not, however, be processed by the DGSD mainly because the Army HQ could not finalise the specifications for 1-1½ years (July 1972 to January 1974) because of the difficulties faced by the Director of Inspection (Vehicles) in finalising the drawings for winches, tow hooks, power steering and tyre sizes. Another indent for procurement of 62 chassis (10-ton) was placed (January 1975) by the DOS on the DGSD.

1.15 In a meeting (March 1975) attended by the Engineers, the DOS decided to procure :

200 chassis as per the existing specification *i.e.* without power steering, within a year of the conclusion of contract ; and

262 chassis to be procured later as per the revised specification (to be finalised after extensive technical trials).

It was also decided (April 1975) that body-building on 200 and 262 chassis would be entrusted to trade and the Army Base Workshop at station 'ZZ' respectively.

1.16 In July 1975, the DGSD concluded a contract with firm 'A' for the supply of 200 chassis with the existing specification at the rate of Rs. 2.45 lakhs per chassis, later revised (June 1977) to Rs. 2.45 lakhs (for 102 chassis) and Rs. 2.79 lakhs (for 98 chassis) per chassis. The chassis (200 numbers) were delivered by firm 'A' to the CVD at station 'X' during September 1975—February 1977. Under the same contract, one more chassis was procured for the Director General Ordnance Factories.

1.17 In December 1975, the DOS placed supply orders on firm 'E' and a public sector undertaking for fabrication of bodies on 100 chassis each at Rs. 17,770 and Rs. 18,500 per chassis respectively. Firm 'E' and the undertaking were to commence delivery of built vehicles at the rate of 10 and 15 numbers per month respectively within 4 weeks after approval of prototype. While the undertaking completed supply of 100 vehicles in May 1977, firm 'E' was able to complete only 15 out of 30 chassis fed to it within the extended date of delivery (November 1977). At the request of firm 'E' for off-loading the remaining work to some other firms, the supply order was short-closed (January 1978) at 15 numbers. However, as firm 'E' had done certain amount of fabrication work on the remaining 15 chassis, a separate supply order was placed (September 1978) on it for those 15 chassis at Rs. 16,500 per unit and the work was completed by 9th February 1979. For the balance 70 chassis a supply order was placed (May 1978) by the DOS on firm 'F' at Rs. 16,500 per unit. Supplies were completed by firm 'F' in April 1980. Out of 200 built vehicles, release orders were issued for 182 numbers against which 171 were released to various units during July 1977—July 1981.

1.18 In the meantime, in a meeting held (July 1977) in the GS Branch, the Engineers expressed their reservations about the suitability of 10-ton vehicles for tractor role with particular reference to desert and riverine/canal based operations. It was accordingly decided in this meeting that the Research and Development Establishment (Vehicles) should undertake a project to introduce certain modifications in the (built) vehicles to enhance their performance and that the deficiency of 262 chassis should be left uncovered till a more suitable vehicle was developed. Thereafter, firm 'A' incorporated certain improvements (like power steering, single rear wheel, etc.) in the chassis. As a result of review carried out on 1st October 1977 (which revealed surplus of 71 vehicles) and after taking into account 71 vehicles of another make already issued to units, the DOS requested (March 1978) the DGSD to procure only 110 (out of the balance requirement of 262 held in abeyance) chassis with revised specification. As the price quoted by firm 'A', viz. Rs. 3.83 lakhs per chassis (as against Rs. 2.45 lakhs/Rs. 2.79 lakhs for earlier supply of 200 chassis) was considerably higher, concurrence of the Ministry of Finance (Defence) was sought (30th December 1978). While the matter was under consideration, firm 'A' increased the price to Rs. 4.46 lakhs per chassis with effect from 1st April 1979. Since the increased price demanded by firm 'A' was considered (July 1979) by the DOS to be 'abnormal', opinion of the Engineer-in-Chief was sought, who observed (19th July 1979) that the vehicle was not suitable for the role due to its poor cross-country performance in the desert and riverine/canal based terrain and should not be used in this role. However, 127 (out of 171) vehicles were released issued to the Engineer units for maximum possible use as they had already been procured.

1.19 The requirement for balance quantity (262) of chassis was, thereupon, cancelled in August 1979. However, in view of the decision already taken in April 1975 to entrust 262 chassis for construction of bodies to the Army Base Workshop at station 'ZZ', stores valuing Rs. 5.78 lakhs had been procured by it. Consequent on the above cancellation, the stores became surplus and instructions were issued (January 1980) for back-loading these stores to the depots concerned.

1.20 The Ministry of Defence stated (November 1981) that :

the vehicles were procured for a specific role as tractor towing in plains after successful completion of trials and being a specialist vehicle, its alternative utilisation in GS role would not be cost-effective ; and

the actual position regarding utilisation of items out of stores (value : Rs. 5.78 lakhs) procured against the commitment of construction of bodies on 262 chassis by the Army Base Workshop at station 'ZZ' and rendered surplus due to subsequent cancellation of the commitment was being ascertained.

1.21 *Summing up.*—The following are the main points that emerge :

(A) *GS role*

Fabrication of cabs and bodies on 127 chassis was entrusted (February 1975) by the DOS to firm 'D' which could not deliver even a single built vehicle despite extension in the scheduled delivery period (July 1976).

Although supply order on firm 'D' was cancelled (January 1977) at its risk and cost, 10 chassis (partly built) held by the firm were found (October 1979) to be lying in the open with a large number of fitment items missing ; the damages/deficiencies to these chassis, on being taken over were assessed (June 1980) at Rs. 0.48 lakh.

Due mainly to cancellation (January 1976) of the sanction for raising one 10-ton transport company as a result of non-availability of adequate number of built vehicles 66 built vehicles and 117 chassis became surplus to requirements (total cost : Rs. 3.45 crores) ; out of these, 66 were issued to reorganised 10-ton platoons.

An expenditure of Rs. 2.72 crores on 117 chassis (50 lying with CVD at station 'Y', 51 built by the Workshop at station 'ZZ' and awaiting release, and 16 awaiting body-building) procured in 1974-75 remained unproductive for over 5 years.

67 chassis were back-loaded to the CVD at station 'Y', involving freight charges of Rs. 2.52 lakhs, for fabrication by an Army Base Workshop at station 'ZZ'; out of these chassis the Workshop had fabricated bodies on 51 chassis up to September 1981.

(B) Tractor role

Due to delay of 1½ years in finalising the specifications of chassis, 200 chassis with existing specifications were procured at the rate of Rs. 2.45 lakhs (for 102 chassis) and Rs. 2.79 lakhs (for 98 chassis) per chassis against the rate of Rs. 1.44 lakhs prevailing at the time of placing the indent in July 1972.

Despite the reservations of the Engineers that the vehicles with existing specifications were not suitable for tractor role due to their poor cross-country performance in the desert and riverine/canal based terrain and their suggestion that these vehicles should be utilised elsewhere due to their not meeting the operational requirements, various Engineer units were saddled with 127 (out of 171) such built vehicles (cost : Rs. 3.55 crores).

Stores valued at Rs. 5.78 lakhs procured for fabrication of 262 chassis (with revised specifications) by the Army Base Workshop at station 'ZZ' became surplus due to subsequent cancellation of the order.

[Paragraph 6 of the Report of the Comptroller and Auditor General of India for the year 1980-81, Union Government (Defence Services)].

General Services Role

1.22 The Committee desired to know the background in which the necessity for raising of two 10-tonne transport companies of the Armed Services Corps had arisen and specific role assigned to these two transport companies. The Ministry of Defence stated in a note as follows :—

"In 1964 the requirement of transport for the Army was as follows :—

(a) Total requirement	361 × 3 tonne platoons
(b) Sanction accorded for	275 × 3 tonne platoons
(c) Balance was made up—	
(i) 8 × 10 tonne platoons	24 × 3 tonne platoons
(ii) Petrol tankers	11 × 3 tonne platoons
(iii) Civil agencies	41 × 3 tonne platoons
	351 × 3 tonne platoons

The requirement in 1968 rose to 381×3 tonne platoons. Thus the total shortfall then came to 30×3 tonne platoons or 10×10 tonne platoons to meet the normal logistic commitments. It was then agreed to raise 10 tonne platoons. Accordingly the Ministry of Defence on 5 October, 1968 accorded sanction for raising of two transport companies ASC 10 tonne.

These two transport companies were required to meet the transport commitments in Punjab and Jammu. Further, they were to relieve proportionate number of 3 tonne transport companies for employment in forward areas.

1.23 Explaining the background in which the proposal for raising the 10 tonne Transport Companies was mooted, the Defence Secretary stated in evidence before the Committee:

“In the late sixties a need was felt of a stronger tractor, a strong prime mover for performing a tractor's role because they wanted this to be able to carry a lot of their hard-ware, particularly in the forward areas whether in the plains or in the hilly areas, and they wanted a heavy vehicle which can act as a prime mover. There were two roles as I said—one was for general service. Three-tonners can carry goods upto 3 tonnes. It would be of advantage if we can act as a prime mover. There were two roles as I said—one was for general service. Three-tonners can carry goods upto 3 tonnes. It would be of advantage if we can have one vehicle capable of carrying larger quantity of goods. The second role envisaged for a 10 tonner was the role of a tractor, where it would be able to tow heavier guns, heavier equipment, in these difficult areas. This was the background which motivated the army to suggest to the government that there should be induction of a 10-tonne vehicle.”

1.24 The Committee desired to know the area whose requirements were to be met by these companies. In reply, the representative of Army Headquarters stated :—

“This proposal was mooted by the Army Headquarters for two purposes. There were for too many lighter vehicles in the forward areas, which were targets to the enemy. Therefore, it was decided to reduce the number of vehicles in the forward areas by bigger vehicles, having a carrying capacity of more tonnes, particularly in Punjab and J&K.”

1.25 The Defence Secretary further confirmed during evidence that the aforesaid proposal was mooted by the Army Headquarters during 1964 and the decision to induct the higher tonnage vehicle was taken in 1968 so that we could have a larger tonnage movement capacity.

1.26 The Deputy Director of the Equipment Directorate elaborated the position as follows :—

“As has already been pointed out, it was during the sixties that it was discovered that we have a very old World War II vintage fleet, which was not serving our purpose. So, a GSQR was floated in 1968 for the development of a suitable vehicle for operation in plains and deserts for carrying out tasks which were envisaged for this vehicle. That was the background, the basis on which the Leylands produced a vehicle known as Hippos 6|4. This vehicle was then tried out. The trials were carried out in 1971 in CME, which is the Mecca of trial and evaluation of such equipment, and it was found that this vehicle was suitable for plains. However, in the trials carried out in the deserts it was found that this vehicle was unsuitable for the deserts. Thereafter, a view was taken and vehicle procured.”

1.27 Clarifying the position about the trials, the witness stated :—

“There are two types of vehicles. One is the GS role vehicle, which normally plies on easier routes. The other is for tractor towing role, for operational purposes, for operating in the deserts. The trial that I have mentioned about is for the tractor towing role.

Sir, for the GSRs no trials actually were conducted because there were no requirements.”

1.28 Asked as to why the augmentation of three tonners was not favoured, the witness stated :—

“A heavier vehicle provides a higher load carrying capacity and hence it is economical in the long run. Also, if for the same tonnage you substitute three-tonne vehicles, then you have probably three vehicles. There is also a saving of manpower.”

1.29 The Committee enquired as to when the raising of these two transport companies, sanctioned in October, 1968 was to be completed. The Ministry of Defence stated :—

“The raising of these two transport companies was to be completed as follows :—

(a) First company during 1968-69.

(b) Second company during 1969-70.

However the raising of the first transport company got delayed and it was to be finally raised by November, 1971. Later, it was realised that 10 tonne vehicles, though suitable for lines of communication duties, did not have the requisite cross country mobility to operate in forward areas during operations. Consequently, Govt. of India, Ministry of Defence on 29 January, 1976 amended the raising order from two to one transport company."

1.30 The Committee desired to be furnished information on the following points :—

- (i) Was the efficacy of replacement of 3 ton transport companies with 10-ton transport companies examined in consultation with the expert agencies ? If so, the names of these agencies, their advice and action taken thereon.
- (ii) Why was a thorough study about the operation of 10-ton vehicles in the forward areas not made before according the initial sanction for two transport companies ? Has responsibility for this lapse since been fixed ?
- (iii) When and how was it realised that 10-tonne vehicles did not have the requisite cross country mobility to operate in forward areas during operations ?

The Ministry of Defence replied as follows :—

"In a policy recommendation regarding corps and army transport in August 1967, it had been recommended by the AHQ/OMG's Branch to the Ministry of Defence that in the Punjab and J&K States, where National Highways (Class 70) connect the maintenance areas of a number of formations, the employment of 10-ton platoons in a higher proportion would be economical and feasible.

Based on an examination carried out at Army HQrs. in 1968, a deficiency of 30×3 ton platoons was revealed. Against this deficiency, the raising of 10 platoons of 10-ton vehicles had been proposed.

The AHQ had informed on 7 August 1968 that 200×100 ton HIPPO vehicles would be available within six months of the date of order. The AHO had also informed the Ministry on 8 August 1968 that it would not be possible to raise 24 platoons of 3 ton lorries because, apart from other factors, it would involve a large increase in manpower commitment (578 all ranks in the case of 8×10 platoons versus 1734 all ranks in the case of 3 ton platoons). Due to reasons of economy of manpower, cost effectiveness and

because of assured availability of 200×10 ton vehicles within a short time frame of six months, the AHQ had recommended to the Ministry the raising of 8×10 ton platoons in order to make up the deficiency of 24×3 ton platoons”.

1.31 The Ministry of Defence have further stated :—

“The 10 ton vehicles were not introduced for use in forward areas but were approved for employment as ‘third line transport’ only in Punjab and J&K over metalled roads. They were not approved for cross-country employment.

As regards cross-country mobility of the 10-ton vehicles, it was brought out in the Trial Report in 1967, that these vehicles lacked such capability. It was because of this that this vehicle was specifically recommended for use on metalled roads only in the role of ‘third line transport’ (which means employment generally for load carrying purposes upto the maintenance areas as opposed to employment in the role of ‘second line’ or ‘first line’ transport in the forward areas.)

The decision to introduce 10 ton vehicles for third line duties in Punjab and J&K appears to have been taken after proper user trials and due consideration of the Trial Report. The fixing of responsibility for any lapse, therefore, does not arise.”

Procurement of Vehicles and fabrication and mounting of cabs and bodies thereon

1.32 It is seen from the Audit Paragraph that the DGSD concluded two contracts with firm ‘A’ located at station ‘Q’ for supply of 680 numbers of 10-ton chassis manufactured indigenously at a total cost of Rs. 11.26 crores; the first contract was concluded for 230 chassis (cost : Rs. 3.19 crores) in January 1970 (and modified in May 1970) and the second for 450 chassis (cost : Rs. 8.07 crores) as revised in July 1971. While 230 chassis against the first contract were supplied by firm ‘A’ by August 1972, the supply of 450 chassis against the second contract was completed in February 1975 after 3 extensions to the scheduled delivery period were granted. All the 680 chassis were delivered to a Central Vehicles Depot (CVD) located at station ‘X’ (nearest to the location of firm ‘A’).

1.33 The Committee desired to know the position about the receipt of chassis. The representative of the Army Headquarters stated :—

“For quantity 150 an indent was placed in April 1970. And the third indent was for quantity 300 vehicles. These were also received. The supply in respect of quantity 450 was completed by February 1975.”

1.34 The Committee enquired as to whether 10-ton chassis were procured from firm 'A' for the first time for building vehicles thereon for use in transport companies of ASC. The Ministry of Defence stated :—

"No. 90 Nos. of 10-ton Leyland Hippo chassis were procured against the liability of 2 ASC companies from firm 'A' for G. S. role vide AT No. SV-3|101|73|1093|III|1260 dated 11-10-1965."

1.35 The Committee desired to know the reasons for granting 3 extensions to the scheduled delivery period for 450 chassis against the second contract of July 1971 and also whether any liquidated damages were levied on firm 'A' for delay in supply of chassis. The Ministry of Defence stated :—

"The extensions to the firm were granted due to the following reasons :—

First extension upto 7-7-1974 was granted to the firm on account of lockout in the firm.

Second extension was granted to the firm upto 31-12-1974 due to power-cut and non-availability of some components.

Third extension was granted to the firm on the grounds of labour dispute, powercut and approval of pilot sample. Ministry of Law was consulted before granting the extension. It was decided to refix delivery period upto 28-2-75 subject to no price increase after 7-7-1974 and no liquidated damages.

No liquidated damages were levied."

1.36 The Committee enquired as to why the orders for the fabrication of cabs and bodies on 127 chassis were not placed simultaneously with the other two orders placed in firms 'B' and 'C' i.e. in 1971 itself. The Ministry of Defence stated :—

"The following Committee enquired as to why the orders for the construction of cabs and bodies on chassis 10-ton, 680 nos :—

S. No.	Indent No. and date	Qty.
1.	83457/PC3/17/B/69/OS4A datdd 13-6-69	230 nos.
2.	83457/PC3/19/70/MG/OS4A dated* 29-5-70	150 nos.
3.	83457/PC3/5/B/79/MG/OS4A dated 17-6-70	300 nos.

*20-5-70

To cover the above indents, the following contracts were concluded by the Department of Defence Supplies.

S. No.	Contract No. & date	Name of the firm	Qty.	Rate
1.	CPO-32 dt. 15-6-1970	M/s. Globe Motors Workshop, Faridabad.	130	Rs. 6,200/- each
2.	14(3)/71/DS/CPO-341 dt. *15-8-1971	M/s. Punj & Sons, New Delhi (Firm 'B')	300	Rs. 9,530/- each
3.	14(3)/71/DS/CPO-349 dt. 21-10-1971	M/s. Jayanand Khira, Bombay (Firm 'C')	250	**Rs. 8,500/- each.

* 5-8-71

** Rs. 8195

The supplies against contracts on firms 'B' and 'C' were completed while contract on M/s. Globe Motors Workshop, Faridabad was subsequently cancelled for 130 nos. Ordnance Dte. vide note dated 13th August, 1974 requested the Deptt. of Defence Supplies to finalise the contract for 130 nos. It was also intimated by the indenter that 2 chassis had been issued to EME Units and one chassis to Ordnance Factory, Bhandara and, therefore, the balance qty. on which the body building work was to be done was only 127 nos. To cover this 127 nos, tenders were floated by this Department and contract was concluded with firm 'D' in February 1975 for 127 nos. @ Rs. 10,250/-. It will thus be seen that although the entire qty. of 680 nos was ordered by 1971, 130 nos. could not be supplied by M/s Globe Motors Workshop and, therefore, another contract had to be placed subsequently in February 1975 on Firm 'D'."

1.37 The Committee further enquired as to why the total orders for 550 chassis were not placed on firm 'C' when its rate per unit (viz. Rs. 8,195) was lower than that of firm 'B' (viz. Rs. 9,530). The Ministry of Defence stated —

"It was intimated by the Army HQrs. that the requirement was of an operational nature and fabrication of bodies of at least 130 chassis had to be completed by September 71 and bulk supplies commence immediately. It was also brought out by AHQ that the firm 'C' had not undertaken the development and could, not, therefore, supply the bodies as quickly as they required. Moreover, the Army had no organisation at Poona to feed vehicle chassis to the firm, to arrange for inspection, etc. It was also considered that for the stores to be supplied by the firm, chassis would have to be removed from Delhi and considerable freight charges would have to be incurred in supplying the chassis

to the firm and getting them back. Apart from this, the performance of M/s. Globe Motors was not satisfactory. Taking into account all these aspects and particularly the urgency of the requirement, the contracts were concluded as mentioned above."

1.38 It is seen from the Audit Paragraph that firms 'B' and 'C' completed fabrication of cabs and bodies on 300 and 250 chassis (contracted quantity) by November 1975 and July 1977 after 6 and 4 extensions to the scheduled completion period were granted to them respectively. The Committee desired to know the details about the fabrication of cabs and bodies on the 680 chassis received upto 1975. The representative of Army Headquarters stated :—

"The work for building the body on (127) chassis was entrusted to Free India Company in Jullundur in February 1975. The second lot was entrusted to Punj & Sons. It was for 300 vehicles. For these vehicles the order was placed in 1971 and all of them were completed in 1975. And the third firm which was entrusted was Khira & Co. It was an order for 250 vehicles which was placed in October 1971 and the vehicles were received in July 1977, the bodies were built at various times on the 680 vehicles and the last body was completed in the year 1981."

1.39 The Committee desired to know the reasons for selecting firm 'D' on the basis of a 'limited tender' enquiry and also whether the capability/financial standing of this firm was verified before awarding the contract in February 1975. The Ministry of Defence stated:—

"As per the practice of the Department, limited tender enquiry is floated on the firms in the compendium maintained in the Technical Committee. Firm 'D' was included in the list of suppliers for the construction of bodies on different chassis from 1970 in the compendium maintained by Technical Committee (Vehicles). In the past also the following orders were successfully completed by firm 'D' :—

S. No.	S.O. No. & date	Qty. No.	Value Rs.
1.	No. 14(43)/71/DS/CPO-388 dt. 15-10-71 for construction of Ambulance bodies in 1 ton Nissan chassis.	188	18,33,000/-
2.	No. 2(36)/72/DS/CPO (VG)-103 dt. 21-9-73 for construction of Ambulance body on 1 ton Nissan Chassis.	13	1,26,750/-
3.	No. 14(37)/DS/CPO-359 dt. 15-10-1971 for construction of bodies on 190" w.b. TATA Chassis.	21	4,09,500/-

Since the firm was considered capable and depending on the past performance, the subject contract was placed on them in view of the fact that they were the past supplier. At the time of placement of order, there was no reason to doubt the capability of the firm in executing the subject contract."

1.40 Asked as to how the quotation of firm 'D' compared with that of other firms, the representative of the Ministry of Defence stated :—

"Jullundur firm's quotation was Rs. 12000, 127 numbers, full quantity. Punj Sons quoted Rs. 16500 for 127 numbers Rs. 16400 for quantity 50 per cent and 16300 for 100 per cent more. Khira & Co. quoted price in different slabs ranging from 16250 to Rs. 16450 each. Therefore, the offer of Free India, Jullundur, was the lowest."

1.41 Asked whether there was any other firm in the field, the witness stated that there were many others but their rates were higher.

1.42 The Committee enquired whether the Ministry had with this firm any experience with regard to work of this nature. The representative of the Ministry of Defence stated :—

"They had built. They had been in this body building business earlier and they had completed recently an order placed in September, 1973".

1.43 In reply to a pointed question whether this firm had at any time earlier fabricated bodies on 10-ton chassis, the witness stated :—

"It is a type of work in which there should not have been difficulty. There are three cases—one order was placed in October, 1971 for 188 numbers 1 ton chassis. Second order was placed in October, 1971 for 21 Tata Chassis and 3rd order was placed in September, 1973 for 13 numbers of 1 tonne Nissan chassis. The last order did not materialise. It was an unhappy experience. Technically there was apparently no difficulty because the firm did submit sample and got it approved. Production clearance was also granted."

1.44 Asked about the schedule of deliveries, the witness stated:—

"To start bulk supply at the rate of 15 numbers per month commencing after 45 days of the grant of bulk production clearance subject to availability of chassis. The bulk production clearance was granted in the end of October, 1975. The first lot of chassis was made available in January 1976. The bulk supplies were required to commence

at the rate of 15 numbers per month from sometime in the beginning of March, 1976. They were required to complete by December, 1976. In June, 1976 we were told that they were not making enough progress and they had financial difficulties. We had meetings with them in July, 1976 and they once again assured us that they would supply ten numbers by 31st July and ten numbers by 15th August. But they did not even do that. After that we examined the whole position. The contractual delivery would have taken them upto December, 1976. We cancelled the order in January, 1977."

1.45 The Committee desired to know the dates on which the premises of the firm were inspected by the Inspectors of the Directorate of Inspection after January, 1976 and the observations of these Inspectors regarding the quality of work and time required by the firm for completion of the job. In reply, the Ministry of Defence stated in a note :—

"Inspector visited the firm on the 3rd February, 1976. The firm promised that bulk production would start from 15-2-76 and 15 nos. would be offered by 30-3-1976. Firm also informed that the purchase of raw material like paints, rexine, canvas, plywood etc. were in hand.

Subsequent to this, a meeting was held with the firm's reps. in the office of Additional Secretary (Defence Supplies) on 4-3-1976.

Inspector visited the firm on the 22nd April, 1976 and found that the firm had undertaken the fabrication of only 4 chassis out of 30 held by them and those were found in the initial stages (fitment of side pannels, back pannel, roof, wind shield frames of the cab were only done).

Inspector again visited the firm on 21-5-1976 and found that the progress was on 5 chassis.

Inspector visited the firm on the 14th June, 76 and found that no further progress had been made. The matter was reported by the inspector to the Department of Defence Supplies on the 30th June, 76. Pursuant to this, a meeting was held with the firm's reps. in the office of the Additional Secretary (DS) on the 12th July, 76.

Intimation received by that Inspector regarding offering of 10 vehicles by the firm for inspection on the 2nd August, 76. Inspector visited the firm in the first week of 76 and found that the vehicles tendered were deficient in respect of the following :—

- (i) 2 Chassis deficient of cab doors, wind shield glasses hoop

sticks, rear view mirror, driver and co-driver seats and final finish of paints.

- (ii) 1 chassis with deficiency of cab door, tail, board, wind-shield glass and all above mentioned items.
- (iii) 3 chassis fitted with cab structure only.
- (iv) No other work done on other bodies.

The matter was reported to the Department of Defence Supplies on the 14th September, 76.

Inspector visited the firm on 17th September, 76 and his observations were as under :—

- (i) Out of 30 Chassis, 3 chassis fitted with cab and bodies were deficient of many items such as spare wheel carrier, tool box, side tail board incomplete canopies etc.
- (ii) Other 3 chassis were fitted with cabs with deficiency of lot of items and no body work was done.
- (iii) No work done on other 24 chassis.

The matter was informed to the Department of Defence Supplies on the 22nd September, 76 and the 30th October, 76.

Inspector visited the firm on the 20th November, 76 and on the spot study and discussion with the firm, the following points were revealed :—

- (i) Cabs and Bodies have been almost completed in case of 3 vehicles, with certain deficiencies.
- (ii) Partial work was completed by the firm on 4 more vehicles.
- (iii) No work had been done on balance 23 chassis held by the firm.

The position was informed to Department of Defence Supplies on 4th December, 76."

1.46 The Committee desired to know the reasons for not obtaining security deposit from firm 'D' and whether security deposits were made by the other two firms 'B' and 'C'. In reply, the Ministry of Defence state :

"As per the procedure prevailing at that time regarding obtaining of security deposits from the firms, they were required to furnish security deposit equivalent to 2½% of the value of the order (limit Rs. 75,000) within 4 weeks

after approval of the pilot sample. In case, the security deposit was not furnished within this time, it was to be deducted from the first bills of the bulk supplies by the Paying Authority. The security deposit was waived in case of firms were registered with the NSIC/DGS&D.

As mentioned above, in case the firm failed to furnish the security deposit within 4 weeks of the approval of the pilot sample, the same was to be deducted from the first bills of the bulk supplies by the Paying Authority. Since in this particular contract no bulk supplies was made by the firm 'D', no security deposit could be obtained from them.

Security deposit clause was waived in respect of firms 'B' and 'C'."

1.47 Elucidating the position about the security deposit by firm 'D', the representative of the Ministry of Defence stated in evidence :

"It was provided for but could not be taken from them because the security deposit clause stated that they will deposit security (equivalent to) 2½% contract value within four weeks from the grant of bulk production clearance. If they did not deposit security on their own, then the security could be deducted from their first supply bills."

1.48 Asked whether any earnest money was taken from the firm, the witness stated :—

"We do not take earnest money. Security deposit is taken as earnest money. The only difference is that security deposit should be taken immediately after placement of the contract so that it holds good for the entire execution of the contract, including samples and start of supplies. We have started doing it now."

1.49 The Committee enquired if the clause regarding getting the work done by other agencies at the cost of firm 'D' was enforced. In reply the witness stated :—

"30 number of chassis were delivered to them out of 127. So the question of enforcement did not arise. Out of these 30 chassis, we recovered 20 chassis in 1978."

1.50 The Committee were informed during evidence that on the failure of the firm to make any substantial progress inspite of repeated reminders, the representative of the firm was called for a discussion in the Ministry on 12th July, 1976. The Committee desired to know whether the Inspector had noticed any tampering with the model. In reply, the representative of the Ministry of Defence replied in the negative. He further stated :—

"On 12th July they said that they will supply 10 bodies by 31st July, 1976. It was as a consequence of that the firm offered 10 bodies for inspection on 30th July, apparently to show that they had adhered to the promise made by it. But the Inspector went there and reported they had only offered the incomplete vehicles for inspection. On such an occasion no detailed report is made as no payment was made to the firm."

Recovery of Chassis from the firm

1.51 It is seen from the Audit Paragraph that a Board of Officers held August-September 1977 for the purpose of assessing the condition and collecting the chassis from firm 'D' found that :—

- the firm had fabricated bodies on only 9 chassis (including the prototype) but those had certain deficiencies;
- Floor and certain other components only had been fabricated on another chassis; and
- no fabrication work had been done on the remaining 21 chassis.

1.52 Twenty-one chassis, on which no work had been done by firm 'D', were taken over by the Board of Officers in September 1977. In order to enable firm 'D' to complete work on the remaining 10 partly built chassis, the supply order was partially reinstated (September 1977). The firm, however, failed to complete even the reinstated order.

1.53 Asked about the reasons for delay in taking over the chassis till September, '77 and why these were not recovered in January/February 1977 itself, the witness explained :

"There was a little problem because the chassis were to be handed over to the Board of officers representing various disciplines, viz. vehicle inspector, LDME, DOS etc. That Board was to be formed to go and see the conditions of the vehicles and then to take over. That process took some time."

1.54 The Committee enquired about the reasons why the supply order was partially reinstated in September, 1977 and at what level the decision was taken. In reply, the Ministry of Defence stated in a note :—

"The contract was cancelled for the entire qty. on 13th January, 1977. After that it was brought out by the firm that they had done part fabrication on the 10 chassis and they

should be allowed to complete the work on these 10 chassis. This position was also verified by the Department. In view of the fact that the firm had done part fabrication on 10 chassis, the contract was reinstated on 17th September, 1977. The decision to reinstate the contract for 10 nos. was taken at the level of Joint Secretary (Supplies)."

1.55 The Committee desired to know the precautionary measures taken by the Department to ensure timely completions of work after partially reinstating the order in view of the past experience with this firm and whether any indemnity bond was obtained from firm 'D' even at that stage. The Ministry of Defence stated in a note :

"After the reinstatement of the contract for partly built 10 nos, a review meeting was convened with the firm's representative on 22-3-1978. In this meeting, it was told to the firm that in case the vehicles were not delivered by 15-5-1978, the chassis will be recovered from them. Inspector visited firm's premises on 15-4-1978 to ensure that firm completed the vehicles. Firm vide this Department letter dated 3rd May 1978 was asked to ensure that 10 vehicles are delivered within extended delivery schedule. In spite of expediting the firm constantly, since the firm failed to supply these 10 vehicles, the contract was cancelled on 29-6-1978.

Indemnity bond was obtained from the firm at the time of giving the chassis initially to the firm."

1.56 The Committee enquired whether tampering with the approved pilot did not constitute a major offence and if so what action was taken against the firm. In reply, the Ministry of Defence stated :

"The approved pilot sample is meant for guidance of the manufacturer to manufacture the bulk supply and for the guidance of the Inspector to carry out the inspection. In the report of Board of Officers of September 1977, it was only mentioned that some items were removed by the firm from the pilot sample. It was not mentioned therein that the pilot sample was tampered with by the firm. The removal of certain items from the pilot sample may not be construed as major offence since it does not affect the final product and the firm may not claim any payment since the pilot sample is again checked before clearing it for delivery according to the drawings and specifications."

1.57 To a query as to the precautionary steps taken to guard against the tampering of approved models, the Ministry stated:—

"The following precautionary steps have been taken by the Deptt. of Defence Supplies :—

- (i) Pilot is kept in a bond room wherever practicable under lock and seal.
- (ii) The same is checked during periodic visits of Inspector.
- (iii) Final product is checked as per drawing and specification, besides being checked as per pilot.
- (iv) Pilot sample, when finally released for supply is again examined for its acceptability and completeness."

1.58 Referring to the findings of the Board of Officers (September 1977) that even the pilot vehicle, which had been approved in October 1975 had been tampered with, the Committee desired to know why this did not come to the notice of the Inspector earlier. The representative of the Ministry stated :

"The report of the missing windscreen, etc. was in September 1977. Before that, not only the inspector but even, the Board of officers had visited them. According to the records available here, it was only the Board, when they went to take over the chassis, who noticed that incomplete work had been done and they had removed something from the approved sample. Although the pilot sample was approved, it was not paid for. It was in the possession of the firm. According to the papers available with me now, it looks as if the first time it came to notice was in this report of September, 1977".

1.59 Asked about precautions taken to ensure that the pilot sample was not tampered with the representative of the Ministry stated :

"Normally the pilot is kept with the firm to help the firm to repeat it so that the quality is uniform. It also helps the inspector to point to the chosen, accepted, cleared standard in case there is a dispute about the quality between the contractor and the inspector. Generally the pilot will be the last to leave the firm.

The pilot, once it is cleared, must be sealed so that it is not tampered with. But in the case of a vehicle of this category it will not be practicable to seal it. Once the pilot is cleared and the production starts off, the visits are periodical. If anything is changed it would immediately come to the notice of the inspector.

In the case of more delicate and complicated equipment, we try to see that the pilot that is cleared is bonded. This

is done in the case of highly sophisticated equipment. These precautions are taken depending on the sophistication of the equipment and the likelihood of change. I would say with some amount of confidence that, if one of these parts is replaced by something inferior by the firm, they would not be able to hide it from us We have a system. We call them 'inspection marks'. If there is a possibility of anything being removed or anything being changed by something inferior, then we would indicate that portion by putting tapes or small knots or seals so that it is not removed or replaced."

1.60 The Committee further enquired about the latest position of the recovery of damages on account of deficiencies noticed in 21 chassis taken back from firm 'D' and steps taken or proposed to be taken to effect the recovery. The Ministry of Defence stated :—

"In the report of taking over of 21 chassis, certain deficiencies were observed by the Board of Officers. After that the firm promised to rectify these deficiencies free of cost. Army H. Qrs. have assessed the cost of damages at Rs. 5,528. Since the firm is no longer in existence and the whereabouts of its erstwhile partners are also not known, no steps could be taken so far to recover the damages."

1.61 The Committee enquired about the amount of work done in respect of 10 chassis by firm 'D' and whether any payment for this work was made. The Committee also enquired about the latest position regarding recovery of Rs. 0.48 lakh on account of damages/deficiencies in respect of 10 partially built chassis from firm 'D'. The Ministry of Defence stated :

"The amount of work done on 10 chassis has been assessed as Rs. 11,050 by Senior Cost Accounts Officer and the Inspector of this Department. No payment has been made to the firm for this work.

Since the firm is not in existence, to file the claim on the partners of the firm, the matter was taken up with Police authorities in Jullundur and also with Registrar of Companies, Jullundur. The Police could not give any trace about the partners of the firm. The reply from Registrar of Companies, Jullundur is still awaited. After ascertaining names and whereabouts of the partners, legal action will be taken to effect recovery of Rs. 0.48 lakhs."

1.62 The Committee desired to know the reasons for taking over the 10 chassis in February, 1980 only when the order was finally cancelled on 29 June, 1978. In reply the representative of the Ministry of Defence stated during evidence :

“It was for two or three reasons. One was, after 1978, the firm closed down its show and their partners played a sort of ‘not available’ or ‘not traceable’. And the second reason is, a board of officers had to be constituted to go into these processes of taking over. And the board of officers did go there. To quote one instance, in October, 1979, they found nobody was present at the firm premises. We wrote back to them and gave them a notice that if nobody was found next time, we will unilaterally take them over.”

Utilisation of 10 Ton Vehicles for G.S. Role

1.63 It is seen from the Audit Paragraph that due to non-availability of adequate number of 10 ton built vehicles, the units requiring 10-ton vehicles had to be issued 3-ton vehicles. Consequently, the raising of one of the two 10-ton transport companies of ASC sanctioned in October 1968, was cancelled by the Ministry of Defence in January 1976. The review carried out in October 1976, however, revealed a surplus of 183 vehicles of 10-ton (built vehicles : 66 and chassis : 117). The Committee desired to know the reasons for the cancellation of one of the two 10-ton transport companies of ASC sanctioned in October, 1968. The Defence Secretary explained :

“As it appears, in 1968 and a little before that, the Army Headquarters felt that they should try and see whether a 10-tonner vehicles should be introduced or can be introduced. They had laid down in GSQR for the provision of 6:6 vehicles. But 6:6 vehicle at that time was not available indigenously. The only vehicle available at that time, with Leylands, was 6:4 vehicles. So, they thought of trying this 6:4 vehicle. Then they found that this could perform the role that they had in mind and they tried to do it only with two companies although the requirements of the Army was much larger . . . This kind of vehicle was tried on a variety of roads. As far as plain driving over reasonable roads is concerned, it was successful. They went on trying it in different areas. In the desert it was not found successful. This was being tried for the first time. The two things were going on simultaneously. Orders for the induction of two companies were also issued. Simultaneously, they were trying to see to what areas this role can be extended and what can be covered by this kind of induction. They found that the areas where this was not proving successful was getting larger. Later on based on the total roles discovered, I get a feeling that they decided that it was not a very successful vehicle, and, therefore, in 1976 they decided to limit it to one transport company and cancelled the orders relating to the formation of a second transport company

for the ten-tonner vehicle. And when for one company they made the assessment about the requirements of bodies and chassis, they found them surplus and then the question of distribution had their utilisation became the next exercise. Consistent with the limitations discovered in the role, they did not thereafter try to introduce this.

Then, a point was made whether the transport policy gets changed or reviewed or not. A physical count is taken by the Army Headquarters once every year, from October to March, second half of the financial year. Based on the physical availability, taking into account the standard rate of depreciation as also certain variations due to some reasons, they made a tally of the total demands as also the availability as per their norms and then arrive at the deficiencies. When the deficiencies grow very large over a period of time, then some of the orders are given to the private sector to the extent they can meet the demands in the categories where there are shortcomings. While every effort is made to see that the orders are placed on the designated factories in the public sector, there are other kinds of problems which hinder or inhibit production at that level or at full level. Simultaneously there is a general programme now to review the whole transport fleet size and its contents."

1.64 According to the Audit paragraph with a view to utilising the 183 vehicles (built vehicles : 66 and chassis : 117) rendered surplus (cost : Rs. 3.45 crores), a proposal for reorganisation of 3 existing 3-ton independent transport platoons (Civilian GT) into 10-ton platoons having been agreed to by an Army Command, was mooted in April 1978 by the GS Branch and the same was sanctioned by the Ministry of Defence in May 1978. The total requirement of these (re-organised) platoons was worked out at 113 numbers of 10-ton vehicles, against which the DOS proposed (June 1978) to issue to them 66 built vehicles held surplus and 44 vehicles out of 117 surplus chassis, after getting cabs and bodies fabricated thereon. The Committee enquired whether besides ASC, there are any other formations where the 10-ton vehicles were being put to use in General Service Role. The Ministry of Defence stated :

"Initially the 10 Tonne GS vehicles were intended for employment with ASC units. Subsequently as a result of examination to utilise the assets, the vehicles were issued to EME Ordnance, Engineering, Artillery units and ACC&S Ahmednagar to whom these have been authorised in their PEs."

1.65 The Committee further enquired as to why the GS Branch had put forward the proposal for utilisation of the surplus 10-ton vehicles for GS role in the transport platoons of the ASC and whether these vehicles were being used earlier for this purpose. The Ministry of Defence stated :

"Government sanction was accorded in 1968 for the raising of 16×10 Tonne Transport Platoons. Subsequently, however, only 12 Platoons were raised. A surplus of 183 vehicles was revealed in PRF of 1 October 1976. In order to utilise these surplus vehicles, an exercise was undertaken in consultation with SD Directorate and QMG's Branch. The QMG's Branch (OL DTE) were then of the view that these surplus vehicles be absorbed in the static units and training establishments. A number of meetings were, therefore, held at the level of the MGO. Also, the issue was discussed at the Army Commanders' Conference from 14—19 November, 1977. Based on these deliberations, Commands were once again approached to examine the utilisation of surplus vehicles in lieu of 3 Tonne vehicles. At this stage HQ Southern Command agreed to the conversion of their 3 X Indep Transport Platoon (Civil GT) into 10 Tonne Platoons. The proposal of Southern Command was concurred in by the QMG's Branch."

1.66 The Committee desired to know whether the QMG was consulted before raising of two 10 ton transport companies of the ASC in October 1969 and if so, how did his views change in May 1977 (about the limited use of these vehicles in an operational environment). The Committee further enquired whether the introduction of 10-ton vehicles for GS role had served the desired purpose. The Ministry of Defence stated :

"It is regretted that no record is traceable in this regard at this stage. In the absence of any record, it is not possible to state anything categorical about this aspect. During 1976, HQrs. Northern Command had pointed out that the 10 ton vehicles had restricted employability during operations as they could not be utilised on multi-purpose tasks and could be utilised on metalled roads/hard surface only. Similar views were expressed by Headquarters Western Command also. Subsequently, during the logistics conference held in April 1977 with representatives from the Command Headquarters, representatives of Western and Northern Commands were generally not in favour of accepting these vehicles because of their restricted employability.

The operational environment had changed from what it was in the late sixties when these 10 ton vehicles were introduced and consequently the requirement of transport had increased. Commands now preferred vehicles which could be utilised on multi-purpose role in a war situation. The QMG had in 1977, apparently based his opinion on the views of the Commands. The authorities who had ex-

pressed their opinion in 1968 and 1977 were different persons and they had taken the decisions on different operational environment and plans existing at those points of time. Since these vehicles were introduced for employment in the third line and lines of communication duties, they did carry out the designed role."

1.67 The Committee further enquired the reasons for not taking into account the views of the QMG expressed in May, 1977 before issuing sanction in May 1978 for reorganisation of three 3 ton Independent Transport Platoons into 10 ton platoons. In reply, the Ministry of Defence stated :

"The QMG's observation made in May 1977 regarding the limited use of 10 ton vehicles was of a general nature. The proposal to reorganise three 3 ton transport platoons into 10 ton platoons was mooted during the discussions held in the Army Commanders' Conference on 14—19 November, 1977. This was with a view to utilising 10 ton vehicles rendered surplus as a result of cancellation of the raising of one 10 ton transport company ASC. Subsequently, the proposal was examined in detail by the Army and accepted by HQ Southern Command, QMG/OL Dte and the reorganisation of 3 ton platoon into 10 ton platoon was thereafter approved by the General Staff. By utilising the 10 ton vehicles, 3 ton vehicles held by units became available for covering the pressing deficiencies in the forward areas."

1.68 The Committee desired to know if the conversion of the existing three 3 ton independent platoons into 10 ton platoons resulted in any additional maintenance and operational expenditure and if so, to what extent. The Ministry of Defence stated* :

"The conversion of three 3 ton platoons into 10 ton platoons has not resulted in any increase in the establishment of these platoons. However, due to higher load carrying capacity of the 10 ton vehicle, the lift capacity of the platoons has been enhanced five to three-fold with the same man power entitlement, thus effecting economy in expenditure to the State."

1.69 Further asked whether this conversion had affected the efficiency of operations and if so, to what extent, the Ministry of Defence stated :

"Employment of the 10 ton vehicles on 3rd line transport duties

*Not vetted by Audit.

along the lines of communications, has not had any adverse impact on the operational efficiency of the units.”

1.70 The Committee pointed out that in spite of the fact that 10-ton vehicles could not be usefully employed in ordnance installations, as stated by the Dy. DOS in June 1977, it was decided in July 1979/January 1980 to issue 23 such lorries to Ordnance units for GS role. The Committee desired to know on what considerations such a decision was taken and whether it was ensured that these lorries were usefully employed in the ordnance formations. The representative of the Ministry of Defence stated in evidence :—

“This was the concept which was taken into account and in spite of this objection by Dy. DOS, he later on, accepted to utilise 23 vehicles. There was a provision review and we thought how to utilise the surplus vehicles in some way or the other. Otherwise they would all be lying in the depot being unutilised. It was decided that 23 could be employed by DOS to carry heavy load; though it was not then possible for him to employ it, in spite of that, he took them for employment in the depot; subsequently there were other roles for these. It was decided to use them in Southern Command, which was a plain area. Army Commander, Southern Command decided to use 90 vehicles in three platoons. Decision was taken that another 60 vehicles would be employed; 12 of them for GS role, 48 for the BPL, for carrying petrol. That was decided so as to put to best use the surplus that was available.”

1.71 In a subsequent note, the Ministry of Defence have stated* as follows :

“The best use of the left over vehicles had to be made. The vehicles were issued to Ordnance depots and were put to use to carry loads within the depots. These vehicles have been utilised in the depots satisfactorily. No adverse comments have come to notice of the Army HQ.”

1.72 The Committee desired to know the latest position regarding the fabrication of cabs and bodies on 22 of the 44 chassis sent to the Army Base Workshop at station ‘ZZ’ in March and July, 1981. The Ministry of Defence stated :

“The fabrication of cabs and bodies on the 22 chassis sent to Army Base Workshop at station ‘ZZ’ has since been completed.”

*Not vetted by Audit.

1.73 Asked about the manner in which these vehicles have been utilised, the Ministry of Defence stated :

“These vehicles have been issued to 3rd line transport companies located in Northern Command and are being utilised for carriage of maintenance requirements like supplies and ordnance stores along the lines of communications.”

1.74 As regards the remaining 50 surplus chassis (held with the CVD at station ‘Y’), the Ministry of Defence stated in November 1981 that a proposal had been initiated for utilising 48 chassis for fabrication of 10-Kilolitre petrol tankers. Asked about the latest position in the matter, the Ministry of Defence stated in a note furnished in October 1982 :

“An indent for fabrication of BPL Role on qty 48 chassis has already been placed on the Department of Defence Supplies during June 1982.”

1.75 In a subsequent note furnished in February 1983, the Ministry have stated :

“In respect of this requirement, the drawings have not yet been finalised. Tender enquiries will be issued on finalisation of drawings.”

Tractor Role

1.76 The Committee desired to know the reasons for indenting 400 number of 10 ton chassis in the first instance without first finalising the specifications and the reasons for delay in doing so. The Ministry of Defence stated :

“The decision to procure 400 chassis against the requirement of 462 was taken in an inter-departmental meeting held on 1st April 72 in the Min. of Def. This meeting was attended by the representative of Min. of Fin. (Def.), among others... The DGI has contended that there had been no delay on its part in finalising the drawings. According to it, repetitive amendments to the specifications were necessitated by the changes brought about in the vehicle by the firm, viz. M/s. Ashok Leyland and the advice given by the Research & Development Organisation on various issues like fitment of winches, power steering and tyre size. DGI has also stated that as soon as decisions were received from R&D (Vehicles), immediate action was taken to finalise the specifications and that there had been no delay on its part. It has also been brought to notice that the DGS&D raised queries on the specifications from time to time.”

1.77 According to the indent, the chassis were to conform to a particular specification. The Committee desired to know whether the particular specification was finalised before the placement of the indent on DGS&D in July 1972 and if so, why copies thereof were sent to DGS&D separately in October 1972. The Ministry of Defence stated in a note :—

“An indent for qty. 400 chassis 10 ton 6×4 Leyland Hippo for tractor role was placed on DGS&D on the 14th July 1972. The specification quoted in the indent was No. IND|VEH|0083 which had been finalised by the DGI in January 1972 in consultation with VRDE and the firm. Copies of the specification were forwarded to the DGS&D in October 1972.

..... The specification No. IND|VEH|0083 was discussed by CIV with VRDE and the firm i.e. Ashok Leyland in December 1971 at Ahmednagar and was agreed to by all. Copies of the ‘agreed’ specification were forwarded by DGI to Ordnance Dte., Army Headquarters in January 1972 and the same was quoted by them in their indent placed on 14 July, 1972.

However from the records available it appears that Ord. Dte Army Headquarters while forwarding the above mentioned indent to DGS&D in advertently enclosed old specification (pertaining to GS Vehicles). On being pointed out by DGS&D, fresh copies of the applicable specification were obtained by them from CIV Ahmednagar and were forwarded to DGS&D in October 1972.

1.78 The Committee desired to know the principal changes brought about in the vehicles by the firm, when was decision taken by R&D (vehicles) about the fitment of winches, power steering and tyre sizes. the nature of queries made by DGS&D on the specifications and when were these resolved. In reply, the Ministry of Defence have stated in a note :

“After having agreed to specn. No. IND|VEH|0083 in December 1971 at Ahmednagar and having once again confirmed to the same on 6 February 1973 through their rep. in Delhi, the firm asked for certain deviations to specification while forwarding their quotation to DGS&D in a letter on 28-3-1973. Through this letter the firm asked for changes in certain technical parameters of the vehicle. Some of the changes in technical parameters asked for by the firm were as follows :

- (i) Instead of alternators the firm wanted to supply the vehicles with Generators.

- (ii) Instead of Gabriel shock absorbers the firm wanted to supply some other makes of shock absorbers.
- (iii) The firm did not want to supply 'road springs' to ISI Specifications.
- (iv) The firm wanted to supply batteries other than Exide brand, which was indicated in the speon.
- (v) The firm did not want to supply boses to IS speon.
- (vi) The firm was not in a position to supply rear view mirrors.
- (vii) The firm did not want to guarantee the cross country performance of the vehicles as such and wanted cross country condition to be defined specifically.
- (viii) The firm regretted their inability to carry out fitment of winch.
- (ix) The firm requested the deletion of tool kit from their scope of supply.

To resolve the above points, a meeting was held with the firm (after few postponements at the instance of the firm) on 6 July, 1973 and speon. No. IND|VEH|0083 (a) was drawn up.

"General Staff approval for introduction of the Hippo 10 tonne in tractor role was given in July 1971. Tractor role vehicles were to be procured by the Army for the first time. Draft specification is prepared by R&D after carrying out technical trials on the vehicle. The draft specifications are then discussed by the DGI with the firm to incorporate clauses for inspection. Quality assurance, Quality audit, warranty and list out the vendors whose products have been approved and can be fitted on the chassis. A similar procedure was followed in case of preparation of specification for Hippo 10 tonne in tractor role. The draft specification was received from R&D vehicles in the end of October 1971. The specification was discussed with VRDE Ahmednagar and reps of Ashok Leyland at Ahmednagar in December 1971. During the discussions the firm intimated that they were not in a position to provide winch, but if winches were provided by Defence, they would install the same on the vehicles. Since the winch was an essential equipment to make the vehicle fit for the role it was assigned after consultation with VRDE and firm, it was decided to incorporate in the specification that the winches would be provided by Defence. The specification No. IND|VEH|0083 was prepared in December 71 and 10 copies of the same were forwarded to Ord. Dte. in January 1972.

Thereafter, R&D Vehicle suggested to General Staff at Army HQRS to utilise surplus winches lying in Ord. Depots. In May, 72, General Staff asked R&D to select and develop one of the 4 types of surplus winches available for installation on the vehicle. The R&D undertook the job which involved selection of a suitable winch, designing the installation, fabricating the different components, installing the same on the vehicle and carrying out detailed field trials. This naturally was a time consuming task and R&D completed it by January 74 and forwarded the finalised drawings to the firm.

Simultaneously, trials were carried out to ascertain advantage of incorporating power steering which had earlier been included in the specification in consultation with VRDE because of defect reports received from the users units on account of hardsteering in GS Vehicles. Exhaustive trials on indigenous power steering unit carried out by CIV and VRDE revealed that there was no distinct advantage in fitting the power booster. Similarly, the tyre size 1400×20, though specified in the draft specification of VRDE was not found suitable for this vehicle during exhaustive trials. It was, therefore, decided in January 1974 that the specifications should be amended to delete 1400×20 tyres and power steering.

From the above, it will be seen that the period 1½ years (from June 72 to January 74) was in fact the time taken by R&D mainly for selection, development and installation of winch. By doing so, they not only provided the Army with a suitable vehicle required by them for tractor role but also saved foreign exchange by way of utilisation of winches lying surplus in Army stock.

After having received copies of specification in October 1972, DGS&D vide their letter No. 101/71/267/TEC dt. 15th January 1973 raised a query whether the specn. had been finalised in consultation with the firm... local rep. of Ashok Leyland was called for discussions and on 6 February 1973, he once again confirmed that the specn had already been agreed to by the firm, and there was no doubt in this regard as far as the firm was concerned. This was conveyed to DGS&D on 7 February 1973."

1.79 The Committee desired to know whether the comparative costs on body building on 200 and 262 chassis by trade and Army Base Workshop at station 'ZZ' were worked out and if so what the comparative costs were. The Ministry of Defence stated :

"The comparative costs of body building on 200 and 262 chassis by trade and Army Base Workshop at station 'ZZ' cannot be given as the order for 262 chassis was cancelled."

1.80 The Committee desired to know the reasons for revising the rate of 98 chassis in June, 1977 from Rs. 2.45 lakhs per chassis agreed to in July 75 to Rs. 2.79 lakhs in June 1977. In reply, the Ministry of Defence stated :—

"The A/T was placed on 17 July, 75. The price quoted was Rs. 2.45 lakh. In terms of price variation clause of the A/T which called for a revision in prices ruling on the date of supply on the strength of firm's internal auditor's certificate, the price for balance qty. 98 chassis was fixed as Rs. 2.79 lakhs."

1.81 Asked whether the 200 chassis were delivered by firm 'A' as per scheduled delivery period indicated in the contract of July 1975 and if not, whether any liquidated damages were recovered for delayed supplies, the Ministry of Defence stated :

"The 200 chassis were delivered by firm 'A' to CVD Avadi during September 75—Feb. 77 which was within the delivery period. No. liquidated damages were recovered as per contract deed."

Fabrication of Bodies

1.82 It is seen that in December, 1975, the DOS placed supply orders on firm 'E' and a public sector undertaking for fabrication of bodies on 100 chassis each at Rs. 17,770 and Rs. 18,500 per chassis respectively. Firm 'E' and the undertaking were to commence delivery of built vehicles at the rate of 10 and 15 numbers per month respectively within 4 weeks after approval of prototype. While the undertaking completed supply of 100 vehicles in May 1977, firm 'E' was able to complete only 15 out of 30 chassis fed to it within the extended date of delivery (November 1977).

1.83 The Committee asked as to why firm 'E' was unable to complete fabrication of bodies on all the 100 chassis and whether its capability was asstssed before awarding the contract. The Ministry of Defence stated :—

"Firm 'E' was unable to complete fabrication of bodies on all the 100 chassis because of the following reasons advanced by the firm from time to time :—

- (i) The firm being new in development of store they had to face technical problems.

- (ii) Power shortage and load shedding.
- (iii) Financial problems.

As mentioned earlier limited tender enquiry is floated by the Department on the firms in the compendium maintained by Technical Committees. The firms are included in the compendium after getting their capability assessed. Therefore, the firm's capability was assessed before including their name in the compendium."

1.84 The Committee further desired to know whether any liquidated damages were realized from firm 'E' for short-closing the contract relating to 15 chassis and whether any payment was made to firm 'E' for some jobs done by it in the 15 chassis in respect of which the contract was short-closed. In a note, the Ministry of Defence stated :—

"Liquidated damage of Rs. 3,732 has been realised from firm 'E' for the contract relating to 15 chassis.

Payment has been made to firm 'E' in respect of 15 chassis, which were delivered to the consignee complete in all respects."

1.85 It is seen from the Audit Paragraph that firm 'F' was subsequently awarded the contract for fabrication of bodies on 70 chassis at Rs. 16,500 per unit as against the rate of Rs. 17,770 per unit in the contract with firm 'E'. The Committee, therefore, desired to know whether firm 'E' was selected on the basis of limited tender enquiry and also whether firm 'E' was invited to tender in the first instance. The Ministry of Defence stated :—

"Firm 'E' was selected from the list of the firms in the compendium maintained by Technical Committee. Limited tender enquiry was floated to the firm 'E' and they were selected on the basis of limited tender enquiry. The firm 'F' was invited to tender in the first instance i.e. in December 74 when the contract was placed on firm 'D'. Subsequently also when the contract was placed on firm 'E', firm 'F' was invited to tender. Since on all these occasions the firm's offer was higher, the contract could not be placed on them."

1.86 It is seen that supplies were completed by firm 'F' in April 1980. Further, out of 200 built vehicles, release orders were issued for 182 numbers against which 171 were released to various units during July 1977—July 1981.

1.87 The Committee desired to know the position about the remaining 19 vehicles (200—181). The Ministry of Defence stated :

“Out of the remaining 19 vehicles qty. 4 has since been released to units. Balance 15 vehicles are awaiting upgradation and classification.”

1.88 It is seen from the Audit Paragraph that the Engineer-in-Chief observed on 19 July 1979 that the vehicle was not suitable for the role due to its poor performance in the desert and riverine/canal based terrain. The Committee, therefore, desired to know whether the Engineer-in-Chief was consulted prior to placement of the orders and also whether the proposal was thoroughly examined while taking a decision on the matters. The Ministry of Defence stated :

“The trials on Leyland Hippo 10 ton 6×6 and 6×4 were carried out at the College of Military Engineering during February, 1971, an establishment under the control of E-in-C. Copies of the trials report were also sent to the E-in-C and his comments obtained during April 71. Although the E-in-C Branch preferred the Leyland Hippo 10 ton 6×6 over the 6×4, the 6×6 configuration could not be procured since it was not under production. The E-in-C Branch had no objection to the introduction of 6×4 vehicle after incorporating the modifications as suggested by the trial team at the production stage.

The proposal for introduction of vehicle was examined in depth in consultation with the User and technical authorities and a deliberate decision taken to procure the subject vehicle.”

1.89 It is also seen from the Audit Paragraph that in a meeting held on July 1977 in the GS Branch, it was decided that the Research and Development Establishment (Vehicles) should undertake a project to introduce certain modifications on the built vehicles to enhance their performance and that the deficiency of 262 chassis should be left uncovered till a more suitable vehicle was developed. The Committee desired to know the outcome of the project undertaken by the Research and Development Establishment (Vehicles). The Ministry of Defence stated :—

“Modifications to vehicle were not undertaken as the marginal improvements expected to be achieved were not commensurate with the expenses to be incurred.”

1.90 It is seen from the Audit Paragraph that the requirement for balance quantity (262) of chassis was cancelled in August 1979. However, in view of the decision already taken in April 1975 to entrust 262 chassis for construction of bodies to the Army Base Workshop at

station 'ZZ', stores valuing Rs. 5.78 lakhs had been procured by it. Consequent on the above cancellation, the stores became surplus and instructions were issued (January 1980) for back-loading these stores to the depots concerned.

1.91 The Committee desired to know whether the Workshop was kept apprised concurrently about the stage-by-stage developments in this case and if so, why surplus stores of this order were procured. The Committee further enquired whether responsibility had been fixed for the infructuous expenditure.

In reply, the Ministry of Defence stated :

"Indents for procurement of chasis were initiated in 1972 for qty. 400 and in 1975 for qty. 62. As per the procedure with a view to ensure that stores are available against the fabrication commitments, procurement action has to be initiated 18 to 24 months in advance. Accordingly, the orders for procurement of stores were placed in 1975 and stores materialised by 1977.

The indents for qty. 262 chassis were cancelled in 1978 & 1979 much after the stores had already materialised. It is further stated that although there had been reduction in the supply of chassis, however, there has been no loss to the State. Most of the items thus procured have been utilised against other fabrication commitments and balance quantities have been merged in the working stock of the depots being common user item required for day to day issues."

1.92 Asked about the latest position of utilisation of the surplus stores worth Rs. 5.78 lakhs. The Ministry of Defence stated :

"The cost of surplus stores shown as worth Rs. 5.78 lakhs was inclusive of 5 per cent departmental charges. The revised figures of Rs. 5.30 lakhs has been worked out excluding 5 per cent Departmental charges. Out of this, stores worth Rs. 5,10,487/- have already been utilised. Balance is being utilized by the Depots."

1.93 As early as 1964 the Army Headquarters mooted a proposal for induction of heavier 10-tonne vehicles for General Services role in the transport companies of the Army Service Corps and for tractor role for trying of 20-tonnes trailers as against 3-tonners then in use in forward areas. User trials carried out in 1967 indicated that though the 10-tonne vehicle was suitable for employment as 'third line transport' over metalled roads, it did not have the requisite cross country mobility to operate in forward areas. The proposal was however justified on the ground that there were far too many lighter

vehicles in the forward areas, which were targets to the enemy forces and it was necessary to reduce the number by replacing them with higher carrying capacity vehicles. Moreover, raising of additional 3-tonne platoons would have involved large increase in manpower. The Army Headquarters recommended (August 1968) to the Ministry the raising of 8×10 tonne platoons in order to make up the deficiency of 24×3 tonne platoons for General Services role for reasons of cost effectiveness and "assured availability of 200×10 tonne vehicles within a time frame of six months". In October 1968 the Ministry of Defence sanctioned the raising of two 10-tonne transport companies to relieve proportionate number of 3-tonne transport companies for employment in forward areas. The raising of the first company was to be completed during 1968-69 and that of the second company during 1969-70.

1.94 Consequent to the provision reviews carried out by the Director of Ordnance Services at the Army Headquarters during 1969 and 1970, 680 numbers (including 330 numbers for 2 new transport companies) of 10-tonne vehicles were found deficient for General Services role. Accordingly, three indents for procurement of the same were placed on D.G.S. & D. during May 1969-May 1970.

1.95 The Committee find that raising of the second company was cancelled on 29 January 1976 as it came to be realized that the 10-tonne vehicle was not suitable for deployment in forward areas during operations. Considering the fact that the user trials carried out in 1967 had clearly established that the vehicle was not suitable for cross country operations, the Committee are of the view that the Ministry of Defence Army Headquarters should have proceeded in the matter of augmenting the fleet of these vehicles with utmost caution. The Defence Secretary informed the Committee in evidence that "they went on trying it in different areas. In the desert it was not found successful . . . The area where this was not proving successful was getting larger. Later on, based on the total roles discovered, I get a feeling that they decided that it was not a very successful vehicle and therefore, in 1976 they decided to limit it to one transport company". It is obvious that the authorities did and care to re-assess the utility of the vehicles at the time of the provision reviews of 1969 and 1970 or immediately thereafter even while the field trials were consistently discouraging. That the decision to cancel the order for raising the second company was taken after as many as 6 years, is a sad reflection on the working of the Army Headquarters. The Committee cannot but take a serious view of this lapse on the part of the authorities since this resulted in considerable amount of infructuous expenditure as would be seen from the succeeding paragraphs.

1.96 In order to meet the deficiencies of 10-tonne vehicles, two contracts were concluded with firm 'A' (M/s. Ashok Leyland, Madras) for supply of 230 (10-tonne) chassis in January 1970 (modified in May

1970) and for 450 chassis in July 1971, i.e. a total of 680 chassis, at a cost of Rs. 11.26 crores. Whereas supplies against the first contract were completed by the firm by August 1972, as many as three extensions had to be granted with regard to the supply against the second contract. The supply was completed as late as February, 1975. The extensions were granted to the firm for reasons like lock-out, labour dispute, power cut and approved of pilot sample. No liquidated damages were levied on the firm as "it was decided to refix delivery period upto 28-2-1975 subject to no price increase after 7-7-1974". It is not understood why approval of pilot sample was needed at this stage when the firm had already supplied a number of chassis against the first contract. The Committee consider that in these circumstances, the Ministry would have been well within their rights to cancel the order. It is regrettable that this was not done and an opportunity was lost to get rid of vehicles for which they had little use.

1.97 Three contracts for fabrication of cabs and bodies on 680 10-tonne chassis were concluded by the Department of Defence Supplies for 130, 300 and 250 numbers in June 1970, August 1971 and October 1971 on M/s. Globe Motors Workshop, Faridabad, M/s. Punj and Sons, New Delhi (Firm B) and M/s. Jayantand Khira, Bombay (Firm C) at the per unit rate of Rs. 6,200/-, Rs. 9,530/- and Rs. 8,050/-, respectively. The Committee regret to note that despite the fact that the Army Headquarters had emphasized that "the requirement was of an operational nature and fabrication of bodies on at least 130 chassis had to be completed by September 1971 and bulk supplies commence immediately", the contracts were processed in a leisurely manner. The Committee find that the contract on M/s. Globe Motors Workshop, Faridabad for 130 chassis had to be cancelled for its failure to effect the supplies. It is unfortunate that the authorities waited for three years to cancel the order on the firm for unsatisfactory performance. This needs looking into.

1.98 So far as firms 'B' and 'C' are concerned, the Committee find that fabrication of cabs and bodies was completed by them in November 1975 and July 1977 respectively after they were given extensions repeatedly—6 in the case of formers and 4 in that of the latter. Thus, extensions were liberally granted. The Department did not also choose to levy liquidated damages for the delayed supplies. This aspect of the matter needs to be adequately explained.

1.99 Consequent on the failure of M/s. Globe Motors Workshop, Faridabad to execute the contract, another contract was placed as late as in February 1975 on Free India Industries, Jullundur (firm 'D') at a per unit rate of Rs. 10,250/- which was much higher than the rates allowed to firms 'B' and 'C'. According to the Ministry of Defence, the work was awarded to the firm, as their offer was the

lowest at that time, and the firm had earlier successfully completed the fabrication work on one-tonners. The Committee regret to note that in spite of a specific provision for security deposit at the rate of 2½ per cent of the contract value, the authorities chose not to obtain the same from the firm despite the fact that they had a bad experience with Globe Motors. The Committee would like to know whether there was any provision in the contract with the firm for getting the work done at the risk and cost of the firm in case of its failure to effect the supplies as per the terms of the contract and if so, why it was not enforced.

1.100 According to the contract, the firm was required to start bulk supply at the rate of 15 numbers per month commencing after 45 days of the grant of bulk production clearance. The prototype submitted by the firm in August 1975 was approved by the Director General of Inspection in October 1975 and consequently 30 chassis were issued in January 1976 to firm 'D' for fabrication work. The Committee find that the firm miserably failed in the execution of the contract and not even a single built vehicle was delivered despite repeated extensions of time upto July 1976. Even as late as 20 November 1976 it was noticed that cabs and bodies had been almost completed in case of only 3 vehicles, with certain modifications, partial work had been completed by the firm on 4 more vehicles and no work had been done on balance 23 chassis. The Committee are surprised to find that despite the shocking report by the Inspector about the work, the authorities did not cancel the contract immediately and take over all the 30 vehicles to get the work completed at the risk and expense of the firm as agreed to at the meeting held with the representative of the firm on 12 July, 1976. The contract with firm 'D' was finally cancelled as late as January 1977. Thereafter, the authorities did not take over the chassis immediately. This was done after another 9 months. The Committee are not satisfied with the argument advanced by the Ministry for their failure to recover the chassis in January 1977 that "Board was to be formed to go and see the conditions of the vehicles and then to take over. That process took some time". It is unfortunate that it took more than 8 months to set up a Board of Officers for re-assessing the condition of the chassis and that these were finally taken over in September, 1977. Certain deficiencies and the damages costing Rs. 5,528 were assessed in respect of these chassis. No recovery could be effected. The firm even tampered with the pilot chassis kept with it, and the authorities took no action against the firm for this grave violation of the terms of contract.

1.101 Strangely enough, despite the reported sad experience with the firm in the execution of the contract the authorities partially reinstated the orders in September 1977 to enable the firm to complete work, on the remaining 10 partly built chassis. As the firm failed to

complete the reinstated order also, the Department was left with no other alternative but to cancel the order in June 1978. Again, the authorities failed to recover the 10 partially built chassis from the firm immediately after the reinstated order was cancelled and allowed the chassis to deteriorate at the premises of the firm. Another Board of Officers convened to take over these chassis, reported in October 1979, that "all these chassis were lying in the open with a large number of fitment items missing". The chassis were finally taken over in February 1980 with the help of civil police and municipal authorities. The Committee view with grave concern the irresponsible behaviour of the authorities in this case. The Committee also regret to note that the authorities have not so far been able to recover from the firm Rs. 0.48 lakh on account of the cost of damages/deficiencies to these 10 chassis as assessed in June, 1980.

1.102 The Committee desire that a thorough enquiry should be instituted to go into the various acts of omission and commission particularly with regard to the following points :—

- (i) whether proper procedures were followed in the selection of firms for fabrication of cabs and bodies;
- (ii) why the specific provision for security deposit at the rate of 2½ per cent of the contract value was not enforced in case of firm 'D';
- (iii) why the order with firm 'D' was reinstated partially in September 1977 despite the failure of the firm to execute the order as per terms of the contract; and
- (iv) why the chassis were not recovered from firm 'D' immediately after cancelling the order in January 1977 and why the 10 partly-built chassis were again not recovered from the firm in June 1978 when the partially reinstated order was also cancelled.

1.103 The Committee would like the matter to be gone into by a team of senior officers and their findings together with the action taken in pursuance thereof, reported to the Committee within six months. The Committee would also like to be apprised of the steps taken to recover the cost of damages/deficiencies from the partners of firm 'D', as the firm itself is reportedly not in existence now.

1.104 As a direct consequence of the unimaginative planning in this case, a surplus of 183 10-tonne vehicles (built vehicles—66 and chassis—117) was revealed in the provision review of October 1976. In order to utilize these surplus vehicles somehow, these were issued to static units, training establishments and ordnance depots. The Committee observe that despite reservations on the part of the rep-

representatives of Western and Northern Commands about the utility of the 10-tonne vehicles, it was decided to convert 3-tonne independent transport platoons into 10-tonne platoons. An additional expenditure of Rs. 8.14 lakhs was sanctioned on fabricating cabs and bodies over 44 out of 117 surplus chassis. An expenditure to the tune of Rs. 1.92 lakhs was incurred on their transportation.

1.105 Of the balance 73 chassis, 23 were issued to ordnance units for GS Role after fabrication of cabs and bodies thereon at an estimated cost of Rs. 18,500 per vehicle besides freight charges of Rs. 0.60 lakhs. Modification/conversion of another 48 chassis into bulk petroleum lorries was decided upon in February 1982. The Committee are surprised to find that relevant drawings for these lorries have not yet been finalised and it is still not known as to exactly when the 48 chassis meant to be utilized as bulk petroleum lorries would be pressed into service.

1.106 The Committee view with grave concern that an expenditure of Rs. 2.27 crores incurred on 117 chassis procured as early as 1974-75 remained absolutely unproductive for more than 5 years.

1.107 So far as induction of 10-tonne vehicles for tractor role (towing of trailers) is concerned, the Committee find that a provision review carried out in October 1971 revealed a deficiency of 462 vehicles. According to the indent placed by the Director of Ordnance Services in July 1972 on DGS&D for 400 numbers of 10-tonne chassis, these chassis were required to be supplied during 1973-74 and 1974-75 at the rate of 200 numbers per year and were to conform to a particular specification. The Committee are perturbed to find that the revised specifications could be finalized only in January 1974, i.e. after a delay of about 1½ years. It was only in July 1975 that the DGS&D could conclude a contract with Firm 'A' for 200 chassis and that too with existing specifications. The Committee are not convinced with the argument that "repetitive amendments to the specification were necessitated by the changes brought about in the vehicle by the firm, viz. M/s. Ashok Leyland and the advice given by the Research and Development Organisation on various issues". The Committee view with concern that the delay resulted in an infructuous expenditure of Rs. 235.32 lakhs in the procurement of these 200 vehicles in so far as the chassis with existing specifications were procured at the rate of Rs. 2.45 lakhs (for 102 chassis) and Rs. 2.79 lakhs (for 98 chassis) per chassis against the rate of Rs. 1.44 lakhs prevailing at the time of placing an indent in July 1972. Had the authorities been vigilant enough, this expenditure could be avoided.

1.108 The same lackadissical approach is evident from the manner in which the work of fabrication of cabs and bodies over the 200 chassis was proceeded with. Whereas fabrication of cabs and bodies on 100 chassis was entrusted to a public sector undertaking which completed it in May 1977, firm 'E' (M/s. Jullundur Body Builders,

Delhi) to which fabrication work for another 100 chassis was awarded in December 1975 miserably failed to execute the order as per schedule. The firm could hardly complete 15 out of 30 chassis fed to it within the extended date of delivery, viz. November 1977 and the order had to be short-closed at 15 nos. in January 1978 and the rest 15 were again ordered to the same firm in September, 1978. The Department's contention that "the firm being new in development of stores, they had to face technical problem" does not seem to be plausible that the selection of the firm was itself wrong. The Committee desire that the matter may also be gone into by the team of officers recommended earlier and on the basis of its findings steps should be taken with a view to obviating such lapses in the selection of firms in future.

1.109 The Committee further find that the work for fabrication of bodies on the balance 70 chassis was entrusted in firm "F" (M/s. Pearey Lal & Sons, New Delhi) as late as May, 1978 and was completed in April, 1980. Thus, the expenditure on these 70 chassis remained unproductive for nearly two years.

1.110 As for the requirement of balance quantity of 262 chassis, the Committee find that the order was cancelled in August 1979 keeping in view the observations made by the Engineer-in-Chief (July 1979) to the effect that the vehicle was not suitable for tractor role due to its poor cross country performance in the desert and reverine canal-based terrain and should not be used in this role.

1.111 The Committee thus observe that 310—10 tonne vehicle of which 183 were procured for General service role and 127 for tractor role at a cost of Rs. 700 lakhs have become surplus to requirements and are being used for purposes other than for which they were procured just to utilise them somehow. In addition, expenditure to the tune of Rs. 2.52 lakhs incurred on freight charges for backloading 67 chassis has become infructuous. The Committee are, therefore, led to the conclusion that the decision to go in for large scale acquisition of 10-tonne vehicles in the face of adverse reports from the field as to their utility in an operational environment, was totally ill-conceived. It is highly regrettable that such carelessness should be shown in planning the replacement of equipment for Defence Forces when Parliament is quite generous in granting funds for Defence expenditure. The Committee trust that this case would act as an eye opener and that proper lessons would be drawn at the Ministerial level from this experience so that the nation's precious resources are not frittered away on such schemes to the guise of meeting urgent/operational requirements of the armed forces.

NEW DELHI;
April 6, 1983

Chaitra 16, 1905 (S)

SATISH AGARWAL
Chairman

Public Accounts Committee.

APPENDIX

Conclusions and Recommendations

Sl. No.	Para No.	Ministry concerned	Conclusion/Recommendation
1	2	3	4
1	1.93	Défence	<p>As early as 1964 the Army Headquarters mooted a proposal for induction of heavier 10-tonne vehicles for General Services role in the transport companies of the Army Service Corps and for tractor role for towing of 20-tonne trailers as against 3-tonners then in use in forward areas. User trials carried out in 1967 indicated that though the 10-tonne vehicle was suitable for employment as 'third line transport' over metalled roads, it did not have the requisite cross country mobility to operate in forward areas. The proposal was however justified on the ground that there were far too many lighter vehicles in the forward areas, which were targets to the enemy forces and it was necessary to reduce the number by replacing them with higher carrying capacity vehicles. Moreover, raising of additional 3-tonne platoons would have involved large increase in manpower. The Army Headquarters recommended (August 1968) to the Ministry the raising of 8 x 10 tonne platoons in order to make up the deficiency of 24 x 3 tonne platoons for General Services role for reasons of cost effectiveness and "assured availability of 200 x 10 tonne vehicles within a time frame of six months". In October 1968 the Ministry of Defence sanctioned the raising of two 10-tonne transport companies to relieve proportionate number of 3-tonne transport companies for employment in forward areas. The raising of the first com-</p>

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			pany was to be completed during 1968-69 and that of the second company during 1969-70.
2	1.94	Defence	Consequent to the provision reviews carried out by the Director of Ordnance Services at the Army Headquarters during 1969 and 1970, 680 numbers (including 330 numbers for 2 new transport companies) of 10-tonne vehicles were found deficient for General Services role. Accordingly, three indents for procurement of the same were placed on D.G.S. & D. during May 1969-May 1970.
3	1.95	-do-	The Committee find that raising of the second company was cancelled on 29 January 1976 as it came to be realized that the 10-tonne vehicle was not suitable for deployment in forward areas during operations. Considering the fact that the user trials carried out in 1967 had clearly established that the vehicle was not suitable for cross country operations, the Committee are of the view that the Ministry of Defence/Army Headquarters should have proceeded in the matter of augmenting the fleet of these vehicles with utmost caution. The Defence Secretary informed the Committee in evidence that "they went on trying it in different areas. In the desert it was not found successful. The area where this was not proving successful, was getting larger. Later on, based on the total roles discovered, I get a feeling that they decided that it was not a very successful vehicle and therefore, in 1976 they decided to Limit it to one transport company. It is obvious that the authorities did not care to re-assess the utility of the vehicles at the time of the provision reviews of 1969 and 1970 or immediately thereafter even while the field trials were consistently discouraging. That the decision to cancel the order for raising the second company was taken after as many as 6 years, is a sad reflection on the working of the Army Headquarters. The Committee cannot but take a serious view of

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this lapse on the part of the authorities since this resulted in considerable amount of infructuous expenditure as would be seen from the succeeding paragraphs.

4 1.96 Defence

In order to meet the deficiencies of 10 tonne vehicles, two contracts were concluded with firm 'A' (M/s. Ashok Leyland, Madras) for supply of 230 (10-tonne) chassis in January 1970 (modified in May 1970) and for 450 chassis in July 1971, i.e. a total of 680 chassis, at a cost of Rs. 11.26 crores. Whereas supplies against the first contract were completed by the firm by August 1972, as many as three extensions had to be granted with regard to the supply against the second contract. The supply was completed as late as February 1975. The extensions were granted to the firm for reasons like lock-out, labour dispute, power cut and approval of pilot sample. No liquidated damages were levied on the firm as "it was decided to refix delivery period upto 28-2-1975 subject to no price increase after 7-7-1974". It is not understood why approval of pilot sample was needed at this stage when the firm has already supplied a number of chassis against the first contract. The Committee consider that in these circumstances, the Ministry would have been well within their rights to cancel the order. It is regrettable that this was not done and an opportunity was lost to get rid of vehicles for which they had little use.

5 1.97 Defence

Three contracts for fabrication of cabs and bodies on 680 10-tonne chassis were concluded by the Department of Defence Supplies for 130, 300 and 250 numbers in June 1970, August 1971 and October 1971 on M/s. Globe Motors Workshop, Faridabad, M/s. Punj and Sons, New Delhi (Firm B) and M/s. Jayanand Khira, Bombay (Firm C) at the per unit rate of Rs. 6,200 Rs. 9,530 and Rs. 8,050, respectively.

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The Committee regret to note that despite the fact that the Army Headquarters had emphasized that "the requirement was of an operational nature and fabrication of bodies on at least 130 chassis had to be completed by September 1971 and bulk supplies commence immediately", the contracts were processed in a leisurely manner. The Committee find that the contract on M/s. Globe Motors Workshop, Faridabad for 130 chassis had to be cancelled for its failure to effect the supplies. It is unfortunate that the authorities waited for three years to cancel the order on the firm for unsatisfactory performance. This needs looking into.

6 1.98 Defence

So far as firms 'B' and 'C' are concerned, the Committee find that fabrication of cabs and bodies was completed by them in November 1975 and July 1977 respectively after they were given extensions repeatedly—6 in the case of former and 4 in that of the latter. Thus, extensions were liberally granted. The Department did not also choose to levy liquidated damages for the delayed supplies. This aspect of the matter needs to be adequately explained.

7 1.99 Defence

Consequent on the failure of M/s. Globe Motors Workshop, Faridabad to execute the contract, another contract was placed as late as in February 1975 on Free India Industries, Jullundur (Firm 'D') at a per unit rate of Rs. 10,250 which was much higher than the rates allowed to firms 'B' and 'C'. According to the Ministry of Defence, the work was awarded to the firm, as their offer was the lowest at that time, and the firm had earlier successfully completed fabrication work on one-tonners. The Committee regret to note that in spite of a specific provision for security deposit at the rate of 2½% of the contract value, the authorities chose not to obtain the same from the firm despite the fact

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that they had a bad experience with Globe Motors. The Committee would like to know whether there was any provision in the contract with the firm for getting the work done at the risk and cost of the firm in case of its failure to effect the supplies as per the terms of the contract and if so, why it was not enforced.

8 1.100 Defence

According to the contract, the firm was required to start bulk supply at the rate of 15 numbers per month commencing after 45 days of the grant of bulk production clearance. The prototype submitted by the firm in August 1975 was approved by the Director General of Inspection in October 1975 and consequently 30 chassis were issued in January 1976 to firm 'D' for fabrication work. The Committee find that the firm miserably failed in the execution of the contract and not even a single built vehicle was delivered despite repeated extensions of time upto July 1976. Even as late as 20 November 1976 it was noticed that cabs and bodies had been almost completed in case of only 3 vehicles, with certain modifications, partial work had been completed by the firm on 4 more vehicles and no work had been done on balance 23 chassis. The Committee are surprised to find that despite the shocking report by the Inspector about the work, the authorities did not cancel the contract immediately and take over all the 30 vehicles to get the work completed at the risk and expense of the firm as agreed to at the meeting held with the representative of the firm on 12 July, 1976. The contract with firm 'D' was finally cancelled as late as January 1977. Thereafter, the authorities did not take over the chassis immediately. This was done after another 9 months. The Committee are not satisfied with the argument advanced by the Ministry for their failure to recover the chassis in January 1977 that "Board was to be

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			<p>formed to go and see the conditions of the vehicles and then to take over. That process took some time". It is unfortunate that it took more than 8 months to set up a Board of Officers for re-assessing the condition of the chassis and that these were finally taken over in September, 1977. Certain deficiencies and damages costing Rs. 5,528 were assessed in respect of these chassis. No recovery could be effected. The firm even tampered with the pilot chassis kept with it, and the authorities took no action against the firm for this grave violation of the terms of contract.</p>
9	1.101	Defence	<p>Strangely enough, despite the reported sad experience with the firm in the execution of the contract the authorities partially reinstated the order in September 1977 to enable the firm to complete work on the remaining 10 partly built chassis. As the firm failed to complete the reinstated order also, the Department was left with no other alternative but to cancel the order in June 1978. Again, the authorities failed to recover the 10 partially built chassis from the firm immediately after the reinstated order was cancelled and allowed the chassis to deteriorate at the premises of the firm. Another Board of Officers convened to take over these chassis, reported in October 1979, that "all these chassis were lying in the open with a large number of fitment items missing". The chassis were finally taken over in February 1980 with the help of civil police and municipal authorities. The Committee view with grave concern the irresponsible behaviour of the authorities in this case. The Committee also regret to note that the authorities have not so far been able to recover from the firm Rs. 0.48 lakh on account of the cost of damages/deficiencies to these 10 chassis, as assessed in June, 1980.</p>
10	1.102	Defence	<p>The Committee desire that a thorough enquiry should be instituted to go into the various acts of</p>

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omission and commission particularly with regard to the following points:—

- (i) whether proper procedures were followed in the selection of firms for fabrication of cabs and bodies;
- (ii) why the specific provision for security deposit at the rate of 2-1/2% of the contract value was not enforced in case of firm 'D';
- (iii) why the order with firm 'D' was reinstated partially in September 1977 despite the failure of the firm to execute the order as per terms of the contract; and
- (iv) why the chassis were not recovered from firm 'D' immediately after cancelling the order in January 1977 and why the 10 partly-built chassis were again not recovered from the firm in June 1978 when the partially reinstated order was also cancelled.

11 1.103 Defence

The Committee would like the matter to be gone into by a team of senior officers and their findings together with the action [taken in pursuance thereof, reported to the Committee within six months. The Committee would also, like to be apprised of the steps taken to recover the cost of damages/deficiencies from the partners of firm 'D', as the firm itself is reportedly not in existence now.

12 1.104 Defence

As a direct consequence of the unimaginative planning in this case, a surplus of 183 10-tonne vehicles (built vehicles—66 and chassis—117) was revealed in the provision review of October 1976. In order to utilize these surplus vehicles somehow, these were issued to static units, training establishments and ordnance depots. The Committee observe that, despite reservations on

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			<p>the part of the representatives of Western and Northern Commands about the utility of the 10-tonne vehicles, it was decided to convert 3-tonne independent transport platoons into 10 tonne platoons. An additional expenditure of Rs. 8.14 lakhs was sanctioned on fabricating cabs and bodies over 44 out of 117 surplus chassis. An expenditure to the tune of Rs. 1.92 lakhs was incurred on their transportation.</p>
13	1.05	Defence	<p>Of the balance 73 chassis, 23 were issued to ordnance units for GS Role after fabrication of cabs and bodies thereon at an estimated cost of Rs. 18,500 per vehicle besides freight charges of Rs. 0.60 lakhs. Modification/conversion of another 48 chassis into bulk petroleum lorries was decided upon in February 1982. The Committee are surprised to find that relevant drawings for these lorries have not yet been finalised and it is still not known as to exactly when the 48 chassis meant to be utilised as bulk petroleum lorries would be pressed into service.</p>
14	1.106	Defence	<p>The Committee view with grave concern that an expenditure of Rs. 2.27 crores incurred on 117 chassis procured as early as 1974-75 remained absolutely unproductive for more than 5 years.</p>
15	1.107	Defence	<p>So far as induction of 10-tonne vehicles for tractor role (towing of trailers) is concerned, the Committee find that a provision review carried out in October 1971 revealed a deficiency of 462 vehicles. According to the indent placed by the Director of Ordnance Services in July 1972 on DG S&D for 400 number of 10-tonne chassis, these chassis were required to be supplied during 1973-74 and 1974-75 at the rate of 200 numbers per year and were to conform to a particular specification. The Committee are perturbed to find that the revised specifications could be finalized only in January 1974, i.e. after a delay of</p>

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about 1-1/2 years. It was only in July 1975 that the DGS&D could conclude a contract with Firm 'A' for 200 chassis and that too with existing specifications. The Committee are not convinced with the argument that "repetitive amendments to the specification were necessitated by the changes brought about in the vehicle by the firm, viz. M/s. Ashok Leyland and the advice given by the Research and Development Organisation on various issues". The Committee view with concern that the delay resulted in an infructuous expenditure of Rs. 235.32 lakhs in the procurement of these 200 vehicles in so far as the chassis with/existing specifications were procured at the rate of Rs. 2.45 lakhs (for 102 chassis) and Rs. 2.79 lakhs (for 98 chassis) per chassis against the rate of Rs. 1.44 lakhs prevailing at the time of placing an indent in July 1972. Had the authorities been vigilant enough, this expenditure could be avoided.

16 1.108 Defence

The same lackadaisical approach is evident from the manner in which the work of fabrication of cabs and bodies over the 200 chassis was proceeded with. Whereas fabrication of cabs and bodies on 100 chassis was entrusted to a public sector undertaking which completed it in May 1977, firm 'E' (M/s Jullundur Body Builders, Delhi) to which fabrication work for another 100 chassis was awarded in December 1975 miserably failed to execute the order as per schedule. The firm could hardly complete 15 out of 30 chassis fed to it within the extended date of delivery, viz. November 1977 and the order had to be short-closed at 15 nos. in January 1978 and the rest 15 were again ordered to the same firm in September 1978. The Department's contention that "the firm being new in development of stores, they had to face technical problem" does not seem to be plausible that the selection of the firm was

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			<p>itself wrong. The Committee desire that the matter may also be gone into by the team of officers as recommended earlier and on the basis of its finding steps should be taken with a view to obviating such lapses in the selection of firms in future.</p>
17	1.109	Defence	<p>The Committee further find that the work for fabrication of bodies on the balance 70 chassis was entrusted to firm 'F' (M/s. Pearey Lal & Sons, New Delhi) as late as May 1978 and was completed in April 1980. Thus, the expenditure on these 70 chassis remained unproductive for nearly two years.</p>
18	1.110	Defence	<p>As for the requirement of balance quantity of 262 chassis, the Committee find that the order was cancelled in August 1979 keeping in view the observations made by the Engineer-in-Chief (July 1979) to the effect that the vehicle was not suitable for tractor role due to its poor cross country performance in the desert and riverine/canal-based terrain and should not be used in this role.</p>
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the replacement of equipment for Defence Forces when Parliament is quite generous in granting funds for Defence expenditure. The Committee trust that this case would act as an eye opener and that proper lessons would be drawn at the Ministerial level from this experience so that the nation's precious resources are not frittered away on such schemes in the guise of meeting urgent/operational requirements of the armed forces.

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