

**PUBLIC ACCOUNTS COMMITTEE
(1973-74)**

(FIFTH LOK SABHA)

HUNDRED AND EIGHTH REPORT

[Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 92nd Report (Fifth Lok Sabha) on the Audit Report (Defence Services) 1970-71].



**LOK SABHA SECRETARIAT
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PUBLIC ACCOUNTS COMMITTEE
(1973-74)

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Shri M. S. Sundaresan—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

*Elected on 29-11-1973 *vice* Shri D. S. Afzalpurkar died.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Eighth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 92nd Report (Fifth Lok Sabha) relating to Ministry of Defence.

2. On the 26th May, 1973, an 'Action Taken' Sub-Committee was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

Shri H. N. Mukerjee—*Convener*

- | | |
|------------------------------|-----------|
| 2. Shri Sunder Lal | } Members |
| 3. Shri Biswanarayan Shastri | |
| 4. Shri M. Anandam | |
| 5. Shri Nawal Kishore | |
| 6. Shri H. M. Patel | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1973-74) considered and adopted this Report at their sitting held on the 19th February, 1974. The Report was finally adopted by the Public Accounts Committee on the 11th March, 1974.

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

5. The Committee placed on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;
March 13, 1974.

Phalguna 22, 1895 (S).

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in their 92nd Report (Fifth Lok Sabha) on Comptroller and Auditor General's Report for the year 1970-71, Union Government (Defence Services) which was presented to Lok Sabha on the 26th April, 1973.

1.2. Action Taken Notes have been received in respect of all the 20 recommendations in the Report.

1.3. The Action Taken Notes/Statements on the recommendations have been categorised under the following heads:—

(i) *Recommendations/observations that have been accepted by Government.*

S. Nos. 1, 2, 4—12, 14—16 & 20.

(ii) *Recommendations/observations which the Sub-Committee may not desire to pursue in the light of the replies of the Government.*

Nil.

(iii) *Recommendations/observations replies to which have not been accepted by the Sub-Committee and which require reiteration.*

S. No. 17

(iv) *Recommendations/observations in respect of which Government have furnished interim replies.*

S. Nos. 3, 13, 18 and 19.

1.4. The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.5. The Committee will now deal with action taken by Government on some of the recommendations.

Procurement of Tyres and Wheel discs—(Paragraph 1.17—S. No. 1).

1.6. Dealing with a procurement of sand tyre equipment, the Committee in paragraph 1.17 had observed as follows:—

“The Committee note that the Research and Development Organisation of the Ministry of Defence, after carrying out trials recommended sand tyre equipment for use on three types of military vehicles, namely, Jeep, Nissan truck and 3 tonne TMB, which were selected for deployment in the sandy areas. However, no field trials of the sand tyre equipment to be fitted with Nissan trucks were made as the special type of wheel required for trials on these trucks was not available and it was considered unwise to invest some amount on the manufacture of one or two trial wheels. The type of the equipment to be fitted on the Nissan trucks was decided on the basis of the assumption that whatever equipment could be fitted on Dodge trucks would also be useable on Nissan trucks. Again the samples of the sand tyre equipment got manufactured by a private firm were tested under different conditions. The equipment meant for use on sandy soil was put on trial in Calcutta, where there was no sandy soil. On the basis of these faulty trials bulk orders for procurement of sand tyre equipment consisting of wheel discs, tyres, tubes and flaps were placed and equipment worth more than Rs. 38 lakhs was received. When the equipment was issued to the units, deployed in sandy terrain, it was found that it could not be used with advantage on the vehicles for which it was intended. The entire equipment was lying unutilised and the amount spent on it may be said to have been totally infructuous. The Committee take a serious view of this for no one seems at any stage to have thought of taking the obvious precautionary steps to make sure that what was being ordered was capable of being used. The Committee desire that the circumstances leading to the adoption of sand tyre equipment for Nissan trucks without field trials and the omission to carry out trials of the sample equipment under the appropriate condition before placing a bulk order for manufacture may be investigated with a view to fixing individual responsibility.”

1.7. In their reply, dated the 9th January, 1974, the Ministry of Defence have stated:—

“The question of setting up of a Board of Officers to investi-

gate the case has been examined in consultation with Army Headquarters and Research and Development Organisation. As desired by the Public Accounts Committee a Board Officers is being set up to investigate into the circumstances that led to this situation and to fix responsibility."

1.8. The Committee observe with distress it has taken 9 months to report that a Board of Officers is being set up to investigate the circumstances leading to the adoption of sand tyre equipment for Nissan trucks without field trials and the omission to carry out trials of the sample equipment under the appropriate condition before placing a bulk order for manufacture. The Committee should be informed of the reasons for the delay and persons responsible for this lapse. The Committee wish that the Board should be set up without delay since much time has already been lost. They would also like to be apprised of the findings of the Board and the disciplinary action taken.

Uneconomic working of Explosives Factory (Paragraph 2.66--S. No. 12)

1.9. Commenting on the uneconomic working of the Explosives Factory, the Committee in paragraph 2.66 of the Report had observed as under :—

"The uneconomic working of the Explosives Factory can be seen from the fact that during the year 1970-71, the total cost of production was only Rs. 2.22 crores as against the capital investment of Rs. 15 crores (upto March, 1970). During the two years, 1969-70 and 1970-71, the overheads alone accounted for about 74 per cent of the cost of production. This points to the need to fully utilise the capacity of the various plants. The Committee, therefore, desire that there should be a comprehensive examination of the position at the Government level in order to initiate timely action to achieve self-sufficiency in respect of the present requirements of explosives and to reduce the cost of production."

1.10. In their reply, dated the 15th December, 1973, the Ministry of Defence have stated:—

"No imports are now permitted nor required in respect of the explosives being produced in the Explosives Factory. However, with regard to new types of explosives even if

final action is taken to achieve self-sufficiency, the development work is likely to be time-consuming and this position will have to be accepted.

As regards the cost of production, the cost can be brought down substantially only if production is kept at higher levels. The production in 1971-72 and 1972-73 has been higher. The cost of production of all the items would have further come down but for the rising cost of raw materials all round and higher incidence of labour and supervision charges."

1.11. The Ministry's reply is not to the point and is in general terms. The Committee, therefore, reiterate that a comprehensive examination of the working of the explosive factory should be undertaken at once at the Government level and a further report given clearly setting out the steps proposed to be taken to speedily establish adequate production of the required varieties of explosives and at reduced cost.

Delay in utilisation of rejected steel bars (Paragraph 2.92—S. No. 15).

1.12. Commenting on the import of defective steel bars worth more than Rs. 49 lakhs, the Committee in paragraph 2.92 of the Report had observed:—

"The Committee note that so far it has not been found possible to utilise the rejected steel bars worth more than Rs. 49 lakhs. The Committee desire that all necessary steps may be taken urgently to ensure that the entire quantity of the unused stock of steel bars is put to economic use."

1.13. In their reply, dated the 18th December, 1973, the Ministry of Defence have stated:—

"The question of utilisation of the steel bars within the Ordnance Factories for manufacture of one type of mortar ammunition has been examined afresh. Certain technical trials have been undertaken in this connection which have given encouraging results and decision has been taken to utilise part of the steel bars for manufacture of 50,000 Nos. of one type of mortar ammunition. Further efforts are in hand for exploring the possibility of utilising the balance steel bars for production of ammunition items in the Ordnance Factories."

1.14. The Committee very much regret that it has taken more than 4 years to decide on the utilisation of a part of the steel bars imported during 1968-69 at a cost of over Rs. 49 lakhs in foreign ex-

change. The progress in utilisation may be reported to them. They would also like to know the results of the efforts for exploring the possibility of utilising the balance quantity which they hope will be speedily done. It is necessary that the personnel responsible for the serious lapse are brought to book undue advice to the Committee.

Import of steel bars and procurement of defective lathes (Paragraphs 2.90 and 2.131—S. Nos. 13 and 19 respectively).

1.15. In paragraphs 2.90 and 2.131 of the Report, the Committee had raised certain issues for investigations with a view to fixing responsibility. The Committee had observed as follows:—

2.90.—S. No. 13: ‘The Committee are unhappy to learn that 2,400 tonnes of steel bars of a specified quality required for manufacture of ammunition shells in an ordnance factory imported during October, 1968 to January, 1969 were found to be unsuitable for the purpose for which they were procured. Out of the total quantity of 3,000 tonnes only 606 tonnes of the steel bars could be accepted and the balance value at Rs. 49.63 lakhs were rejected as unsuitable. From the information made available to the Committee it is clear that the defects in the steel bars crept in at the time of the normalising process. Normalisation of steel bars in the factory, which ought to have been done in still air as per the standard procedure was, according to the Chief Inspector of Metals, Ishapore, done in a blast of very cold air, which affected the physical properties of the metal. It is unfortunate that the Inspector of DG, ISM, London who carried out the inspection at the factory failed to verify the method of normalisation adopted as he took it for granted that the normalisation had been done as per the normal practice. This is a serious lapse which the Committee feel, ought to have been investigated fully for fixing responsibility in 1969 when the defects first came to light. The Committee were informed that the particular inspector was allowed to resign in June, 1972. The reasons why no action was taken against the inspector before he was allowed to resign may be gone into critically and responsibility fixed for the lapse on the part of the concerned officials. The Committee desire that legal opinion should be obtained on the point whether the supplier could have been compelled to replace the defective supplies at their own cost under the guarantee clause.’

2.131.—S. No. 19: "The Committee find that 11 lathes procured at a cost of Rs. 1.75 lakhs were found defective on erection. Although the DGS&D is of the view that the inspection was done properly, the Defence Department have considered that all the defects are attributable to defective workmanship design. The lathes could have been rejected if proper inspection had been carried out by actual trial by the DGS&D's inspector before despatch. The Committee desire that the matter should be investigated with a view to fixing responsibility."

1.16. In their reply, dated the 18th December, 1973, the Department of Supply have stated as under seriatum:—

2.90.—S. No. 13: "The question of fixation of responsibility is under examination of the Vigilance Wing of the DGS&D. The findings of the vigilance probe would be intimated to the Committee in due course.

Recommendation of the Committee to obtain legal opinion whether the supplied could be held responsible has been noted for compliance and the Committee would be informed of the final outcome, in due course of time."

2.131.—S. No. 19: "The matter regarding fixation of responsibility is being investigated by the Vigilance Wing of the DGS&D. The findings of the vigilance probe would be intimated to the Committee in due course."

1.17. The Committee had raised certain important issues for investigation with a view to fixing responsibility. They are indeed distressed to learn after nearly long 8 months that the matters are still under examination by the Vigilance Wing of the DGS&D. Such delays indicate a disturbing lack of sense of urgency in processing the recommendations of the Committee and it is bound to create misapprehension. The need to gear up the Vigilance Wing of the DGS&D to expeditiously attend to such matters has been impressed upon the Ministry in the 99th Report (Fifth Lok Sabha). The Committee would await a report on the outcome of the investigation within three months.

1.18. As regards the observations of the Committee contained in paragraph 2.90, at least the legal opinion could have by now been obtained on the point whether the supplier could be held responsible for the defective supplies. Regrettably, even this has not so far been done. The Committee desire that the legal opinion should be obtained forthwith and suitable action taken under intimation to them.

Annealing furnaces (Paragraph 2.116—S. No. 17).

1.19. Commenting upon the receipt of defective annealing furnaces without proper inspection, the Committee in paragraph 2.116 of the Report had observed as follows:—

“The Committee regret that three double-chamber annealing furnaces were found defective on receipt. Payment of Rs. 5.82 lakhs representing 80 per cent of the cost was made after initial inspection. The Committee do not think that the inspection was adequate in so far as the equipments were not assembled in the firms works and defects removed prior to despatch. This aspect should therefore be gone into.”

1.20. In their reply, dated the 18th December, 1973, the Department of Supply have stated:—

“In case of heavy equipments and big plant and machineries, complete assembly with all the component part and installation at firm’s premises and testing the same thereafter for proving the performance/capacity are not feasible. Such plants cannot be despatched duly assembled with all the components and if this is done then dismantling the same may result in damage to the component parts and mis-alignment, thereby presenting difficulty in its subsequent assembly at the consignee’s end. Therefore, in such, cases, the contract stipulated inspection of component parts only at firm’s works or at the premises of their sub-contractor (which may not be at the same place). After inspection, the components are sent by the firms direct to the site and the final performance checks/tests are carried out at site after completion of installation/erection.

The initial inspection of the component parts in this case was carried out at different places. The fire bricks were inspected by Director of Inspection (Met), Burnpur; Deputy Director of Inspection (Met), Rourkela and the Director of Inspection, N.I. Circle, New Delhi. The rest of the components were inspected by Director of Inspection, Bombay. As per terms of the contract, the component parts were sent to the consignee after initial inspection and the performance test could only be carried out after complete assembly of the component parts and inside lining of the Furnace with fire-bricks and completion of erection/installation of the Furnaces by the consignee.

From the above it will be seen that inspection of the assembled Furnace at the firm's works was not feasible. The components after initial inspection were sent from different places direct to the site. The discrepancies noted during the final inspection related to design, defects and performance which could be observed during erection and test at site only."

1.21. The Committee note the view of the Department of Supply that the inspection of the assembled furnace at the firm's works was not feasible. However, from the nature of the defects reported by the Department of Defence Production vide para 2.110 of the Report it is clear to the Committee that the initial inspection was not properly done. They, therefore, suggest that the failure to detect the defects of the component parts should be carefully examined. The persons responsible for the lapse be brought to book under advice to the Committee.

In case of heavy equipments and big plant and machinery, complete assembly with all the component parts and installation at firm's premises and testing the same there after for proving the performance capacity are not feasible. Such plants cannot be despatched duly assembled with all the components and if this is done then dismantling the same may result in damage to the component parts and misalignment, thereby presenting difficulty in its subsequent assembly at the consignee's end. Therefore, in such cases, the contract stipulated inspection of component parts only at firm's works or at the premises of their sub-contractor (which may not be at the same place). After inspection, the components are sent by the firm direct to the site and the final performance checks/tests are carried out at site after completion of installation/erection.

The initial inspection of the component parts in this case was carried out at different places. The five bricks were inspected by Director of Inspection (Met) Bikaner; Deputy Director of Inspection (Met) Bikaner and the Director of Inspection, N.I. Circle, New Delhi. The rest of the components were inspected by Director of Inspection, Bikaner. As per terms of the contract, the component parts were sent to the consignee after initial inspection and the performance test could only be carried out after complete assembly of the component parts and inside lining of the Furnace with fire-bricks and completion of erection/installation of the Furnaces by the consignee.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that the Research and Development Organisation of the Ministry of Defence, after carrying out trials recommended and type equipment for use on three types of military vehicles, namely, Jeep, Nissan truck and 3 tonne TMB, which were selected for deployment in the sandy areas. However, no field trials of the sand tyre equipment to be fitted with Nissan trucks were made as the special type of wheel required for trials on these trucks was not available and it was considered unwise to invest some amount on the manufacture of one or two trial wheels. The type of the equipment to be fitted on the Nissan trucks was decided on the basis of the assumption that whatever equipment could be fitted on Dodge trucks would also be useable on Nissan trucks. Again the samples of the sand tyre equipment got manufactured by a private firm were tested under different conditions. The equipment meant for use on sandy soil was put on trial in Calcutta, where there was no sandy soil. On the basis of these faulty trials bulk orders for procurement of sand tyre equipment consisting of wheel discs, tyres, tubes and flaps were placed and equipment worth more than Rs. 38 lakhs was received. When the equipment was issued to the units deployed in sandy terrain, it was found that it could not be used with advantage on the vehicles for which it was intended. The entire equipment was lying unutilised and the amount spent on it may be said to have been totally infructuous. The Committee take a serious view of this for no one seems at any stage to have thought of taking the obvious precautionary steps to make sure that what was being ordered was capable of being used. The Committee desire that the circumstances leading to the adoption of sand tyre equipment for Nissan trucks without field trials and the omission to carry out trials of the sample equipment under the appropriate condition before placing a bulk order for manufacture may be investigated with a view to fixing individual responsibility.

The Committee would also like to be apprised of the action taken in the matter of introduction of a modification kit for making the

equipment usable on the vehicles. Adequate steps will no doubt be taken to ensure that the equipment lying unused is properly maintained.

[Sl. Nos. 1 & 2 of Appendix II to 92nd Report of P.A.C. (1972-73)]

Action taken

The question of setting up of a Board of Officers to investigate the case has been examined in consultation with Army Headquarters and Research and Development Organisation. As desired by the Public Accounts Committee, a Board of Officers is being set up to investigate into the circumstances that led to this situation and to fix responsibility.

2. The equipment has been fully utilised with the help of adapters/modification kits procured in the first quarter of 1972.

It is confirmed that adequate steps have been taken to ensure that the stores were properly maintained.

[Ministry of Defence O.M. No. 12(1)/73|D(0—I), dated 9-1-1974]

Recommendation

The Committee note that a decision to set up an Explosives Factory was taken in September, 1959. The production of explosives was expected to be firmly established by 1963 resulting in a saving of foreign exchange of about Rs. 4 crores annually besides making the country virtually self-sufficient in regard to an item of considerable importance. The factory was, however, set up gradually during February 1961, and January 1966. Consequently, the estimated cost of the project went from Rs. 11.70 crores to Rs. 14.80 crores. The delay was mainly due to lack of proper planning. Considerable delay also occurred in the ordering of the equipments. The Committee are surprised that according to the Secretary, Defence Production, "It is very rarely that the time prescribed in the project report is adhered to." There should have been a realistic time schedule for the various items of work and it should have been adhered to. The Committee suggest that in future there should be a periodical review of the implementation of such big projects, at the Government level.

[S. No. 4 (Para 2.21) of Appendix II to the 92nd Report of the P.A.C. (Fifth Lok Sabha)]

Action taken

The Committee's suggestion that in future there should be a periodical review of the implementation of big projects has been noted. Presently, such major projects are periodically reviewed by

the Director General, Ordnance Factories and by the Government to ensure their implementation as per programme. Apart from PERT Charts, assistance of computer is also availed of to review major projects. The Raksha Utpadan Board, a high powered representative body with administrative and financial powers, also periodically reviews the progress/performance of all major projects.

[Ministry of Defence O.M. No. 39|1|72|D (Project), dated 15-12-1973]

Recommendation

Apart from delay, optimum utilisation had not been made of the available capacity, the process plants for the intermediate products as also the connected acid plants have remained under-utilised and production has been low as compared to capital investment. The Committee have dealt with these aspects in the succeeding sections of this Report.

[SI. No. 5 (Para 2.22) of Appendix II to the 92nd Report of the P.A.C. (Fifth Lok Sabha)]

Action taken

Noted.

[Ministry of Defence O.M. No. 39|1|72|D (Project), dated 15-12-1973]

Recommendation

The Committee feel that the purchase of explosive production plant of 1937 vintage from UK in preference to a new plant offered by a German firm was unwise. No performance guarantee could be obtained for this plant. Its residual life after reconditioning was stated to have been assessed as only 7 or 8 years. Although the German plant was costlier by about Rs. 71 lakhs, according to the data given to the Financial Adviser, its purchase resulted in a saving of recurring expenditure of Rs. 31.80 lakhs per annum. That it was considered risky to purchase it owing to the fact that the firm had not produced the explosive is not convincing enough as the firm had agreed to give performance guarantee. At this stage, the Committee can only express their dissatisfaction and hope that such purchase proposals would be examined more carefully in future.

[SI. No. 6 (Para 2.38) of Appendix II to the 92th Report of P.A.C. (Fifth Lok Sabha)]

Action taken

Noted.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The Committee are concerned to find that even after six years of establishing the factory the capacity of the various plants has not been utilised fully. This is mainly due to requirements having changed consequent on change in ammunitions used. The Committee are convinced that with a little more imagination and foresight these changes could have been foreseen and the pattern of production changed to utilize the capacity fully. The following points deserve specific mention:

- (i) Although the plant for production of explosive 'A' went into production in 1965, one hundred and fifty-five tonnes (costing Rs. 14.4 lakhs) of a particular variety not covered by the agreement with the plant supplier was imported in May 1967. There was delay in establishing production of this variety.

[Sl. No. 7 (Para 2.61) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action taken

Copies of this recommendation have been given to all production groups and project groups under the Director General, Ordnance Factories, for guidance.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The cost of the process material in the second hand plant procured from UK is very high inasmuch as it is more than six times the cost of imported material. This is partly because of low production. Technical studies are being made to carry out modifications in the processing techniques so as to achieve higher yields and efficiency. The Committee desire that the cost of production should be progressively brought down.

[Sl. No. 8 (Para 2.62) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action taken

The concerned factory would be making a thorough investigation to improve the yield during the next manufacturing run. The plant has been overhauled to plug all loopholes and to ensure working at maximum possible efficiency. Continuous manufacture to improve the yield has not been possible due to non-availability of the basic raw material, *viz.* Calcium Carbide. The process is being modified to get the intermediate compound GN (for which above raw material was required) by a different process. The final conversion from GN to Explosive 'A' is also being modified to get better yield. This will bring down the cost of Explosive 'A' substantially but the effect can be felt only after 1975-76 when FCI are expected to commence supply of GN.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The production of explosive "B" during the years 1969-70, 1970-71 and 1971-72 was to the extent of only 50 per cent, 43 per cent and 62 per cent respectively. The Committee understand that the orders placed on the factory would ensure full utilisation of this capacity provided it could produce the variety of this explosive meant for a particular ammunition. According to the Ministry, the production of this variety will call for a small addition of another explosive to be produced in a plant expected to be available for use by middle of 1974. The Committee desire that there should be no delay in establishing the required variety of explosive "B" after 1974.

[Sl. No. 9 (Para 2.63) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action taken

Two batches of Explosive "B" were made incorporating the additive (small quantity of another explosive) obtained from another factory for obtaining a higher calorific value to match the specification of the required variety. These batches were subjected to proof test but the results were not satisfactory. This suggests that the method adopted is not suitable for the purpose and hence it would be necessary to wait till the required explosive plant is commissioned in the factory for conducting further trials incorporating the additive explosive. However, trials to produce powder with lower webs, without the additive explosive, using 1-mm die with 0.3

mm pin as suggested by the plant supplier is also in hand. Development work is being progressed at all levels.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The production of explosive "C" during the period 1969 to 1972 was far below even the peace-time requirement. The low production has been due to low demands and the main reason for this is the delay in switching over from the existing filling to the explosive "C" filling in a factory. It is, therefore, necessary to ensure that there is no delay in this change-over. Further, the connected process material plant is also grossly under-utilised. As there is stated to be demand from civil trade for this material, the Committee desire that the process material plant should be fully utilised to meet the requirements of the factory as well as civil trade.

[Sl. No. 10 (Para 2.64) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)]

Action taken

The Director General, Ordnance Factories has advised the concerned filling factories to effect the change over from the existing filling to the explosive "C" filling as early as possible in consultation with the Inspecting Organisation. The filling factories are making efforts to effect speedy switch-over after procurement of necessary plants and equipments.

As regards the connected process material, the factory has been instructed to meet the maximum possible demand of the trade. To facilitate this and to expedite issues, government sanction has been issued for manufacture up to 30 MT for ex-shelf stock for issue to trade.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The under-utilisation of Acid Plants is attributed to the low rate of production of explosive "C" for which approximately 75 per cent of the capacities of these plants are met. It is, therefore, all the more necessary to take steps to step up production of explosive "C".

[Sl. No. 11 (Para 2.65) of Appendix II to 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action taken

The change over from the existing filling to the explosive "C" filling is being expedited and it would, to some extent, increase the utilisation of the Acid Plants. Increased utilisation would naturally depend on the extent of orders for the ammunition that are forthcoming from the Services and this, in turn, will depend on whether it is peace-time or emergency. To fully utilise the capacity of the Acid Plant, the factory has been selling 56 per cent and 98 per cent Nitric Acid subject to availability of anhydrous ammonia to prime raw material from FCI. During the last 6 months, the average issue of Nitric Acid per month has amounted to 94 tonnes. There is good demand for this store and the expectation is that the sale of Nitric Acid could be increased further.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The uneconomic working of the Explosives Factory can be seen from the fact that during the year 1970-71, the total cost of production was only Rs. 2.22 crores as against the capital investment of Rs. 15 crores (upto March, 1970). During the two years 1969-70 and 1970-71, the overheads alone accounted for about 74 per cent of the cost of production. This points to the need to fully utilise the capacity of the various plants. The Committee, therefore, desire that there should be a comprehensive examination of the position at the Government level in order to initiate timely action to achieve self-sufficiency in respect of the present requirements of explosives and to reduce the cost of production.

[Sl. No. 12 (Para 2.66) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)]

Action taken

No imports are now permitted nor required in respect of the explosives being produced in the Explosives Factory. However, with regard to new types of explosives even if final action is taken to achieve self-sufficiency, the development work is likely to be time-consuming and this position will have to be accepted.

As regards the cost of production, the cost can be brought down substantially only if production is kept at higher levels. The production in 1971-72 and 1972-73 has been higher. The cost of production of all the items would have further come down but for the rising cost of raw materials all round and higher incidence of labour and supervision charges.

[Ministry of Defence O.M. No. 39|1|72|D (Proj), dt. 15.12.1973]

Recommendation

The Committee note that the Defence Ministry have now taken a decision to appoint their own inspectors. The Committee desire that the inspection procedure should always be spelt out in very clear and unambiguous terms so that there is no scope for any possible differences in interpretation.

[Sl. No. 14 (Para No. 2.91) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)]

Action taken

Directions of the Public Accounts Committee have been noted.

[Ministry of Defence O.M. No. 1|4|72|D (Prod.) dt. 18-12-1973].

Recommendation

The Committee note that so far it has not been found possible to utilise the rejected steel bars worth more than Rs. 49 lakhs. The Committee desire that all necessary steps may be taken urgently to ensure that the entire quantity of the unused stock of steel bars is put to economic use.

[Sl. No. 15 (Para No. 2.92) of Appendix II to 92nd Report of P.A.C. (Fifth Lok Sabha)]

Action taken

The question of utilisation of the steel bars within the Ordnance Factories for manufacture of one types of mortar ammunition has been examined afresh. Certain technical trials have been undertaken in this connection which have given encouraging results and decision has been taken to utilise part of the steel bars for manufacture of Rs. 50,000 Nos. of one type of mortar ammunition. Further efforts are in hand for exploring the possibility of utilising the balance steel bars for production of ammunition items in the Ordnance Factories.

[Ministry of Defence O.M. No. 1|4|72|D (Prod.) dt. 18-12-1973].

Recommendation

Owing to the delay in establishing the New Ordnance factory, as many as 996 quarters constructed between April 1965 and July 1970 at a cost of Rs. 89.06 lakhs remained vacant upto October 1971. The position as on 23rd June, 1972 was that 661 quarters were lying vacant. The Committee desire that the delay in establishing the factory

and the failure to properly co-ordinate all the works should be examined and the results reported to them. They would also await a report regarding the utilisation of the quarters lying vacant.

[S. No. 16 (Para No. 2.101) Appendix II to 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action taken

For the construction of quarters for the Ordnance Factory, Ambajhari two Administrative Approvals were issued in April, 1965 and August, 1965, the details of which are given below:—

- | | |
|--|---|
| (a) AA No. F. 28/6(17)/65/FPC/1405/D(NF) dated
2-4-1965 | For 938 Type I Qrs.
1058 Type II Qrs. |
| (b) AA No. F. 28/6(17)/65/FPC/5151/D (NF) dated
4-8-65 | For 195 Type III Quarters.
1 Type V Quarters.
1 Type VI Quarters. |

The contracts for the construction of these quarters were awarded by the Chief Engineer on 23/24-6-65, the target date for completion being September, 1966 for Type-I and December 1966 for Type-II quarters. By end of August, 1965 many of these quarters were constructed upto plinth level. These quarters were completed in the years 1967 and 1968 and were taken over by the factory after rectification of the defects progressively between April, 1969 and December, 1970.

The Type III quarters, 195 Nos. AA for which was issued on 4-8-65 were covered by contracts on 15-9-67 and 26-10-67. These quarters were taken over by the factory in 1969-70.

The setting up of Ordnance Factory, Ambajhari was approved by the Expenditure Finance Committee in April, 1964, at a total cost of Rs. 37.91 crores. This included Rs. 16.30 crores for civil works and services including the cost of land, with a proviso that if it was possible at a later stage to get the entire project financed from any foreign aid, the method of tendering should not stand in the way.

On account of the stringent position of FE, possibilities of meeting the expenditure for the factory from the US Military Credit Sales Programme was explored. In May 1964, the US Government agree to finance the Project on the MCSP and a consultancy agreement was concluded on 27-1-1965 to assess the requirement of plant and machinery, civil works and services, etc., and the Consultancy Report was made available in July, 1965. It was also proposed to enter into

another agreement with the US Govt. for procurement of plant and machinery required for the Project from the USA, the cost of such plant and machinery being financed from the US MCSP.

Based on the original planning of setting up the factory and as confirmed by the US Govt. that the Project could be completed within 3 years from the date of agreement of plant and machinery, administrative approval for several buildings both residential as well as industrial were issued from February, 1964 onwards. Contrary to the normal practice of entrusting the construction of civil works of Ordnance Factories to the M.E.S., the works connected with the new factories were entrusted to the State PWDS, as MES was already overburdened with Service's works. The Maharashtra PWD who was asked to undertake the works at new Ordnance Factories, Chanda, Ambajhari and Varangaen had established their organisation in 1963/64 and were ready to take up the work in full swing by the end of 1964.

In June, 1964, it was intimated by the US Government that the construction of Industrial Buildings, except those which were in advanced stages of construction, should be deferred till such time the Engineering Study was completed and these buildings could be cleared for construction after October/November, 1965 only. Thus between the middle of 1964 and the last quarter of 1965, administrative approvals were issued mostly for non-industrial buildings. This was done on the assumption that the promised US assistance would be forthcoming and that the Project could be completed by 1968 as per planning.

The question of stopping the issue of AAs for the quarters was considered in the light of the likely delay in the implementation of the Project, but the construction of quarters was allowed to be proceeded with an account of the fact that:—

- (a) Postponement of construction would involve additional expenditure;
- (b) State Government could not be expected to maintain a large construction staff idle;
- (c) As suggested by US authorities, it was decided to entrust the responsibility of procurement of plant and machinery to the US consultants in which case the plant and machinery would be available in October/December, 1966 for erection.

Although the US Government had agreed to finance the Ambajhari Project from the MCSP and offers for placement of an order

for technical consultancy for procurement of plant and machinery etc. were received in March, 1965, the US Government withdrew their assistance after the Indo-Pakistan conflict in 1965. It was therefore left to the Government of India to find out resources from within and also to procure plant and machinery from whatever sources available. The tight foreign exchange position led to the sanctioning of the procurement of plant and machinery for the first phase in two stages one in March, 1966 and the second in October, 1966. The unhelpful attitude shown by the European countries and USA who are traditional suppliers of ammunition manufacturing plants to India had forced the Government to have a rethinking on the procurement practice and it was decided that as far as possible HMT would collaborate with foreign manufactures for the supply of special purpose machines so that these could be progressively manufactured by them. Naturally this process of procurement of plant and machinery took time; as against the original expectation of receiving the machines by December, 1966 from U.S.

All the factors mentioned above resulted in the strength of the factory being kept very low, whereas a number of quarters were constructed and taken over. Although 996 quarters were lying vacant in October 1971, the situation has steadily improved with the factory taking up the erection and commissioning of machines and improving upon their production targets.

Position as on	1-1-1972	949 quarters vacant.
	31-5-1972	698 quarters vacant'
	31-4-1973	199 quarters vacant.
	31-8-1973	77 quarters vacant.

A number of applications for allotment of these quarters are being screened by the factory. The remaining quarters, excepting a few of them which are required to be kept vacant for administrative reasons, have since been allotted.

[Ministry of Defence O.M. No. U.O. No. 11(4)/73/D(NF), dt. 25-1-1974]

Recommendation

It is unfortunate that the lathes were not erected within the warranty period of 12 months. The Committee are inclined to take a serious view of the delay which shows lack of planning. Apart from taking suitable action this regard, strict instructions should be issued to all concerned to avoid delay in erection of machines so as to safeguard the financial interest of Government.

[Sl. No. 20 (Para 2.132) of Appendix II to the 92nd Report of P.A.C. (Fifth Lok Sabha)].

Action Taken by Department of Supply

Instructions regarding completion of erection work within the warranty period have been issued *vide* Office Order No. 73 dated 18-7-73 (Copy enclosed).

[Department of Supply O.M. No. P, III—20(6)/71, dt. 18-12-1973].

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS

CO-ORDINATION SUPPLIES SECTION (CDN-2)

NEW DELHI-1

Office Order No. 73

dated 18-7-1973

SUBJECT: *Contracts subject to warranty clause-Completion of erection work within the warranty period.*

In a contract subject to warranty clause the erection work was not completed within the stipulated warranty period of 12 months which had adversely affected the financial interests of the Government.

2. The P.A.C. have taken a serious view of this lapse and have desired that strict instructions should be issued to all concerned to avoid delay in erection, of Plants & Machines so as to safeguard the financial interests of the Government.

3. The purchase officers are requested to ensure that in cases of contracts subject to warranty clause, the erection work, where erection is to be undertaken by the consignee, is completed well within the period of warranty period by pursuing the matter vigorously with all concerned.

4. The consignee should be informed of the consequence if erection is not undertaken by him promptly. It should be further impressed on him that he would have to take full responsibility for any loss arising from delay in erection of Plant|Machinery on his part.

Sd/- B. B. TANEJA

Deputy Director (CSI)

Action Taken by Ministry of Defence

The machines in question were received by the Ordnance factory, Kanpur in Sept. 1968. They were covered by a warranty period of 12 months *i.e.* upto Sept., 1969.

2. The delay in the erection and commissioning of the machines were due to the following reasons:

- (a) These machines were part of a production line planned for a specific item of ammunition and were tooled up for various second operations and final assembly operations. The final trial of the machines in regular production could be done only after the entire line was commissioned, which were comprised of a large number of other machines.
- (b) The building where the machines were to be erected was scheduled for completion in Nov., 1968. The building was completed only by March, 1969.
- (c) Erection of the entire line took also more time than expected, since delivery of many of the other machines were delayed by varying degrees.

3. The erection and commissioning of the line could be completed only in March, 1969 and the defects in the machines could be reported to the firm only in April, 1970 after final trials. Suitable instructions have since been issued by the DGOF to the General Managers of Ordnance Factories to ensure against lapses of the type. In this connection a copy each of DGOF circular No. 005|92|A|PAC dated 30-11-73 and DGOF No. 263|11|D(Proj) E|M| dated 4-12-73 is enclosed.

[Ministry of Defence O.M. No. 4|10|73|D(Prod.), dt. 18-12-73].

M.O. 005|92|A|PAC

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

DIRECTORATE GENERAL, ORDNANCE FACTORIES

6, Esplanade East,

Calcutta—I, dated the 30th November, 1973.

To

All Factories,

(Attention of General Manager)

SUBJECT: 92nd of P.A.C. (1972-73) *recommendation|observations on the purchases of machines both from indigenous and imported sources.*

1. From the last two years various draft audit paras are being

received in this office connected with the machines purchased both from indigenous and imported sources. Broadly speaking, the irregularities are of the following nature:

- 1.1. Machines have been procured with a specific intention of immediate utilisation to augment capacity, but these have not been erected in time for very many reasons, some of which are actually within the control of the factory. This delay has resulted in blocking of Government money which is being strongly criticised. Moreover, delay in erection and commissioning of the machines has resulted in defects coming to light after expiry of the warranty period and consequently the firms could not be held responsible for making good the loss. Even otherwise delay erodes the available warranty period.
- 1.2. There are cases where the machines have been received without adequate quantities of tools and accessories which were stipulated in the A/T. Later verification has shown that either there has been pilferage or there has been shortage in supply and in such cases also the delay in erection/commissioning of the machines has resulted in loss in production as well as blocking of Government money for a long period and thereby attracting adverse attention.
- 1.3. In certain cases the machines have been ordered without simultaneously covering in the A/T adequate Nos. of tools and accessories. The argument put forward by the factory has invariably been that without getting the machine (which may be new to the country) they are not in a position to say whether the tools/accessories can be procured from local sources and/or by production in their factory or sister Ordnance Factories. This has resulted in delay in commissioning of the machines, which has attracted audit attention since their point of view is that even before finalisation of the order for the machines, all these engineering aspect should have been thought of well in time and properly covered in the A/T.
- 1.4. Instances where requirements of civil works to house the plant and machinery being procured not being planned well in time are not uncommon. This has resulted eventually in the belated erection and commissioning of Plant and the machinery thereby seriously eroding the warranties and guarantees. GMs should, therefore, ensure that

these requirements are thought of at the time of formulation of statement of case to obviate avoidable loss of warranties and guarantees. Machinery should not be ordered unless definite dates are available for completion of buildings|services.

2. In all the above cases, DGO's Hqrs. is also being put to a very embarrassing situation in as much as draft audit paras are not being replied with full coverage of the various audit objections and the factories have been noticed to give incomplete/vague replies which necessitate further reference to the factories. It is, therefore, enjoined that the General Managers in their own interest should have a proper track of all such machines which have been procured from abroad|indigenous sources with the express objective of utilising them in the shortest possible time. General Managers may issue suitable instructions to the officers in the Engineering Branch and concerned sections for attending to such points of objection in the light of the above remarks. There should not be any delay in replying to the draft audit para/questionnaire. Only 6 weeks are allowed for formulating the Ministry's comments, which period includes the transition of correspondence between Ministry and DGOF, DGOF and the factory and finally to Ministry who ultimately is responsible for compilation of the comments for forwarding to DADS in time.

Please acknowledge receipt.

Sd/- P. RAJAGOPALAN

Addl. DG|P&E

for Director General Ordnance
Factories.

Copy to:

The Regional Director, Northern Region, Kanpur.

The Regional Director, Central Region, Jabalpur.

The Regional Director, Western Region, Kirkee.

The Regional Director, Eastern Region, Calcutta.

They are requested to watch the above aspect's during the visit to factory.

Copy of DGOF U.O. No. 263|II|D(Proj.)|E|M dated 4th December, 1973 addressed to All Factories and copy to RD(WR). RD(WR):

R. D. (NR); RD (ER): RD(CR):

Sub: P.A.C. recommendations|observations on the purchase of machines both from indigenous and imported sources—delay in installation of Plant & Machinery.

Ref:—No. 546|71|A|PAC dated 29-11-1973.

1. In continuation of the above circular issued on the subject, the following drill is laid down for compliance by the factories to facilitate close monitoring of timely erection of plant and machinery.

2. The factories will maintain a register to keep watch on the erection of P&M. This will contain the following particulars:—

- (a) Name of the machine.
- (b) SO|AT No. & Date.
- (c) Warranty & guarantee period as per SO|AT.
- (d) Date of arrival inside the factory.
- (e) Date of erection.
- (f) Reasons for delay for erection.
- (g) Date of Commissioning.
- (h) Reasons for delay for commissioning.
- (i) Contractual|Financial implication, if any.

Normally it should not take more than 3 months to erect and commission the P&M, even assuming limiting factors such as inadequate erection materials, shortage of erection personnel etc. A highlight report should be sent to the E|M Section in DGOF Hqrs. with copy to the concerned sections in the Hqrs. (giving list of details of P & M in form at as per enclosure to this letter).

3. This system would enable identification and initiation of necessary corrective action in respect of—

- (a) Items lying unereceted for more than 2 months from the date of receipt;
- (b) Items erected and not commissioned within 3 months for the date of receipt;

The reasons for the above delays should also be brought out highlighting contractual|financial implication viz. likely erosion of guarantee|warantees etc. The report should be sent on a monthly basis so as to reach the E/M Section and the concerned sections of this Hqrs. not later than the 15th of the succeeding month.

4. Kindly acknowledge receipt.

Sd|- (P. RAJAGOPALAN)

EDDLDG/P&E

Contd. DGOF letter No. 263/11/D (Proj)/E/M dated 4-12-73.

N. O. C.

Addl. DG/AMMN. for information.

DDG/Eng. The above arrangement of instructing factories to forward one copy to E/M Section has been done with a view to having a centralised record for such cases.

DDG/Ammn

DDG/EP

DDG/Engg.

DDG/WP

ADG/PO

ADG/EP

ADG/EP-1

ADG/TU

ADG/MP

ADG/Ord.

ADG/WP

ADG/M

Any serious lapse may kindly be brought to the knowledge of Addl. DG/P&E/DGOF.

Sections :

P/Proj-II	E/P	VFJ/Cell	P/W
E/M-Proj	E/P-1	GIF/Cell	P/NRF
E/M-1 & 2	P/Proj.	P/W (Proj)	P/W (L-70)
E/B	Chanda Cell SSP.		P/DC

ENCLOSURE TO DGOF'S LETTER No. 263/II/D (PROJ)/E/M/DT. 4-12-73
 MONTHLY PROGRESS REPORT ON ERECTION & COMMISSION OF PLANT & MACHINERY

Factory : **Position as on** **Concerned Sec. in Hqs.....**

Serial No.	Description of Machine & Order No. & Date	Ordered by Fy/ DGOF/ DGS&D*	Specify if procured under R/R, N/C or Proj.	Imported indigenous	Date of receipt as per S O	Date of erection		Date of commissioning		Reasons for delay in erecting commiss-ioning	Contractual implecation if any	Remarks.
						Antici-pated date	Actual date	Actual date	Antici-pated date			

*In case the item is ordered through DGS&D indicate whether it is against GM's or DGOF's indent.

CHAPTER III

RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

—NIL—

Action taken

In case of heavy components and big plant and machinery com-
plete assembly with all the component parts and installation of
firm's practices and testing the same thereafter for proving the per-
formance capacity are not feasible. Such plants cannot be assembled
duly assembled with all the components and if this is done then dis-
mounting the same may result in damage to the component parts and
misalignment thereby increasing difficulty in its subsequent
assembly at the consignee's end. Therefore in such cases the com-
plete stipulated inspection of component parts only at firm's works
or at the premises of their sub-contractors (which may not be at the
same place. After inspection the components are sent by the firm
direct to the site and the final performance checks tests are carried
out after completion of installation.

The initial inspection of the component parts in this case was
carried out at different places. The first batch was inspected by
Director of Inspection (M/s.) Bharat Heavy Electricals Ltd., Calcutta
(M/s.) Bharat Heavy Electricals Ltd., Calcutta. The rest of the components were inspected by Director
of Inspection (M/s.) Bharat Heavy Electricals Ltd., Calcutta.

3187 LS-3.

CHAPTER IV

RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee regret that three double-chamber annealing furnaces were found defective on receipt. Payment of Rs. 5.82 lakhs representing 80 per cent of the cost was made after initial inspection. The Committee do not think that the inspection was adequate in so far as the equipments were not assembled in the firms works and defects removed prior to despatch. This aspect should therefore be gone into.

[S. No. 17 (Para 2.116) of Appendix II to the 92nd Report (Fifth Lok Sabha)].

Action taken

In case of heavy equipments and big plant and machineries, complete assembly with all the component parts and installation at firm's premises and testing the same thereafter for proving the performance|capacity are not feasible. Such plants cannot be despatched duly assembled with all the components and if this is done then dismantling the same may result in damage to the component parts and mis-alignment, thereby, presenting difficulty in its subsequent assembly at the consignee's end. Therefore, in such cases, the contract stipulated inspection of component parts only at firm's works or at the premises of their sub-contractor (which may not be at the same place. After inspection, the components are sent by the firms direct to the site and the final performance checks|tests are carried out at site after completion of installation/erection.

The initial inspection of the component parts in this case was carried out at different places. The fire bricks were inspected by Director of Inspection (Met), Burnpur; Deputy Director of Inspection (Met), Rourkela and the Director of Inspection, N.I. Circle, New Delhi. The rest of the components were inspected by Director of Inspection, Bombay. As per terms of the contract, the component

parts were sent to the consignee after initial inspection and the performance test could only be carried out after complete assembly of the component parts and inside lining of the Furnace with fire-bricks and completion of erection|installation of the Furnaces by the consignee.

From the above it will be seen that inspection of the assembled Furnace at the firm's works was not feasible. The components after initial inspection were sent from different places direct to the site. The discrepancies noted during the final inspection related to design, defects and performance which could be observed during erection and test at site only.

[Department of Supply O.M. No. P-III—20 (6) /71, dt. 18-12-1973].

Action taken

The observations of the Committee are noted.

2. In so far as the question for fixing responsibility for lack of proper supervision and execution of work is concerned, a Staff Court of Inquiry was constituted in September, 1972 and final orders of the General Officer Commanding-in-Chief, Southern Command, were passed thereon on 27th April, 1973. In all, 5 officers (one Superintendent Engineer, three Executive Engineers and one Assistant Executive Engineer and the Superintendent (Superintendent Buildings) Grade II) were blamed for not executing the work to the required standard.

The Superintendent Engineer has already retired on 30th May, 1970. One of the Executive Engineers had retired to the State Public Works Department (Madras) on 7-8-1966. Out of the remaining two Executive Engineers, one had resigned on 10-1-1969 and the other had retired on 12-4-1970. In respect of the Assistant Executive Engineer who is still in service, that member of charges is being initiated by the Chief Engineer, Southern Command, Poona. The action will be taken on receipt of the same.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee are distressed to note that out of the 34 special storage sheds for an ammunition depot constructed and completed in July 1965 at an approximate cost of Rs. 88.80 lakhs, 31 sheds developed cracks and showed signs of deterioration within a short period of 5 years. The repairs to these sheds are estimated to cost additional Rs. 14.10 lakhs. The Committee feel that this is clearly a case of defective construction for which responsibility at all levels should be fixed and those found guilty should be dealt with without any leniency. The Committee would like to be informed of the action taken in this behalf within three months.

[S. No. 3 (Para No. 1.42) of Appendix II to 92nd Report of PAC (Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted.

2. In so far as the question for fixing responsibility for lack of proper supervision and execution of work is concerned, a staff Court of Inquiry was constituted in September, 1972 and final orders of the General Officer Commanding-in-Chief, Southern Command, were passed thereon on 27th April, 1973. In all, 5 officers (one Superintending Engineer, three Executive Engineers and one Assistant Executive Engineer and five sub-ordinates (Superintendents Buildings/Roads Grade I) were blamed for not executing the work to the required standard.

The Superintending Engineer has already retired on 9th May, 1970. One of the Executive Engineers had reverted to the State Public Works department (Rajasthan) on 7-9-1966. Out of the remaining two Executive Engineers, one had resigned on 10-1-1969 and the other had retired on 12-4-1970. In respect of the Assistant Executive Engineer who is still in service, draft memo. of charges is being initiated by the Chief Engineer, Southern Command, Poona. Further action will be taken on receipt of the same.

Out of the subordinates, one Superintendent, Buildings/Roads, Grade I had already retired on 28th February 1973. In regard to the other four Superintendents Buildings/Roads, Grade I, the Zonal Chief Engineer has been directed to institute disciplinary proceedings against them. Imposition of major penalty in each case is contemplated.

The question whether any action can be taken against the Officers and one of the subordinate, who have already retired, resigned or reverted to the State Public Works Department, is under examination.

3. The Court of Inquiry have also recommended that legal action be taken against the contractor for constructing the sub-standard structure. Chief Engineer, Poona and Rajasthan Zone, has been advised to take up with the contractor the question of recovery from him of the difference in cost of the work as contracted for and the cost of the work actually carried out, after obtaining opinion of District Government Counsel on this issue. Further developments are awaited.

4. A further note will be sent to the Committee in regard to (i) the disciplinary aspect of the case against officers and subordinates both in service and retired, and (ii) recovery of the dues from the contractor.

5. D.A.D.S. has seen.

[Ministry of Defence U.O. No. 15(1)/72/1151-S/D(W)-(II), dated 9-11-1973]

Recommendation

The Committee are unhappy to learn that 2,400 tonnes of steel bars of a specified quality required for manufacture of ammunition shells in an ordnance factory imported during October, 1968 to January, 1969 were found to be unsuitable for the purpose for which they were procured. Out of the total quantity of 3,000 tonnes only 606 tonnes of the steel bars could be accepted and the balance value at Rs. 49.03 lakhs were rejected as unsuitable. From the information made available to the Committee it is clear that the defects in the steel bars crept in at the time of the normalising process. Normalisation of steel bars in the factory which ought to have been done in still air as per the standard procedure was, according to the Chief Inspector of Metals, Ishapore, done in a blast of very cold air, which affected the physical properties of the metal. It is unfortunate that the Inspector of DG, ISM, London who carried out the inspection at

the factory failed to verify the method of normalisation adopted as he took it for granted that the normalisation had been done as per the normal practice. This is a serious lapse which the Committee feel, ought to have been investigated fully for fixing responsibility in 1969 when the defects first came to light. The Committee were informed that the particular inspector was allowed to resign in June, 1972. The reasons why no action was taken against the inspector before he was allowed to resign may be gone into critically and responsibility fixed for the lapse on the part of the concerned officials. The Committee desire that legal opinion should be obtained on the point whether the supplier could have been compelled to replace the defective supplies at their own cost under the guarantee clause.

[S. No. 13 (Para 2.90) of Appendix II to the 92nd Report
(Fifth Lok Sabha)]

Action taken

The question of fixation of responsibility is under examination of the Vigilance Wing of the DGS&D. The findings of the vigilance probe would be intimated to the Committee in due course.

Recommendation of the Committee to obtain legal opinion whether the supplier could be held responsible has been noted for compliance and the Committee would be informed of the final outcome, in due course of time.

[Department of Supply O.M. No. P-III-20(6)71, dt. 18-12-1973]

Recommendation

As regards the question of rectification of defects the Committee have been informed that the DGS&D will be referring the cases to the Ministry of Law to examine the legal position. The delay of over 2 years in doing so is obviously unjustified. The Committee desire that a final decision in this regard should be taken without any further delay".

[Sl. No. 18(Para 1.117) of Appendix II to the 92nd Report
(Fifth Lok Sabha)]

Action taken

In this case the stores were supplied in dismantled conditions at consignee's end and erection work was carried out by the Consignee himself. Furnaces after erection are not giving desired results and the supplier has blamed the Consignee for the wrong erection work

carried out by him. However, a performance notice in consultation with the Ministry of Law has been served on the supplier on 7-12-73. The Committee would be informed of the further developments in due course of time.

[Department of Supply O.M. No. P-III-20(6)|71, dt. 18-12-1973]

Recommendation

The Committee find that 11 lathes procured at a cost of Rs. 1.75 lakhs were found defective erection. Although the DGS&D is of the view that the inspection was done properly, the Defence Department have considered that all the defects are attributable to defective workmanship design. The lathes could have been rejected if proper inspection had been carried out by actual trial by the DGS&D's inspector before despatch. The Committee desire that the matter should be investigated with a view to fixing responsibility.

[Sl. No. 19(Para 1.131) of Appendix II to the 92nd Report
(Fifth Lok Sabha)]

Action taken

The matter regarding fixation of responsibility is being investigated by the Vigilance Wing of the DGS&D. The findings of the vigilance probe would be intimated to the Committee in due course.

[Department of Supply O.M. No. P-III-20(6)|71, dt. 18-12-1973]

JYOTIRMOY BOSU

NEW DELHI;

March 13, 1974.

Phalguna 22, 1895 (S).

Chairman,

Public Accounts Committee.

APPENDIX

Summary of Main Conclusions/Recommendations

Sl. No.	Para No.	Ministry/Deptt. Concerned	Conclusion/Recommendation
1	2	3	4
1	1.8	Ministry of Defence	<p>The Committee observe with distress it has taken 9 months to report that a Board of Officers <i>is being set up</i> to investigate the circumstances leading to the adoption of sand tyre equipment for Nissan trucks without field trials and the omission to carry out trials of the sample equipment under the appropriate condition before placing a bulk order for manufacture. The Committee should be informed of the reasons for the delay and reasons responsible for this lapse. The Committee wish that the Board should be set up without delay since much time has already been lost. They would also like to be apprised of the findings of the Board and the disciplinary action taken.</p>
2	1.11	Do.	<p>The Ministry's reply is not to the point and is in general terms. The Committee, therefore, reiterate that a comprehensive examination of the working of the explosive factory should be undertaken at once at the Government level and a further report given clearly setting out the steps proposed to be taken to speedily establish adequate production of the required varieties of explosives and at reduced cost.</p>

3 I.14 Do.

The Committee very much regret that it has taken more than 4 years to decide on the utilisation of a part of the steel bars imported during 1968-69 at a cost of over Rs. 49 lakhs in foreign exchange. The progress in utilisation may be reported to them. They would also like to know the results of the efforts for exploring the possibility of utilising the balance quantity which they hope will be speedily done. It is necessary that the personnel responsible of this serious lapse are brought to book under advice to the Committee.

4 I.17 Department of Supply

The Committee had raised certain important issues for investigation with a view to fixing responsibility. They are indeed distressed to learn after nearly long 8 months that the matters are still under examination by the Vigilance Wing of the DGS&D. Such delays indicate a disturbing lack of sense of urgency in processing the recommendations of the Committee and it is bound to create misapprehension. The need to gear up the Vigilance Wing of the DGS&D to expeditiously attend to such matters has been impressed upon the Ministry in the 99th Report (Fifth Lok Sabha). The Committee would await a report on the outcome of the investigation within three months.

3

5 I.18 Do.

As regards the observations of the Committee contained in paragraph 2.90, at least the legal opinion could have by now been obtained on the point whether the supplier could be held responsible for the defective supplies. Regrettably, even this has not so far been done. The Committee desire that the legal opinion should be obtained forthwith and suitable action taken under intimation to them.

6 1.21 Department of Supply

The Committee note the view of the Department of Supply that the inspection of the assembled furnace at the firm's works was not feasible. However, from the nature of the defects reported by the Department of Defence Production vide para 2.110 of the Report, it is clear to the Committee that the initial inspection was not properly done. They, therefore, suggest that the failure to detect the defects of the component parts should be carefully examined. The person responsible for the lapse be brought to book under advice to the Committee.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
	DELHI				
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Washmeri Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Gani, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	91
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Naran-kari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20		MANIPUR	
30.	Lakshmi Book Store, 42 Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27		AGENTS IN FOREIGN COUNTRIES	
32.	Jayana Book Depot, Chappaerwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	59

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