

**PUBLIC ACCOUNTS COMMITTEE
(1974-75)**

(FIFTH LOK SABHA)

HUNDRED AND FIFTY-FIRST REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 125th Report (Fifth Lok Sabha) on paragraphs contained in the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government, (Defence-Services)].



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1975/Vaisakha, 1897 (S)

Price : Rs. 1.50

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH			MAHARASHTRA
1. Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam).			10. M/a. Sunderdas Gianchand, 601, Girgaum Road, New Princess Street, Bombay-2.
2. G. R. Lakshmi Devi Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.			11. The International Book House, (Private) Limited, 6, Ash Lane, Mahatma Gandhi Road, Bombay-1.
ASSAM			12. The International Book Service, Deccan Gymkhana, Poona-4.
3. Western Book Depot, Pan Bazar, Gauhati.			13. Charles Lambert & Company, 10, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.
BIHAR			14. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
4. Amar Kitab Ghar, Post Box 78, Diagonal Road, Jharkhandpur.			15. Deccan Book Stall, Fergusson College Road, Poona-4.
5. M/s. Crown Book Depot, Upper Bazar, Ranchi.			16. M. & J. Services, Publishers Representatives, Accounts & Law Book Sellers, Bahri Road, Bombay-15.
GUJARAT			mysore
6. Vijay Stores, Station Road, Anand.			17. People Book House, Opp. Jagannath Palace, Mysore.
7. The New Order Book Company, Ellis Bridge, Ahmedabad-6.			RAJASTHAN
HARYANA			18. Information Centre, Government of Rajasthan, Tripolia, Jaipur City.
8. M/s. Prabhu Book Service, Nai Subzi Mandi, Gurgaon.			19. M/s. Usha Book Depot, 585/A, Chitra Bazar, Tripolia, Jaipur.
MADHYA PRADESH			UTTAR PRADESH
9. Modern Book House, Shiv Vilas Palace, Indore City.			20. Law Book Company, Sardar Patel Marg, Allahabad-1.

CORRIGENDA TO 151ST EDITION OF AG
(1975-76) PRESENTED TO LAKSHMI ON
23.4.1975.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
3	1.3	5	brittle investiga- tions	brittle. In- vestigations
	1.8(ii)	3	and approved	an approved
		6	stated	stated
	1.9(iii)	7	did no test	did not test
5	1.9(c)	4	additives	adhesives
6	1.11(i)	5	as this capacity	as his capa- city
9	1.11(viii)	4	He aquarters	Headqu-rters
	1.11(ix)	5	less	logs
9	1.12(ii)	4	Navy	Navy
11	1.15(vi)	3	equipment or gas	equipment for gas
14	1.22	15	he is an	he is an
17	1.26	4	required	require
		5	proves	proven
71	1.29	1	report	reports

C O N T E N T S

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1974-75)	(iii)
INTRODUCTION	(v)
CHAPTER I. Report	I
CHAPTER II. Recommendations/Observations that have been accepted by Government	22
CHAPTER III. Recommendations/Observations which the Committee do not desire to pursue in view of replies by Government	41
CHAPTER IV. Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration	57
CHAPTER V. Recommendations/Observations in respect of which Government have furnished interim replies	60
APPENDIX Summary of main Conclusions/Recommendations	67

**PUBLIC ACCOUNTS COMMITTEE
(1974-75)**

CHAIRMAN

Shri Jyotirmoy Bosu

MEMBERS

2. Shri S. C. Besra
3. Shri C. D. Gautam
4. Shri Pampan Gowda
5. Shri Jagannathrao Joshi
6. Shrimati Parvathi Krishnan
7. Shri Y. S. Mahajan
8. Shri Bibhuti Mishra
9. Shri Paripoornanand Painuli
10. Shri Narain Chand Parashar
11. Shri H. M. Patel
12. Shri P. Antony Reddi
13. Shri Shiban Lal Saksena
14. Shri Biswanarayan Shastri
15. Shri Sunder Lal
16. Shrimati Pratibha Singh
17. Shri G. R. Patil
18. Shri V. B. Raju
19. Shri Mohammed Usman Arif
20. Shri T. N. Singh
21. Shri Sasankasekhar Sanyal
22. Shri A. K. A. Abdul Samad

SECRETARIAT

Shri B. K. Mukherjee—*Chief Legislative Committee Officer.*

Shri N. Sunder Rajan—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Fifty-First Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 125th Report (Fifth Lok Sabha) relating to Ministry of Defence.

2. On the 31st May, 1974, 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. M. Patel—*Convenor*

2. Shri Sasankasekhar Sanyal
3. Shri Jagannathrao Joshi
4. Shri S. C. Besra
5. Shri V. B. Raju
6. Shri Mohammed Usman Arif
7. Shri P. Antony Reddi
8. Shri Narain Chand Parashar
9. Shri T. N. Singh

} *Members*

3. The Action Taken Sub-Committee of the Public Accounts Committee (1974-75) considered and adopted this Report at their sitting held on the 9th April, 1975. The Report was finally adopted by the Public Accounts Committee on the 21st April, 1975.

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

JYOTIRMOY BOSU,

New Delhi;

Chairman,

April 21, 1975.

Public Accounts Committee.

Vaisakha 1, 1897 (S).

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations contained in their 125th Report (Fifth Lok Sabha) on the Report of the Comptroller and Auditor General of India for the year 1971-72, Union Government (Defence Services) which was presented to Lok Sabha on the 22nd April, 1974.

1.2. Action Taken Notes have been received in respect of all the 23 recommendations in the Report.

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

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

S. Nos. 1, 3, 5, 7, 8, 11, 13, 15, 17, 19, 21, 23.

(ii) *Recommendations/observations which the Committee do not desire to pursue in the light of the replies of the Government.*
S. Nos. 2, 4, 6, 9, 22.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.* S. Nos. 10, 12.

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

S. Nos. 14, 16, 18, 20.

1.4. At the outset, the Committee must express their displeasure in the strongest possible terms at the unduly long time that is taken in processing and finalising departmental proceedings even in established cases of misconduct or misdemeanour. Thus, for instance, in a case of procurement of defective teak logs for the manufacture of boats, commented upon by the Committee in paragraph 1.53 of their 125th Report (Fifth Lok Sabha), departmental action had been recommended by the CBI against nine officials belonging to the Directorate General of Supplies & Disposals, Directorate General of Inspection and the Naval Headquarters. Even though the report of the CBI had been made available in October, 1974, the Committee understand that action against officials of the Department of Supply is yet to be initiated and the delay is stated to be due to the non-availability

of the relevant files from the CBI. In the meantime, the officials are allowed to continue to work in a sensitive field of procurement of supplies. Similarly, in respect of a case of delay in freezing issues of sub-standard tinned meat, commented upon in paragraph 1.102 of the Report, while accepting that there was a lapse on the part of the depot in not withholding issues of the sub-standard meat, the Ministry have remained content with informing the Committee that action for fixing responsibility for the delay and taking suitable action against the persons found responsible is under consideration. In yet another case of excess payment to an electricity company, commented upon by the Committee in paragraph 1.142 of the Report, appropriate enquiry against three officials found responsible by a Board of Officers, as early as February, 1973, has yet to be completed. It is regretted that other instances of similar delays have also come to the notice of the Committee from time to time.

1.5. Because of such delays in taking appropriate action against erring officials, even when later punitive action is decided upon, it fails to have the desired salutary or deterrent effect. The Committee would, therefore, like to impress upon the Government to examine the desirability of reviewing the rules relating to departmental proceedings with a view to simplifying these rules at least in so far as they relate to cases which have been established after detailed investigation either by the CBI or the Central Vigilance Commission. The Committee would suggest that this should be examined by the Department of Personnel.

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

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

Purchase of Boats—(Paragraph 1.26—S. No. 1)

1.8. Dealing with a case of serious lapses in purchase of assault boats, the Committee in paragraph 1.26 of the Report had observed as under:—

“An assault boat was designed and developed by the Research and Development Organisation to replace an imported one and it was accepted in 1962 for introduction into service. 2587 boats of this type were procured during July 1964 to September 1969 from four firms and a public sector undertaking at the rate ranging from Rs. 3800 to Rs. 4300 per boat. On receipt of a complaint from one Army Unit in July 1971 that all the boats held by it, which were supplied by two firms, were defective, the matter was investigated in October, 1971 and found that of

811 boat costing Rs. 32.92 lakhs supplied by the two firms 608 boats (297 with field units and 311 in stock in an Ordnance Depot) were defective. The seams of all joints of the boats disintegrated when the boats were inflated and put in water as the canvas at the seams had become brittle investigations disclosed that this was caused by Oxidisation of the adhesive used by these two firms to fix the seams of the boats. As the cost of repair involving complete replacement of canvas hull and bottom would be equal to the cost of procurement of these boats it had been decided to declare them as obsolete. It was held by the Master General of Ordnance in January 1972 that the remaining 203 boats were also likely to be beyond economical repair when they developed defects.

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

- (i) Detailed specifications for the adhesive to be used at the stitches were not laid down by the Research and Development Organisation.
- (ii) the specifications laid down in November, 1962 provided that all stitches should be finished with leakproof composition of and approved quality. The two firms concerned used neoprene based adhesive whereas the others used Bee's wax which was also used by the Research and Development Organisation. Unfortunately there is stated to be nothing on record to show whether approval to use neoprene based adhesive was given by the Establishment (Technical Committee) to the two firms.
- (iii) In respect of the boats procured advance samples were in each case approved by the Department inspected and accepted by Defence Inspectorate and entire quantity was accepted by the respective consignees to their satisfaction. It was assumed that the necessary chlorine acceptor was automatically used along with adhesive. The Scientific Adviser admitted that it was unfortunate that they did not test the adhesive whether it was fully neutralised and that it should have been done.
- (iv) No warranty clause was included in the contracts. The Committee were informed by the representative of the DGS&D that the warranty clause is included in respect of those items where defects can come to light only when the stores are put to use and that in this case neither the indentor nor the Defence Inspectorate asked for a warranty clause. No action could

be taken against the firm as they supplied stores to specifications. It is surprising that the Defence Department did not take this normal precaution especially because no detailed specifications for the adhesive were laid down by the Research and Development Organisation and it was admittedly not possible to determine by usual inspection whether the adhesive used was going to deteriorate.

- (v) Although all the boats were supplied by the two firms during February, 1966 to September 1969 it required an investigation in October 1971 on the basis of a complaint from a single Army Unit, to find out that as many as 608 boats were defective. The defects ought to have come to notice much earlier and in the normal course of inspection in the Depots and Units. It is contended that the defects were noticed only when the boats were floated and could not have been discovered earlier. The Committee is not wholly satisfied. In a matter such as this extra special care must be taken having regard to its bearing on Defence preparedness. The Committee did not get any explanation for its serious failure.

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

1.9. In their reply, dated the 7th December, 1974, the Ministry of Defence have stated:—

“The lapses were examined by two Boards of Officers convened by the Army Hqrs. and Defence Research and Development Organisation. The reply to the above points mentioned in PAC's recommendations is given below with reference to facts now brought out in the investigation:—

- (a) Officers responsible for finalising the specification— knew about sealing compound like Bees Wax Bitostic 'C', Wilsden Green (imported adhesive). The absolute necessity for specifying detailed specifications was, however, not considered essential by them. This could be attributed to the inexperience of the officers in development and inspection. Boat Assault Pneumatic was the first project of the Establishment concerned, and besides inexperience there was shortage of staff and testing facilities.

- (b) No approval of the Establishment (Technical Committee) was required since the orders were placed by DGS&D. The approving authorities in this case were Inspector and Inspection and Production Division of the Establishment. The Inspectors and Officer-in-Charge Production Division approved the use of neoprene adhesive because it had better water proofing qualities. They, however, did not assess the long term chemical effect of the adhesive on the canvas.
- (c) Though there is no record to prove, it appears from the statement of the representative of one of the suppliers that chlorine acceptor was used. In retrospect, it appears that sufficient quantity of additives was not used to cater for the action of chlorine released by neoprene on the canvas which the material used for the hull of the boat. One of the reasons why specification of adhesive was not laid down was the combination of functions of development production and Inspection in a single agency at that time. In such cases, there is a tendency to go in for production without finalising all details as the development agency feels confident that problems can be sorted out as and when they arise during production. However, a separate Engineers Inspection Establishment has come into being with effect from 1968.
- (d) In view of the fact that the cost of neoprene adhesive is much more than that of other adhesives used in other lots there is no reason to suspect any *malafide* either on the part of the firms or R&DE (Engrs) or Inspecting officers in using neoprene based adhesive. However, the lapses on the part of the officers who did not specify the adhesive clearly and those who accepted the stores without ascertaining the long term effect of neoprene adhesive on canvas are being examined and action as considered necessary will be taken.
- (e) At present, there is some ambiguity about the responsibility of the organisation who should propose the warranty clause to be included in the contract to be entered into by DGS&D. Firms do not normally accept warranty clause of an equipment manufactured by them if the design and drawings are provided to them. However, the question of incorporating warranty clause in such contracts is being examined.
- (f) The boats were inspected at the time of receipt in the depot from manufacturers as well as prior to the issue therefrom to units etc. Periodic inspection in the field by maintaining

workshops was confined to visual checks as also receipt inspection. There is no evidence that the users even took these boats to the field workshops for any defects or repairs, prior to the imitation of defect reports in 1971. Only on receipt of a few defect reports, action was taken to get the entire stock of boats inspected both in the holding units and the stocking depots. These defects developed as a result of chemical action on canvas resulting in the course of time. The defect could not have been noticed either at the time of receipt in the depot or during storage or at the time of issue. Thereafter these boats had been in the hands of troops and no defects were brought to the notice of field workshops till the defect reports were raised. Once this happened, prompt action was taken to have the matter thoroughly gone into."

1.10. The Committee note that the lapses on the part of the Officers who did not specify the adhesive clearly and those who accepted the Stores without ascertaining the long term effect of the adhesive on canvas are under examination by the Ministry. The Committee trust that the examination of those cases will be completed expeditiously and appropriate action taken against the officers found responsible under advice to the Committee.

Purchase of timber (Paragraph 1.53—S. No. 7)

1.11. Commenting on the serious lapses in the procurement of defective teak logs required for the manufacture of boats, the Committee in paragraph 1.53 of the Report had observed:

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

- (i) Against an indent placed by Naval Headquarters in August 1969, the DGS&D invited tenders. Out of the tenders received the quotation of the firm from which the logs were purchased was the second lowest. The quotation of the lowest tenderer was not accepted as this capacity was not recommended by the Defence Inspectorate.
- (ii) The Naval Headquarters in a letter dated 12th August, 1969 had requested the DGS&D that in regard to inspection of the logs procured from trade against their indent, the

Surveyor of Stores, Naval Dockyard, Bombay should be the Inspecting Officer. Accordingly, the tender enquiry issued on 16th August, 1969 by the DGS&D indicated that the inspection would be carried out by the Surveyor of Stores. Strangely, the firm is stated to have tendered on the basis that the inspection would be by Inspector of General Stores. The Defence Secretary stated during evidence that the supplier "perhaps has his own reasons for choosing the Inspector of General Stores" and that "he perhaps expected a better deal".

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

although a copy of the letter of 12th August, 1969 of the Naval Headquarters regarding inspection of the logs had gone to them.

- (vii) The Bombay Depot arranged for an inspection by the Surveyor of Stores on receipt of the first consignment and found that most of the logs had defects and the logs were rejected whereas Cochin Depot accepted the supplies on the strength of the opinion of the professional authority on the pretext that the defects were within the tolerance limit allowed by the concerned Inspector of General Stores.
- (viii) During a joint inspection of the logs at the Bombay Depot in October-November, 1971, ordered by the Director of Inspection (General Stores) at the instance of the Naval Headquarters which brought out serious defects, there was reportedly a difference of opinion between the Inspector of General Stores and the Surveyor of Naval Stores. The DGI organisation overruled the opinion of the Inspector of General Stores. A Board of enquiry which went into the matter subsequently, also held that the supply, by and large, did not conform to the specification and the Inspector was responsible.
- (ix) The defects noticed at Bombay Depot having been brought to the notice of the DGS&D, they reported the rejection of supplies in respect of that depot to the firm and asked for replacement. The firm did not accept the rejection and contended *inter alia* that loss supplied to both the Cochin and Bombay Depots were inspected and accepted, the source of supply was the same, inspection was carried out by the same officer and that the standard of acceptance was also the same.

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

1.12. In their reply, dated the 16th December, 1974, the Ministry of Defence have stated:—

“The case was investigated by the CBI and their report was forwarded to the Ministry of Defence and Ministry of Rehabilitation and Supply on 29th October, 1974. The main recommendations of the CBI are to initiate action as below:—

- (i) Regular departmental action against seven officials belonging to DGS&D and Directorate General of Inspection and Naval Headquarters. Regular Departmental action for minor penalty against one official of the Directorate General of Inspection.
- (ii) Suspension of business dealings with the concerned firm and its partners permanently. Action should be taken to recover the loss caused to the Government Exchequer by supplying sub-standard Teak Logs to the Navy.
- (iii) Suitable action as the Ministry-Department might deem fit in respect of the facts connected with the conduct of one other official of the Directorate General of Inspection.
- (iv) Action should be taken against one other official of the Navy under the Navy Act, 1957.

Action has been taken by the Department of Supply to obtain the files relevant to the case which were seized by the CBI and on their receipt the question of action necessary against the concerned officers of that Department will be examined by that Department. Necessary action has been initiated in respect of the other officials by the organisations concerned and each individual case is being progressed as per rules on the subject.

The question of suspension of business dealings with the firms will be taken up as soon as the files are received back from the CBI. Action to recover the loss caused to the Government on account of supply of sub-standard Teak is dependent on the final award of the Arbitrator which is awaited.

As regards arbitration proceedings after completion of usual formalities the case was finally heard by the Arbitrator on 9th December, 1974 and his award is awaited.”

1.13. The Committee desire that departmental cases against delinquent officials, found guilty of misconduct by CBI should be processed expeditiously so as to have desired deterrent effect.

1.14. The Committee find that the CBI had recommended the suspension of business dealings with the concerned firm and its partners permanently. This question is yet to be taken up. The Committee desire that this recommendation of the CBI should be examined without further loss of time and appropriate action taken.

Purchase of Soluble Coffee (Paragraph 1.77—S. No. 8)

1.15. Dealing with a case of purchase of ground coffee in the guise of soluble coffee to meet Defence requirements, the Committee in paragraph 1.77 of the Report had observed:—

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

- (i) The order for the supply was placed on the firm in July, 1969 without verifying the capacity of the firm. It is strange that it was assumed that everyone who can produce ground coffee can also produce soluble coffee and the list of registered suppliers of ground coffee was approved for inviting tenders for the supply of soluble coffee also.
- (ii) The Committee find that at present only three firms have established manufacture of soluble coffee in the country. They are unable to understand how this fact was not known to the Purchasing Organisation. The Organisation never consulted the Coffee Board or the Commerce Ministry in the matter. Moreover, it was not for the first time that the soluble coffee was being procured for the Defence Services in 1969. Purchases had been made since 1967 from established manufacturers. It was for the first time that an order was apparently wilfully placed in 1969 on a firm which had no capacity whatsoever for the manufacture of soluble coffee.
- (iii) During the period 1967-1969, ground coffee was purchased on orders placed on 7 occasions between February, 1967 and November, 1968 and all the orders were placed on this

firm alone for a total quantity of 97.85 tonnes at the cost of Rs. 7.94 lakhs. Presumably, the purchase of ground coffee for Defence was stopped after November, 1968. Thereafter this order for the supply of soluble coffee was placed on the same firm in July, 1969. Thus there seems to have been some exercise of favouritism corruption.

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

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

1.16. In their reply, dated the 19th November, 1974, the Ministry of Defence have stated:—

“The explanations of the officers concerned in the Ministry of Agriculture and Irrigation (Dept. of Food), involved in the case, have been obtained by that Ministry and the matter has been referred by them to the Central Vigilance Commission on the 11th October, 1974 for advice, which is awaited.”

1.17. **The Committee note that the explanations of the Officers concerned in the Department of Food, involved in the case have been referred to the Central Vigilance Commission for advice. The Committee would require the Government to finalise the case without any further loss of time under advice to the Committee.**

Failure to take action on an adverse report (Paragraph 1.79—S. No. 10)

1.18. Taking serious note of the lapse on the part of the QMG's Branch in not taking action on an adverse report of the Deputy Technical Adviser on the capacity of a firm, the Committee in paragraph 1.79 of the Report, had observed:—

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

1.19. In their reply, dated the 26th December, 1974, the Ministry of Defence have stated:—

“The Chief Director of Purchase, Army Purchase Organisation (Dept. of Food) is primarily responsible for placing contracts for various items of foodstuffs with the supplying firms on the basis of indents placed by the Defence Services. Before doing so, it is for him to ensure that the contracting firm has the means and capacity to manufacture/supply the stores in question according to the required specification as indicated by the indentor in the relevant indent.

It is true that the adverse report of the Deputy Technical Adviser on the capacity of the firm was received in QMG's Branch from the CDP in October, 1969, but it was only for information and no action was required to be taken by QMG's Branch as it was assumed that the CDP who was primarily responsible for ensuring supplies according to prescribed specifications would have

taken note of the observations made by his Deputy Technical Adviser and would take suitable action in the matter."

1.20. The Ministry of Defence have explained that the Chief Director of Purchases was primarily responsible for ensuring supplies according to the prescribed specification and should have taken note of the adverse report of the Deputy Technical Adviser. The Ministry of Defence do not think that any action is required to be taken by QMG's Branch. The Committee are not satisfied with this explanation and consider that as the indentor of the material, the Ministry of Defence cannot at all absolve themselves of all responsibility in this regard and pass the onus on to the Chief Director of Purchases. The Committee would, therefore, reiterate their earlier recommendation and require fixing of responsibility for the lapse for deterrent action under advice to the Committee. The matter should also be reported to the House within three months from date.

Composition of the Appeal Board (Paragraph 1.81—S. No. 12)

1.21. Commenting on the existing composition of the Appeal Board for considering appeals from contractors against the decisions of Officers Commanding, Composite Food Laboratories, the Committee in paragraph 1.81 of the Report had stated:—

"The Committee have been informed that the Appeal Board consists of Director of Supplies and Transport as the Chairman, the indentor and an Army Medical Corps Officer as members. After examining this case the Committee have come to the conclusion that the functioning of the Appeal Board as it constituted at present is quite unsatisfactory and it needs to be reconstituted immediately. The Committee are of the view that the Purchasing Organisation should not be associated with the Board. Instead Government should consider the advisability of having on the Board a competent food technologist and associating a representative from the Commodity Board concerned wherever necessary. It should also be considered whether there is any particular advantage in procuring tinned food stuffs for Defence Services through the Ministry of Food and Agriculture."

1.22. In their reply, dated the 26th December, 1974, the Ministry of Defence have stated:—

"The association of the CDP as the purchaser in the deliberations of the Appeal Board while considering appeals from contractors against the decisions of the Officers Commanding, Composite Food Laboratories has been examined and the position

emerging as a result thereof is briefly as follows:—

In accordance with the terms and conditions of the contracts, the DST is the final appellate authority to accept or reject appeals preferred by the supplier against initial rejections by the regional Composite Food Laboratories. As DST, by himself, cannot examine and decide each case, as various aspects apart from the analysis of the sample undertaken by the Central Food Laboratory at Army Headquarters are involved, he has to be advised in these technical matters by the Dy. DS (as indentor), the Dy. Director (Food Inspection) (as Medical representative) and the CDP (as purchaser). The final decision, however, rests with the DST. The association of CDP in the matter of taking decisions on appeals against rejection of samples by the regional laboratories is also considered necessary, because he is an essential link between the supplier and the indentor and it is he alone who can advise the DST about the actual trend in the market, the capacity of the various firms to supply stores according to required specifications, the need for any relaxation in the prescribed specifications and acceptance of stores with some price reduction and any other ancillary matter. It may be mentioned here that the manufacturers or their representatives are not permitted to be present at the time of consideration of their appeals and the CDP has to bring out the point of view of the manufacturers, which may help the DST in taking a final decision on the appeal.

As regards the association of a Food Technologist with the Appeal Board, the Director of Supplies and Transport has already accepted the necessity, in principle, of having a qualified senior Food Scientist (with at least 5 years' research experience in food chemistry and quality control of foodstuffs) in Army Headquarters Appellate and Control Food Laboratory, on deputation from the only National Institute, i.e. the Central Food and Technological Research Institute, MYSORE. This requirement could not, however, be projected in the recent review of establishment of the Supplies and Transport Directorate due to the existing ban on creation of posts.

A Food Technologist as such cannot achieve the desired object, as his experience would be mainly confined to manufacturing techniques only. The Army Headquarters are, therefore, considering a proposal for the creation of a post of

DD(FI) (Senior Food Research Scientist with at least 5 years' research experience in food chemistry and quality control of foodstuffs) in the rank of Colonel (if an Army Officer of the required qualification is available) or a civilian officer of equivalent status, possessing required qualifications, to be taken from the National Food Technological Research Laboratory, that is, the Central Food Technological Research Institute, MYSORE, in addition to DD(FI) (Army Medical Corps), in the Army Headquarters Appellate and Control Food Laboratory. After such a proposal is received from Army Headquarters, it will be examined carefully in consultation with the Ministry of Finance (Defence).

In view of the functions of the Appeal Board as explained above, there seems to be no need for a representative of the concerned Commodity Boards to be co-opted to advise on the appeals against rejection of the samples by Central Food Laboratories.

As regards the procurement of tinned foodstuffs for the Defence Services through the Ministry of Food and Agriculture, the suggestion of the PAC has been noted and in view of the far-reaching consequences involved, a decision will be taken after detailed examination in consultation with Army Headquarters and the Ministries of Agriculture and Finance."

1.23. The Committee are not satisfied with the explanation given by the Ministry on the reconstitution of the Appeal Board and would reiterate their earlier recommendation on the inadvisability of associating the purchasing organisation with the Appeal Board. The Committee would strongly recommend that, in case it is considered necessary, the advisability of permitting the manufacturer/supplier to appear directly before the Appeal Board should be examined.

Sub-standards tinned meat—delay in freezing issues.—(Paragraph 1.102—S. No. 14)

1.24. Dealing with a case of delay in issuing instructions to stop the issue of sub-standard tinned meat, the Committee in paragraph 1.102 of the Report had observed:—

"The Committee have not got any satisfactory explanation why the Composite Food Laboratory did not notice the defects in the supplies received against the first contract. They, however, learn that no observations were made with regard to body fat

or facia by the Laboratory in this case. Further, although the Depot which received the bulk of the supplies received the post-copy of the telegram dated 22nd August, 1970 to freeze issues, strangely enough the Depot did not take any action till November, 1970 for reasons known to them. Such delays in stopping issue of substandard material for consumption could seriously endanger the health of troops. The Committee require that responsibility should be fixed for these lapses and action taken reported to them."

1.25. In their reply, dated the 26th December, 1974, the Ministry of Defence have stated:—

"Action on the part of the Army authorities to arrange to undertake analysis of samples of the supplier, against the first contract, after detection of the defects in the samples of the second contract, was taken as a precautionary measure with a view to ensuring the quality of the supplies made against the first contract, so that further issues of the defective stuff, if any, might be withheld even at that belated stage. This was considered essential to safeguard the health of the troops against any health hazard. As regards non-observation of fat or facia by the laboratory, it may be stated that the stocks are manufactured in small batches from different portions of the animals and the possibility of can to can variation, especially in a tinned commodity, cannot be entirely ruled out in samples drawn from time to time, due to lack of proper quality control facilities with the small-scale canned suppliers in our country. Steps have now been taken to ensure that instructions issued by Army Headquarters Composite Food Laboratories ASC for withholding issues of suspected stocks, are rigidly followed by all concerned, in future. In this connection Army Headquarters letter No. 55934/Q/ST7, dated 1st November, 1973 (copy at Annexure I) refers. The following steps have been taken in this regard:—

- (a) Instructions are required to be issued through OP IMMEDIATE signals, followed by OP IMMEDIATE post copies.
- (b) Communication of intimations on telephone through OP IMMEDIATE calls.

There was a lapse on the part of the depot in not withholding the issues in the instant case. However, there was no report of any troops having become ill as a result of consumption of the meat. To prevent recurrence of such cases, steps have been taken to ensure rigid compliance by stock-holding depots, of

the instructions received from Army Headquarters/Composite Food Laboratories for withholding issues of suspected stock to units. The then Commandant of the depot has since retired from service. However, action regarding fixing responsibility for the delay and taking suitable action against the person or persons found responsible is under consideration of Government."

1.26. The Committee take a serious note of the delay in taking action against officials found responsible for the lapses which could have posed a potential threat to the health of the troops. The Committee therefore required that disciplinary proceedings should be initiated expeditiously in all proves cases of lapses, misconduct or misdemeanour under advice to the Committee.

Serious lapses in the strengthening of an air field and construction of an advance landing ground (Paragraphs 1.113 and 1.132—S. Nos. 16 and 18 respectively).

1.27. Deprecating the serious lapses in the strengthening of an air field in a strategic area and the remissness on the part of the authorities concerned in the work relating to the extension of an advance landing ground, the Committee, in paragraphs 1.113 and 1.132 of the Report, had observed as follows:—

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

"1.132. The Committee deeply regret to note that extension work on an advance landing ground completed at a cost of about Rs. 21 lakhs in November 1968 proved to be infructuous. The runway was extended from 1,000 yards to 7,400 yards. A Board of Officers which assessed the work in February 1969, noticed defects like unevenness of surface of the runways, taxi track etc. and depressions. By April 1971, a part of the landing ground, we were told, had been washed away due to rains with the result that only 900 yards were available for aircraft operations. The Committee have been informed that the remaining strip could be utilised only for operation of aircraft with limited load by very experienced pilots. A Technical Board constituted to investigate the quality of the work done and the reasons for rapid deterioration in the landing ground had found inadequacies in preliminary investigation and in design of pavement, lack of technical knowledge at the execution stage, use of poor quality of construction materials, poor construction of fills, insufficient/poor drainage etc. The Committee require that Government should investigate the matter in the light of the observations of the Technical Board and fix responsibility for remissness on the part of the authorities concerned. The action taken in the matter may be reported to the Committee."

1.28. In their reply, dated the 25th November, 1974, the Ministry of Defence have stated as under:—

"1.113. A staff Court of Inquiry has been assembled in July 1974 to investigate into the matter. The terms of reference of this Court of Inquiry are as under:—

- (a) Whether the specifications for strengthening works were framed taking the site conditions into consideration while planning the work in Dimapur airfield prior to according sanction in 1965.
- (b) Whether the work actually executed conformed to the specifications stipulated in the contract agreement.
- (c) Whether there was any laxity in supervision of work.
- (d) Why the airfield was not utilised for fighter aircraft for which it was intended after works were completed and handed over to the users.
- (e) Any other facts/points relevant to the case.
- (f) To apportion blame for the lapses, if any.
- (g) To make recommendations.

The Report of the Staff Court of Inquiry is awaited."

1.32. A Court of Inquiry has been assembled in July 1974 to investigate into the matter. The terms of reference of the Court of Inquiry are as under:

- (a) To investigate the circumstances under which go ahead sanction was accorded by HQs Eastern Air Command under para 10 of Emergency works procedure for construction of Air-field landing ground in 1967 at Turial.
- (b) To inquire as to why the extension of runway from 1000 yds to 1400 yds could not be initially visualised.
- (c) To inquire whether the technical limitations were fully considered prior to according Administrative Approval for extension of Runway by 400 yds.
- (d) To state whether the Engineers ensured that the works actually executed conformed to the specifications stipulated in the contract agreement.
- (e) To state whether the time schedule fixed for completion of the work on 1000 yds. runway and subsequent extension of 400 yds was sufficient to complete the work on sound engineering principles.
- (f) To state reasons as to why the protective measures and drainage works required for the embankment were not adopted and proper consolidation of the large fills could not be carried out.
- (g) Any other facts/points relevant to the case.
- (h) To pin point responsibility and apportion blame, if any, for lapses in planning, sanctioning, sanctioning and extension of the works.
- (i) To make recommendations.

The report of the Staff Court of Inquiry is awaited."

1.29. The Committee note that the reports of the Courts of Enquiry assembled in July 1974 to investigate these two cases are awaited. The Committee desire that the enquiries should be completed expeditiously and a final report on the action taken on the findings of the Courts of Enquiry submitted to the Committee as soon as possible.

Excess payment to an electric supply company (Paragraph 1.142—S. No. 20)

1.30. Commenting on an excess payment of Rs. 11.46 lakhs to an Electric Company due to negligence on the part of officials, the Committee in paragraph 1.142 of the Report had observed:—

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

1.31. In their reply, dated the 2nd January, 1975, the Ministry of Defence have stated:—

“The observations of the Committee are noted. A further report in regard to the disciplinary actions when finalised will be submitted, as directed by the Committee.”

1.32. The Committee are deeply concerned over the unusual delay in taking disciplinary action against the erring officials who had been found guilty by a Board of Officers as early as February, 1973. Since delay of any significant magnitude detracts from the effectiveness of whatever action that is subsequently taken, the Committee would require the Government to take appropriate action against the three officers found responsible without any delay under advice to the Committee.

Delay in construction of an Ordnance Complex (Paragraph 1.156—S. No. 23).

1.33. Dealing with a case of delay in the construction of an Ordnance Complex, the Committee, in paragraph 1.156 of the Report, had observed:—

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

1.34. In their reply, dated the 7th December, 1974, the Ministry of Defence have stated :

"The Committee under the Chairmanship of Shri D. S. Nakra, former F.A. was appointed with a view to stream-lining the existing works procedure. Its report was received by the Govt. in September, 73 and its recommendations are still under examination in consultation with the Army HQ."

1.35. The Committee are concerned to note that although the report of the Study Group had been received by the Government as early as September 1973, the recommendations are stated to be still under examination. The Committee would require the Government to arrive at a final decision on the recommendations of the Study Group expeditiously and to take suitable measures to streamline the existing procedures. The Government should be in a position at the very least to inform the Committee the date by which the Government is endeavouring to complete its examination and proceed to take steps based on the results of the examination. The Committee should be informed of the target date without delay.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

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

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

- (i) Detailed specifications for the adhesive to be used at the stitches were not laid down by the Research and Development Organisation.
- (ii) the specifications laid down in November, 1962 provided that all stitches should be finished with leakproof composition of an approved quality. The two firms concerned used onoprene based adhesive whereas the others used Bee's wax which was also used by the Research and Development Organisation. Unfortunately there is stated to be nothing on record to show whether approval to use neoprene based adhesive was given by the Establishment (Technical Committee) to the two firms.

- (iii) In respect of the boats procured advance samples were in each case approved by the Development, inspected and accepted by Defence Inspectorate and entire quantity was accepted by the respective consignees to their satisfaction. It was assumed that the necessary chlorine acceptor was automatically used along with adhesive. The Scientific Adviser admitted that it was unfortunate that they did not test the adhesive whether it was fully neutralised and that it should have been done.
- (iv) No warranty clause was included in the contracts. The Committee were informed by the representative of the DGS&D that the warranty clause is included in respect of those items where defects can come to light only when the stores are put to use and that in this case neither the indentor nor the Defence Inspectorate asked for a warranty clause. No action could be taken against the firm as they supplied stores to specifications. It is surprising that the Defence Department did not take this normal precaution especially because no detailed specifications for the adhesive were laid down by the Research and Development Organisation and it was admittedly not possible to determine by usual inspection whether the adhesive used was going to deteriorate.
- (v) Although all the boats were supplied by the two firms during February, 1966 to September 1969 it required an investigation in October 1971 on the basis of a complaint from a single Army Unit, to find out that as many as 608 boats were defective. The defects ought to have come to notice much earlier and in the normal course of inspection in the Depots and Units. It is contended that the defects were noticed only when the boats were floated and could not have been discovered earlier. The Committee is not wholly satisfied. In a matter such as this extra special care must be taken having regard to its bearing on Defence preparedness. The Committee did not get any explanation for this serious failure.

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

[S. No. 1 (Para 1.26) of Appendix II to 125th Report of P.A.C.
(5th Lok Sabha)]

Action taken

The lapses were examined by two Boards of Officers convened by the Army Hqrs and Defence Research and Development Organisation. The

reply to the above points mentioned in PAC's recommendations is given below with reference to facts now brought out in the investigation:—

- (a) Officers responsible for finalising the specification—knew about sea-ling compound like Bees Wax, Bitostic 'C', Wilsden Green (imported adhesive). The absolute necessity for specifying detailed specifications was, however, not considered essential by them. This could be attributed to the inexperience of the officers in development and inspection. Boat Assault Pneumatic was the first project of the Establishment concerned, and besides inexperience there was shortage of staff and testing facilities.
- (b) No approval of the Establishment (Technical Committee) was required since the orders were placed by DGS&D. The approving authorities in this case were Inspector and Inspection and Production Division of the Establishment. The Inspectors and Officer-in-Charge Production Division approved the use of neoprene adhesive because it had better water proofing qualities. They, however, did not assess the long term chemical effect of the adhesive on the canvas.
- (c) Though there is no record to prove, it appears from the statement of the representative of one of the suppliers that chlorine acceptor was used. In respect, it appears that sufficient quantity of additives was not used to cater for the action of chlorine released by neoprene on the canvas which the material used for the hull of the boat. One of the reasons why specification of adhesive was not laid down was the combination of functions of development production and Inspection in a single agency at that time. In such cases, there is a tendency to go in for production without finalising all details as the development agency feels confident that problems can be sorted out as and when they arise during production. However, a separate Engineers Inspection Establishment has come into being with effect from 1968.
- (d) In view of the fact that the cost of neoprene adhesive is much more than that of other adhesives used in other lots there is no reason to suspect any malafide either on the part of the firms or R&DE (Engrs) or Inspecting officers in using neoprene based adhesive. However, the lapses on the part of the officers who did not specify the adhesive clearly and those who accepted the stores without ascertaining the long term effect of neoprene adhesive on canvas are being examined and action as considered necessary will be taken.

(e) At present, there is some ambiguity about the responsibility of the organisation who should propose the warranty clause to be included in the contract to be entered into by DGS&D. Firms do not normally accept warranty clause of an equipment manufactured by them if the design and drawings are provided to them. However, the question of incorporating warranty clause in such contracts is being examined.

(f) The boats were inspected at the time of receipt in the depot from manufacturers as well as prior to the issue therefrom to units etc. Periodic inspection in the field by maintaining workshops was confined to visual checks as also receipt inspection. There is no evidence that the users even took these boats to the field workshops for any defects or repairs, prior to the initiation of defect reports in 1971. Only on receipt of a few defect reports, action was taken to get the entire stock of boats inspected both in the holding units and the stocking depots. These defects developed as a result of chemical action on canvas resulting in the course of time. The defect could not have been noticed either at the time of receipt in the depot or during storage or at the time of issue. Thereafter those boats had been in the hands of troops and no defects were brought to the notice of field workshops till the defect reports were raised. Once this happened, prompt action was taken to have the matter thoroughly gone into.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget) dt. 7-12-1974].

Recommendation

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

designed boats. It is regrettable that they do not seem to have applied their mind to this so far.

[Sl. No. 3 (Para 1.28) of Appendix II to 125th Report of PAC (5th Lok Sabha)]

Action Taken

The new boat already developed is made of aluminium and does not need any adhesive. However, one of the establishments of the Defence Research and Development Organisation has taken up a project for development of a suitable adhesive and recommendations are likely to be finalised shortly.

[Ministry of Defence O.M. No. 11(3)-74/D (Budget), dt. 7-12-1974]

Recommendation

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

[Sl. No. 5 (Para 1.30) Appendix II to 125th Report of PAC (5th Lok Sabha)]

Action Taken

The Board which was asked to carry out a thorough review about the matter found that the existing procedure for acceptance, storage and inspection of equipment of operational importance are adequate and do not require any drastic revision. Drills have been laid down regarding care and maintenance of such items and these drills are invariably followed.

[Ministry of Defence O.M. No. 11(3)-74/ (Budget), dt. 7-12-1974]

Recommendation

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

- (i) Against an indent placed by Naval Headquarters in August 1969, the DGS&D invited tenders. Out of the tenders received the quotation of the firm from which the logs were purchased was the second lowest. The quotation of the lowest tenderer was not accepted as his capacity was not recommended by the Defence Inspectorate.
- (ii) The Naval Headquarters in a letter dated 12th August, 1969 had requested the DGS&D that in regard to inspection of the logs procured from trade against their indent, the Surveyor of Stores, Naval Dockyard, Bombay should be the Inspecting Officer. Accordingly, the tender enquiry issued on 16th August, 1969 by the DGS&D indicated that the inspection would be carried out by the Surveyor of Stores. Strangely, the firm is stated to have tendered on the basis that the inspection would be by Inspector of General Stores. The Defence Secretary stated during evidence that the supplier "perhaps had his own reasons for choosing the Inspector of General Stores" and that "he perhaps expected a better deal".
- (iii) It is surprising that the vital discrepancy between the tender enquiry and the tender offer was not noticed by the DGS&D. In the Acceptance of Tender inspection by Inspector of General Stores was stipulated as indicated by the firm.
- (iv) It was only after the Naval Headquarters took up the matter on 29th May, 1970 that the firm was approached for a change in the inspection authority and it did not agree.
- (v) It was decided on 23rd October, 1970, at a meeting held in the Directorate of Supplies and Disposals, attended also by the representative of the Naval Headquarters that in view of the attitude of the firm, the status quo should be maintained but the Surveyor of Stores should be associated with the Inspector while carrying out inspection. In the meantime, the first lot of logs meant for Cochin Depot, tendered by the firm were accepted by the Inspector. Surprisingly, neither the DGS&D

nor the Naval Headquarters communicated the decision to the Inspector of General of Stores concerned. On the contrary the communication was sent to an Inspector unconnected with this purchase. The Committee could not get any explanation for this slip. The Defence Secretary stated: "Unfortunately, we have not been able to put our finger on the real trouble spot."

- (vi) On receipt of the first consignment in January, 1971, the Bombay Depot noticed that the Surveyor of Stores had not signed the inspection report and took up the matter with their headquarters. Before it was sorted out entire supplies were received at both the depots by June 1971. Significantly enough the Cochin Depot, which received the first consignment as early as July 1970, did not raise the matter although a copy of the letter of 12th August, 1969 of the Naval Headquarters regarding inspection of the logs had gone to them.
- (vii) The Bombay Depot arranged for an inspection by the Surveyor of Stores on receipt of the first consignment and found that most of the logs had defects and the logs were rejected whereas Cochin Depot accepted the supplies on the strength of the opinion of the professional authority on the pretext that the defects were within the tolerance limit allowed by the concerned Inspector of General Stores.
- (viii) During a joint inspection of the logs at the Bombay Depot in October-November, 1971, ordered by the Director of Inspection (General Stores) at the instance of the Naval Headquarters, which brought out serious defects, there was reportedly a difference of opinion between the Inspector of General Stores and the Surveyor of Naval Stores. The DGI. organisation over-ruled the opinion of the Inspector of General Stores. A Board of enquiry which went into the matter subsequently, also held that the supply, by and large, did not conform to the specification and the Inspector was responsible.
- (ix) The defects noticed at Bombay Depot having been brought to the notice of the DGS&D, they reported the rejection of supplies in respect of that depot to the firm and asked for replacement. The firm did not accept the rejection and contended inter alia that logs supplied to both the Cochin and Bombay Depots were inspected and accepted, the source of supply was the same, inspection was carried out by the same officer and that the standard of acceptance was also the same.

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

[Sl. No. 7 (Para. No. 1.53) of Appendix II to 125th Report of P.A.C.
(5th Lok Sabha)]

Action Taken

The case was investigated by the CBI and their report was forwarded to the Ministry of Defence and Ministry of Rehabilitation and Supply on 29th October, 1974. The main recommendations of the CBI are to initiate action as below:—

- (i) Regular departmental action against seven officials belonging to DGS&D and Directorate General of Inspection and Naval Headquarters. Regular Departmental action for minor penalty against one official of the Directorate General of Inspection.
- (ii) Suspension of business dealings with the concerned firm and its partners permanently. Action should be taken to recover the loss caused to the Government Exchequer by supplying sub-standard Teak Logs to the Navy.
- (iii) Suitable action as the ministry department might deem fit in respect of the facts connected with conduct of one other official of the Directorate General of Inspection.
- (iv) Action should be taken against one other official of the Navy under the Navy Act, 1957.

3. Action has been taken by the Department of Supply to obtain the files relevant to the case which were seized by the CBI and on their receipt the question of action necessary against the concerned officers of that Department will be examined by that Department. Necessary action has been initiated in respect of the other officials by the organisations concerned and each individual case is being progressed as per rules on the subject.

4. The question of suspension of business dealings with the firms will be taken up as soon as the files are received back from the CBI. Action to recover the loss caused to the Government on account of supply of sub-standard Teak is dependent on the final award of the Arbitrator which is awaited.

5. As regards arbitration proceedings after completion of usual formalities the case was finally heard by the Arbitrator on 9th December, 1974 and his award is awaited.

[Ministry of Defence O.M. No. 10(2)/74/D(N-III), dated 16-12-1974]

Recommendation

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

- (i) The order for the supply was placed on the firm in July 1969 without verifying the capacity of the firm. It is strange that it was assumed that everyone who can produce ground coffee can also produce soluble coffee and the list of registered suppliers of ground coffee was approved for inviting tenders for the supply of soluble coffee also.
- (ii) The Committee find that at present only three firms have established manufacture of soluble coffee in the country. They are unable to understand how this fact was not known to the Purchasing Organisation. The Organisation never consulted the Coffee Board or the Commerce Ministry in the matter. Moreover, it was not for the first time that the soluble coffee was being procured for the Defence Services in 1969. Purchases had been made since 1967 from established manufacturers. It was for the first time that an order was apparently wilfully placed in 1969 on a firm which had no capacity whatsoever for the manufacture of soluble coffee.
- (iii) During the period of 1967—69, ground coffee was purchased on orders placed on 7 occasions between February 1967 and November 1968 and all the orders were placed on this firm alone for a total quantity of 97.85 tonnes at the cost of Rs. 7.94 lakhs. Presumably, the purchase of ground coffee for Defence was stopped after November, 1968. Thereafter this order for the supply of soluble coffee was placed on the same firm in July 1969. Thus there seems to have been some exercise of favouritism/corruption.

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

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

[Sl. No. 8 (Para. No. 1.77) of Appendix II to the 125th Report of P.A.C.
(5th Lok Sabha)]

Action Taken

The explanations of the officers concerned in the Ministry of Agriculture & Irrigation (Dept. of Food), involved in the case, have been obtained by that Ministry and the matter has been referred by them to the Central Vigilance Commission on the 11th October, 1974 for advice, which is awaited.

Director of Audit, Defence Services, has seen.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget), dated 19-11-1974]

Recommendation

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

[Sl. No. 11 (Para. No. 1.80) of Appendix II to the 125th Report of the Public Accounts Committee (Fifth Lok Sabha)]

Action Taken

In this case the Government had claimed a sum of Rs. 69,594.50 on account of 2,049.935 tonnes of Soluble coffee having gone bad during the warranty period. The arbitrator has given his award on 30th April, 1974 awarding the Union of India a sum of Rs. 11,158.00. The award, which is non-speaking, has been accepted by the Government on the advice of the Ministry of Law.

Director of Audit, Defence Services has seen.

[Ministry of Defence O.M. No. 4/16/72/D(QS), dated 28-10-1974]

Recommendation

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

in April, 1970. However, the supply tendered against the second contract in May/June, 1970 was found by the Laboratory to be unacceptable. The main reasons for the rejection were that the stocks were not free from excessive body fat and fascial that they had objectionable flavour/smell and that the stocks had not been adequately processed in that one can on incubation indicated evidence of microbial growth. Thereafter on analysis of samples of the suppliers against the first contract it was found that those stocks were also similarly affected and unfit for human consumption. Action was taken only in November, 1970 to stop further issues to troops. By then over 9.4 tonnes of this substandard and unhygienic meat had already been consumed and claims amounting to Rs. 0.76 lakh only could be preferred against the contractor. In view of this the Committee regard it as extremely unwise, if at all it had been done in good faith, to have placed orders on this firm without verifying the capacity properly and to have relaxed the requirement of the Army in regard to inspection especially when the firm had not made any supply of meat earlier. What is more, the risk purchase order for the failure of the firm against the second contract was also placed on the same firm and it again failed partly. The Committee stress that appropriate action should be taken in the matter, *inter-alia* for laying down suitable guidelines for risk purchase in order to ensure timely supplies.

[Sl. No. 13 (Para 1.101) of Appendix II to 125th Report of PAC
(5th Lok Sabha)]

Action Taken

The relaxation to allow slaughtering of animals in the Municipal Slaughter Houses, inspected by Municipal Veterinary authorities, was accepted by Army Headquarters only as a temporary measure, to enlarge the scope of procurement, and induce the element of competition, as only a limited number of suppliers were readily willing to tender their supplies. The temporary measure was subsequently withdrawn. The observations in this regard have, however, been noted to ensure that instances of this nature do not recur.

2. The normal practice in the Army Purchase Organisation had all along been to rely on the hygiene inspection report of the Army authorities, which stated whether a particular firm supplying processed items was suitable or not, before registering those firms in the approved list of suppliers. The technical competence of the suppliers was assessed by the Deputy Technical Adviser with reference to the information furnished by them in the Factory Equipment Proforma without necessarily visiting the factory premises in all cases. However, it has recently been made a rule that before registration as contractors for supply of processed foodstuffs

for the Defence Services, the technical competence of the suppliers should be duly verified by actual inspection in all cases. Registration is now being done only after the Deputy Technical Adviser in the Department of Food is satisfied after a visit to the factory concerned that it is technically competent to manufacture the goods according to the prescribed specifications.

3. In this particular case, the supplying firm had the required plant and equipment, but not a slaughter house of their own. The contract was placed on them by the Army Purchase Organisation only after the Army authorities had relaxed the ASC specification for canned meat products on recommendation of their Medical Directorate that animals duly slaughtered in the Municipal Slaughter House, inspected by their veterinary authorities and stamped carcasses be accepted as having met the requirement of ante-mortem and post-mortem examination. The risk purchase contract was placed with the defaulting firm as its quotation happened to be the lowest and also as its exclusion from the tender enquiry would have rendered the risk purchase action legally invalid. It is true that the risk purchase order placed on the same firm against the second contract partly failed, but even against this part failure, a fresh risk purchase order was placed on the same firm and it was completed by it satisfactorily.

4. However, in the light of the observations made by the Public Accounts Committee, suitable instructions (copy enclosed at Annexure) have now been issued to all concerned to the effect that in appropriate circumstances, for reasons to be recorded, where the defaulting firm is not likely to deliver the goods of the contract description by the time as promised by it, its offer, even though the lowest, may be ignored.

Director of Audit, Defence Services has seen.

[Ministry of Defence O.M. No. 4/16/72/D(QS), dated 26-12-1974]

ANNEXURE

J-16012/9/73-C.D.N.

**GOVERNMENT OF INDIA,
MINISTRY OF AGRICULTURE,
DEPARTMENT OF FOOD,
(ARMY PURCHASE ORGANISATION)**

New Delhi, the 7th March, 1974.

ADMINISTRATIVE ORDER NO. 14

SUBJECT.—*Risk Purchase Contracts.*

Some bottlenecks in the provisioning of foodstuffs for the defence forces have been experienced on account of repeated defaults by uncooperative suppliers. In 1964, the Law Ministry advised that risk purchase has to be by open competition and, therefore, the defaulting contractor who is also one of the traders in the field cannot be excluded from tendering. They were of the opinion that, if the defaulter is excluded, even though his quotation is the lowest, the risk purchase loss will not be recoverable from him (vide Routine Note No. 865 dated 10th April, 1964).

2. This matter has been re-considered in consultation with the Internal Financial Adviser and the Ministries of Law and Finance. Supplies for defence forces being of operational and crucial significance, it has now been decided that the question whether a risk repurchase contract should be invariably placed on a defaulting contractor, if his quotation happens to be the lowest, even though there is ample material on record to justify a conclusion that the default would again be repeated, is a matter which should be considered more from the administrative view point rather than from the purely legalistic angle. In such matters, the possibility of recovering the risk purchase loss should not be the paramount consideration. Such a consideration should be subservient to the overall necessity of proper and timely provisioning of foodstuffs for the defence forces.

3. A provision already exists in the purchase Manual of the DGS&D that, if on examination of the offer of the defaulter, the purchase officer is convinced that the defaulter will not be in a position to deliver the goods by the time as promised by him, the offer of the defaulter may be

passed over with the concurrence of the Department of Supply and Finance. On a similar basis, it has been decided that, in regard to the contracts of the Army Purchase Organisation, in suitable cases, the Government may take a calculated risk of bearing the financial loss by not awarding the risk repurchase contract to the defaulter. Ministry of Law have advised that it would not be proper to exclude the defaulter from the tender enquiry but his tender, even though the lowest, may be rejected on account of reasons which may be recorded in writing as they may be challenged by the defaulter before the arbitrator while disputing our claim for risk purchase loss.

4. It has, therefore, been decided that, while no rules can be laid down in this regard, each case will have to be examined on its own merits and, where it is considered necessary to ignore the defaulter's lowest tender in the risk purchase tender enquiry, specific reasons may be recorded in this respect and shown to A.L.A./D.L.A. with a view to making a good case in law for claiming the risk purchase loss. Where it is not possible to make an arguable case in support of the claim for risk purchase loss, and yet it is considered necessary to ignore on administrative and operational grounds the defaulter's tender, even though the lowest, reasons may be recorded for doing so. The decision to ignore the defaulter's offer may be taken in each case in consultation with I.F.A./Ministry of Finance (Food) and the prior approval of Joint Secretary (S). Only those cases will be referred to Ministry of Finance where the value of the contract exceeds the delegated purchase powers of the Department of Food.

5. It has also been decided that bank guarantee shall not be an acceptable form of security deposit in case the risk purchase contract is placed on the defaulter. The following sentence may therefore, be added at the end of the clause prescribed in Administrative Order No. 2 dated 26th April, 1972:—

“Bank Guarantee shall not be an acceptable form of contract security in case the contract is awarded to the defaulter at whose risk and cost the risk purchase action has been taken.”

The terms and conditions and tender forms of the items for which bank guarantee is normally an acceptable form of contract security should also be amended accordingly.

6. These instructions will be effective immediately.

Sd/- S. N. SAMPATH,
Joint Secretary to the Government of India.

Recommendation

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

[Sl. No. 15 (Para. No. 1.103) of Appendix II to the 125th Report of the Public Accounts Committee (Fifth Lok Sabha)]

Action Taken

The arbitration proceedings are not yet over and the case is being heard. The Govt.'s appeal before the Division Bench of the Delhi High Court has not yet come up for hearing.

The additional expenditure incurred by Government in the repurchase on the failure of the firm against risk purchase order placed on them was Rs. 458.92. According to the existing instructions, however, the Government claimed as general damages a sum of Rs. 520.03 at the rate of 1 per cent of the value of the short-supplied quantity which was more than the actual risk purchase loss. This amount has already been recovered from the security deposit of the firm.

Director of Audit, Defence Services, has seen.

[Ministry of Defence D.O. No. F.4(16)/72/D(QS), dated 3-1-1975]

Recommendation

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

[Sl. No. 17 (Para 1.114) of Appendix II to 125th Report of P.A.C. (5th Lok Sabha)]

Action Taken

According to the award made by the arbitrator on 19th November, 1973, the claim of the contractor for the refund of the recovery of Rs. 7,658 already made for the variation from specifications has been rejected.

DADS has seen.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget), dated 25-11-1974]

Recommendation

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

[Sl. No. 19 (Para. 1.133) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

The Ministry of Tourism & Civil Aviation have agreed to take over the landing ground. Govt. Sanction for transfer of the landing ground to the Director General of Civil Aviation on user right basis has been issued on 11th October, 1974.

DADS has seen.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget), dated 25-11-1974]

Recommendation

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

[Sl. No. 21 (Para 1.143)—of Appendix II to 125th Report of PAC (Fifth Lok Sabha)]

Action Taken

As regards the settlement of the dispute between the Department and the Electric Supply Company, it has been reported by the Chief Engineer, Central Zone, Jabalpur that the arbitration award in this case was published on 29th March, 1974, according to which a sum of Rs. 4.16 lakhs has been awarded in favour of Government (Military Engineer Services) against the claim for a refund of Rs. 13.43 lakhs for the period upto 31st December, 1973. As per the advice of the District Government Counsel, Jabalpur, Military Engineer Services is contesting the award in the Court of Law.

After the filing of the award on 25th April, 1974, in the Jabalpur District Court, the Court had issued summons on 6th August, 1974, to the MES (Chief Engineer, Central Zone, Jabalpur) for taking note of the award filed and file objections if any on the same. Accordingly objections were filed through a lawyer on 4th September, 1974. These have been taken note of by the Court and the presiding Judge has ordered the next hearing on 14th October, 1974.

Further action is in hand with the Court to serve a notice on M/s. Jabalpur Electric Supply Company stipulating a 30 days period for filing objections if any on the award and on our objections.

DADS has seen.

[Ministry of Defence O.M. No. F. 11(3)/74/D (Budget), dated 2nd January, 1975]

Recommendation

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

[Sl. No. 23 of (Para No. 1.156) Appendix II to 125th Report of the PAC (5th Lok Sabha)]

Action Taken

The Committee under the Chairmanship of Shri D. S. Nakra, former F.A. was appointed with a view to stream-lining the existing works procedure. Its report was received by the Government in September, 1973 and its recommendations are still under examination in consultation with the Army Head Quarter.

The latest position of the execution of the works is given below:—

- (i) Percentage of progress of construction of AFMSD project is 80 and that of Ordnance Depot 52.
- (ii) Likely dates of shifting of officers/workshops:—
 - (a) AFMSD project:—It is expected that the project will be completed by December 1974 and the Depot will be occupied by March 1975.
 - (b) Ordnance Depot and Vehicle Depot Workshops are likely to be completed by May 1975. These will be occupied by August 1975.
- (iii) It is expected that as a result of shifting to new premises, there will be likely saving of Rs. 9.46 lakhs per annum in the rent being paid by the Army.

The dates for shifting are tentative and will be subject to completion of the projects by due dates. The estimate of saving in reduction in rent is also based on the estimated dates of occupation of buildings in the new complex.

D.A.D.S. has seen.

[Ministry of Defence O.M. No. 11(3)-74/D (Budget), dated 7th December, 1975.]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF THE GOVERNMENT

Recommendation

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

[SL. No. 2 (Para 1.37) of Appendix II to 125th Report of PAC
(5th Lok Sabha)]

Action Taken

A log book is a running record of utilisation of a vehicle, machine or such other equipment which gives at any time details of meterage/hours run, repairs carried out, oil changes effected, inspection and classification thereafter. An assault boat pneumatic lies folded and carefully preserved for most part of the year and is put to use for a limited period only during an exercise or during operation. This utilisation would invariably form a very small fraction of the period during which the boat remains in storage. Therefore, all that would be entered in the log book is half yearly inspection records and such use as the boat would be put to for a limited period of a few hours only every year. If a log book has to be thought of then there is a whole range of equally important stores such as folding boats, stores boats, pontoons, baily bridges, tents and so on which would require log books. Records of periodic inspection and repairs are already being maintained by field repair workshops and these should suffice for the purpose of watching the performance, durability and deterioration of such equipment.

[Ministry of Defence O.M. No. 11(3)-74/D(Budget), dated 7th December,
1974]

Recommendation

The Committee note that the shelf life period for these indigenous boats was fixed in mid-fifties, as five years taking into account the natural process of deterioration. It was stated that the average life of the boats in use would be less. No assessment in this regard has been made. However, the Committee find that as many as 137 old imported boats which had earlier been declared obsolete in April 1971, were found still in serviceable condition and these were issued to units to meet operational requirement in December, 1971. If these boats which must have been imported long before 1962, were good enough even after 10 years, the Committee see no reason why the indigenous ones should not last longer than 5 years.

[Sl. No. 4 (Para 1.29) Appendix II to 125th Report of PAC
(5th Lok Sabha)]

Action Taken

The design and operational requirement of the imported boat and boat assault pneumatic are not the same. The same criteria cannot therefore be applied in fixing their shelf life. The shelf life of boat assault before use was fixed as five years taking into account natural process of deterioration of treated canvas due to age etc. The life expired boats are not automatically discarded. They are required to be inspected carefully and those found fit are retained for use after inspection.

[Ministry of Defence O.M. No. 11(3)-74/D, (Budget), dated 7th December, 1974]

Recommendation

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

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

[Sl. No. 6 (Para 1.31) of Appendix II to 125th Report of PAC
(5th Lok Sabha)]

Action Taken

In the case of items developed by Defence Research and Development, its responsibility extends upto the stage of free flow of production. Once the production is established, the drawings are finally sealed by AHSP (Authority Holding Sealed Particulars). Further inspection of stores is done

under the guidance of AHSP. A detailed procedure for raising of defect reports by army units has been laid down. Defect reports are received and actioned by AHSP. It brings to the notice of R&D such cases which warrant suspension of provision issue and/or withdrawal of equipment from the users. Defects relating to a sign are also referred to Defence R&D.

Teams of defence scientists visit operational areas after operations to assess the performance of indigenous and imported equipment during actual operations and to suggest remedial measures wherever necessary.

Defence R&D Organisation has some scientists attached to Service HQ and Commands whose duty *inter-alia* is to provide fee-back data on the performance of newly developed equipment in services and on the services requirements and reactions.

DADS has seen.

[Ministry of Defence O.M. No. 11(3)-74/D, (Budget), dated 7th December, 1974]

Recommendation

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

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

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

[Sl. No. 9 (Para 1.78) of Appendix II to 125th Report of PAC
(5th Lok Sabha)]

Action Taken

The report refers to two lapses, namely delay in calling for control samples on 24th December, 1969 and delay in giving final verdict after calling for samples on 29th December, 1969 from 6 more depots.

In so far as the first delay is concerned, it has been verified that it was only a procedural one. As per procedure then in vogue, sufficient number of despatching instructions in respect of different items of foodstuffs were collated and consolidated instructions issued, calling for control samples from 20 per cent of the depots selected at random.

The above procedure was followed strictly in the case of soluble coffee in question. Since this procedure did result in delays and consequential repercussions of the nature pointed out, a firm drill has since been laid down for the purpose of issuing instructions for calling control samples on a fortnightly basis as per Office Order No. 18 dated 21st November, 1973 (copy at Annexure I), irrespective of the number of despatching instructions collated during a particular fortnight, to plug the lacuna.

As regards the delay in giving the final verdict after calling for samples from 6 more depots, it may be mentioned that the samples were called for in accordance with the provisions of Supplies & Transport Dte. Technical Instruction No. 7 dated 1st July, 1969 distributed to BASC Commands under Army Headquarters letter No. A/83675/Q|STI, dated 2nd July, 1969 (copy at Annexure II), Para 10 of the instruction lays down that if any consignment is found to be unfit, the Composite Food Laboratories will direct depots/units concerned to have the stock thoroughly surveyed by a Station Board of Officers and to submit samples of each category again together with the Board's proceedings. Accordingly, sufficient number of additional samples drawn under independent Station Board of Officers were called for on 29th December, 1969 with a view to ensure that the verdict thereon conformed to analytical findings on the quality of samples sent by a depot on its own on 9th December, 1969, so that the interest of the State was safeguarded and no scope was left for the supplier to challenge the verdict given by the Appellate Laboratory. Thus the delay involved in withholding issues of stocks as a result of final analytical findings given in January/February, 1970, i.e. until a month before the expiry of the warranty period, was inherent in the process itself and was not intentional. As such, no action against any officer is called for. However, the stocks held 7 selected depots were condemned during January/February, 1970 immediately on receipt of special control samples and claims were preferred against suppliers, as per dates shown in the attached statement (copy at Annexure III). This action was taken even before the issue of instructions (on 21st February, 1970) to the remaining 13 depots to withhold the stocks

without awaiting the receipt and analysis of further representative samples required to be drawn under independent station Board of Officers as per existing instructions.

In view of the position explained above, no individual can be blamed for the lapse. However, the defect in the procedure has since been rectified to avoid a recurrences of this nature, vide copy of the instructions at Annexure IV.

Director of Audit, Defence Services, has seen.

[Ministry of Defence D.O. No. 4(16)/72/D(QS), dated 26th December, 1974]

Annexure I

OFFICE ORDER NO. 18

Col. K. N. Sharma, DD(FT) QMG's Branch, Army Headquarters

With immediate effect, the following procedure in regard to the handling of Despatching Instructions and calling for of Control Samples will be followed:—

- (a) All despatching Instructions, on receipt, will be duly stamped, dated and entered in a separate register to be maintained for this purpose by ST7A.
- (b) On receipt, one copy of the Despatching Instruction will be collated in a separate file in ST8 and 2nd copy filed in relevant Acceptance Tender Contract file held by ST7A.
- (c) The file opened by ST8 will contain each Despatching Instruction, filed therein, duly numbered and minuted.
- (d) The Despatching Instruction to be filed in ST7A will be duly stamped, initialled and dated by the JCO Incharge, ST7A ACSO/ST7 and the DADS.
- (e) The Despatching Instruction menat for ST8 will be duly stamped initialled and dated by ACSO|ST8 and DADS. The Despatching Instructions, received and collated by ST8 during the periods 1st to 15th and 16th to the end of a particular month, will be put up on the next working day, respectively, by the dealing Clerk/Assistant to ACSO|ST8, who, in turn, will put up the same to DADS.
- (f) The DADS will tick-mark, duly initial and endorse the date in red ink on 20 per cent selected consignee depots, so as to cover maximum number of depots for different commodities mentioned in the relevant Despatching Instructions. The Depots so selected will also be recorded by DADS in the firm of a note on the noting sheet of the file put up to DADS for this purpose.
- (g) After the selected depots are tick-mark, dated and initialled and recording thereof made on the noting side, the file will be routed back to the dealing Clerk/Assistant through ACSO/ST8.
- (h) The dealing Clerk/Assistant will put up a stencil, duly cut, for signature of DSDS through ACSO/ST8, or, in his absence to Offg. DADS and ensure that letters, calling for Control Samples,

indicating Despatching Instruction number, date and commodity, are issued immediately after the date of selection of the depots and within a maximum period thereafter not exceeding 7 working days. Copies of the letters, calling for the Control Samples from the 20 per cent selected consignee Depots will be endorsed to ST7A Sample Room and the Laboratory.

- (j) JCO/NCO Incharge, Sample Room, will ensure that the control samples called for have been received from all the consignee depots concerned. The despatching consignee depots will be duly tick-marked, initialled and dated by the JCO/NCO Incharge, Sample Room, as soon as the samples are received. Cases of non-receipt involving undue delay will be reported in writing by JCO/NCO Incharge, Sample Room, to ACSO/ST8 who will ensure that reminders, expediting despatch of Control Samples, are issued.
- (k) File containing Despatching Instructions along with the 'Calling letters' and the Register maintained for the purpose will be put up by ACSO/ST8 to DD(FI)/AD(FI) for scrutiny once a month.

Sd/- K. N. SHARMA,
Col. DD(FI) 21-11-1973.

ST—8 ST—7 etc. etc.

Annexure II

ARMY HEADQUARTERS,
Quartermaster General's Branch
DHQ, PO NEW DELHI.

No. A/83675/Q/ST.1.

2 July, 1969

To

Bs ASC, Hqrs.

**SUPPLIES AND TRANSPORT DIRECTORATE TECHNICAL
INSTRUCTIONS**

1. Copies of the Supplies and Transport Dte. Technical Instruction No. 7 are forwarded herewith.
2. Sufficient copies are enclosed for distribution to DDsST Corps, CsASC Corps Tps/Areas, OsC ASC Bns, DADsST Sub Areas/Comm Sub Areas/Indep Sub Areas, OsC Coys ASC (Sup) Type 'A' to 'C'/Indep Sub Pls/Comp Pls/Comp Food Laboratories/Food Inspection Units|Reserve Supply Depot/Reserve Grain Depot.
3. Please acknowledge.

Sd/- R. P. UPPAL,

Offg. ADST/S T-1

for Director of Supplies and Transport.

SUPPLIES AND TRANSPORT DIRECTORATE

Technical Instruction No. 7

**SAMPLING OF STOCKS FOR DETERMINATION OF THEIR
STORAGE LIFE**

1. At the time of acceptance of stocks of food stuffs and their despatch to supply depots, various items are given an estimated storage life (ESL) by the composite food laboratories and food inspection units, by stating the month upto the end of which these will remain fit for human consumption, under normal conditions of storage.
2. In order to ensure that the troops are issued with foodstuffs when these are in good condition for consumption it is highly essential that stocks are issued within the assigned ESL. However, in certain cases, it may be-

come necessary to restrict the issue of certain types of foodstuffs e.g., canned vegetables and fruits, with the result that these may have to be retained beyond the assigned ESL.

3. Revised ESL which will normally be assigned to various commodities at the time of acceptance is as under:—

(a) Rice	12 months.
(b) Wheat and wheat products	3 months.
(c) Crushed grains and dals	6 months
(d) Sugar	12 months.
(e) Oil hydrogenated	6 months.
(f) Fruit tinned	9 months.
(g) Vegetable tinned including potatoes,, but excluding cabbage and cauliflower	12 months.
(h) Tomatoes, cabbage and cauliflower	9 months.
(i) Pum	12 months.
(k) Milk Tinned	12 months.
(l) Tea	12 months.
(m) Meat Tinned	9 months.
(n) Fish Tinned	12 months.
(o) Biscuits service	6 months.
(p) Picklets	12 months.
(q) Whole milk powder	7 months.
(r) Cigarettes	6 months.

4. Separate instructions with regard to ESL in respect of hygiene chemicals will be issued in due course. In the meantime, six months ESL will be taken therefor.

5. The revised ESL cover adequately the periods for which reserves of various items are to be held in all areas, except for advance stocking in IEN. Except for IEM, therefore, it should normally be possible to turn-over the stocks of items of daily consumption well within the prescribed ESL, especially in the case of rice, wheat products, sugar, dals/crushed grains, oil hydrogenated and tea. Our experience, however, indicates that supply depots retain stocks for much too long and only issue them when these are given a short life. This not only results in unnecessary work for the CFIs but also infructuous expenditure to the State.

6. In the case of items having ESL of over 3 months, every efforts will be made to ensure that the stocks are turned over within the stipulated period. However, if it is anticipated that this will not be possible, the supply depot concerned will send further samples to the composite food laboratory on which dependent for revision of the ESL at least 3 months before the expiry of the date. Samples of rum will, however, not be sent for revision of the ESL unless there is evidence of deterioration therein.

7. When the ESL is three months or less, every effort will be made to consume the stocks, within the ESL. If, for any reason, is it anticipated that this cannot be done, further samples will be sent to the dependent CFL for revision of the ESL two months before expiry of the previous ESL. In addition, detailed information regarding the stocks and full reasons for inability to consume them within the previous ESL will be intimated to the BASC Command and ST3/ST4 Army HQrs.

8. When the ESL is less than three months, a firm date by which the stocks must be consumed will be indicated in the laboratory report. If it is anticipated that, it will not be possible to consume the stocks by the date indicated, the case with full particulars, will be reported to BASC Command for disposal orders.

9. Tinned supplies, in addition, will be inspected periodically and samples drawn of any consignment showing signs of deterioration viz. bulging leaking etc. and despatched to CFLs concerned by fastest means for analysis. The CFL will accord high priority to their analysis and intimate results to the concerned supply depot as soon as possible. Similar action will be taken in the case of other items which show signs of early deterioration within the period of their ESL or whenever circumstances warrant premature examination of the stocks.

10. It has also come to notice that owing to inadequate attention given in drawing of samples, stocks have been declared unfit by composite food laboratories leading to claiming compensation of the suppliers. In order to avoid such complications, the CFLs have already been instructed that, if on examining a normal Ty sample it is indicated that the consignment has become unfit for human consumption it should direct the depot/units concerned by signal to have the stocks thoroughly surveyed in the light of the laboratory's findings by a station board of officers and samples of each category (if sorting is recommended) be submitted again to the laboratory together with board proceedings. Only then, after being fully satisfied that stock are actually declared unfit for human consumption, an endorsement to this effect will be made on the Ty reports. This procedure need not be applied to the consignment, the value of which does not exceed Rs. 200/- and the laboratory is satisfied that samples submitted are sufficient to justify their condemnation.

11. The underlying object of the stipulations made in paras 6 to 10 above, is to ensure that, in the event of items being found to have gone bad during the period of their ESL. timely claims can be preferred. within the warranty period as stipulated in the acceptance tenders. Failure on the part of the supply depots for sending samples in time to the dependent CFLs will result in the claims for the stocks gone bad within the warranty period becoming time-barred. In such an event, the OC of the supply depot concerned will be held personally responsible for the lapse.

12. To reduce avoidable workload on the composite food laboratories and to ensure that troops are issued with foodstuffs when these are in good condition for consumption, every effort will be made to consume the foodstuffs within the estimated storage life through intelligent anticipation, avoidance of overstocking and careful planning turn over. Any suggestion for further improvement should be forwarded to Army HQrs|Q|ST-7.

13. Senior ASC officers will pay particular attention to the above aspect during their tours and visits to the various installations.

14. ST Dte Technical Instruction No. 1 is hereby cancelled.

Sd- RKS BINDRA,
Brig.
Offg. DST.

No. 48775|Q|ST-7.
Army HQrs. QMG's Branch.

Annexure III

Statement showing the date of condemnation and claims preferred against supplier

Sl. No.	Name of stock holding Depot	Quantity condemned	Date of condemnation/ provisional claims pre- ferred with CDP
Kgs/Cms			
1.	SVY VISHAKHAPATNAM	63.600	28-1-1970
2.	Sup Det BENGDUBI	572.000	9-2-1970
3	Sup Dep AMBALA CANTT	334.600	9-2-1970
4	Sup Deb BOMBAY	263.295	9-2-1970
5.	BVY COCHIN	169.800	9-2-1970
6.	ASSD GAUHATI	236.613	9-2-1970
7.	Sup Dep BANGALORE	33.200	16-2-1970

Annexure IV

PRIORITY

TELEPHONE 228445
NO. 44500/Q/ST7

ARMY HEADQUARTERS
Quartermaster General's Branch
DHQ PO NEW DELHI-11
10th November, 1973

To

Composite Food Laboratory ASC BOMBAY-490005.
Composite Food Laboratory ASC MARAS-18
Composite Food Laboratory ASC CALCUTTA-27.
Composite Food Laboratory ASC LUCKNOW.
Composite Food Laboratory ASC DELHI-110006.
Composite Food Laboratory ASC JAMMU.
Det Composite Food Laboratory ASC (M) HYDERABAD.
Food Inspection Unit ASC AGRA.
Food Inspection Unit ASC (AFD) AGRA.
Food Inspection Unit ASC GAUHATI.
Food Inspection Unit ASC MORADABAD.

INSPECTION AND SAMPLING

1. On examination of duplicate and triplicate samples in cases of appeals preferred by suppliers to this Headquarters against the initial rejection by Composite Food Laboratories, analytical deviations have been noticed in certain cases. Such deviations, on occasions, have necessitated resampling, thereby causing delays in procurement of supplies for the Defence Forces.
2. In order to avoid delays and to have larger representative samples, with immediate effect, the quantum of duplicate and triplicate samples will be enlarged. These samples will be drawn in equal proportions to original samples as against these being drawn, at present, in respect of each commodity by the inspecting officers.

3. In addition, CFL representatives will forward to this Headquarters (ST7), 8 tins instead of two tins of control samples at the time of despatch of the accepted consignments, giving detailed particulars, as per existing procedure.

4. To be handed over on relief.

5. Please acknowledge and confirm all clear.

Sd/- AMAR SINGH,

Brig.

DDST,

Director of Supplies and Transport.

Recommendation

The Committee note that in pursuance of the decision taken in 1964 to shift three defence units to another location, a project for provision of storage, technical and administrative accommodation for only one unit was sanctioned in August, 1967 and another project for domestic accommodation of all the three units at a cost of Rs. 71.09 lakhs was sanctioned in October, 1967. While the project for domestic accommodation was completed in May, 1971 and the service personnel of the units were shifted to the new site, the construction of project for provision of storage, technical and administrative accommodation was suspended in March 1969, as the question of setting the technical and administrative accommodation for all the units was under review. This review was completed and modifications to administrative approval was given in November, 1971. The expenditure sanction was accorded only in January, 1972. The work commenced in June, 1972 and it was again suspended in August, 1973 due to financial stringency. In the meantime, expenditure is being incurred on payment of Rs. 12.77 lakhs per annum as rent for the hired land on which the units continue to be located besides expenditure of Rs. 13,000 per month from July, 1971 on transport of officers till recently. The Committee are not satisfied with the explanation for the lack of synchronisation of the construction of domestic accommodation and the technical and administrative buildings. This should be possible to a far greater extent than is suggested by the Ministry's spokesman. Between 1967 and 1969, what extra-ordinary development took place which made it imperative to suspend action on portions of the project on which work had not commenced? And then it was over two and half year later, six months after the domestic accommodation had been completely constructed, the approval was given to necessary modifications in the scheme. All this could have been avoided, if it were well intentioned and had those taking the decision to suspend action had satisfied themselves before taking the decision that the modifications necessary were of such

vital significance that they would outweigh the financial loss involved in suspension.

[Sl. No. 22 (Para 1.155) of Appendix II to 125th Report of PAC:
(5th Lok Sabha).]

Action Taken

In accordance with the recommendations of the meeting held in the Army Headquarters under the Chairmanship of the Quarter Master General, on 30th March, 1964, it was decided that a Board should go into the question of planning of accommodation for Ordnance Transit Depot, AFMSD and Engineer Transit Park at KANDIVILLI. Consequently, the Board was held by HQ, Southern Command from 31st July, 1964 to 12th August, 1964. The board recommended that separate projects be prepared for units as under:—

- (i) Accommodation for AFMSD and Cold Storage at Kandivilli.
- (ii) Accommodation for Ordnance Depot including Vehicle Depot Workshop at Kandivilli.
2. The case for the provision of storage, technical and administrative accommodation for AFMSD including Cold Storage was initiated by Army HQ on 16th June, 1965 and the project was sanctioned for execution at Kandivilli at a cost of Rs. 60.92 lakhs on 19th August, 1967. Another project for provision of domestic accommodation to be constructed at Malad to cater for all the units to be located at Kandivilli and Malad was initiated by Army Hq. on 21st March, 1967 and the project at an estimated cost of Rs. 71.09 lakhs was sanctioned on 6th October, 1967.

3. Both the projects i.e. accommodation for AFMSD and Cold Storage, and domestic accommodation for all the units (Ordnance Depot including Vehicle Depot Workshop and AFMSD and Cold Storage) were progressed simultaneously. While the project for domestic accommodation continued to make progress unhindered, the project in respect of AFMSD and Cold Storage was suspended as the overall land requirements at Kandivilli/Malad came under review. At the reviews conducted under the Chairmanship of Joint Secretary (Q), Ministry of Defence during March, 1969, it was decided to locate Ordnance Complex and AFMSD (including Cold Storage) at Kandivilli. Consequent on this decision, a fresh Board for Ordnance Depot and Vehicle Depot Workshop EME which became necessary was ordered in April, 1969. The

processing of the Board proceedings for according administrative approval from the Government took time. These proceedings were further delayed due to Bangla Desh problem and war during 1971. It was only in January, 1972 that accommodation for Ordnance Depot including Vehicle Depot Worksop was sanctioned. The sequence of various events is given hereunder:—

Convening of Board ordered By Army Hq.	29-4-69
Date of completion of Board recommendations	29-7-69 to 1-8-69
Date of Command recommendations	23-10-69
Advance copy of Board proceedings submitted to JS (Q) for information	16-12-69
Date of submission of the administrative Approval in respect of Ordnance Complex at Kandivilli	28-5-70
Date of scrutiny by the E-in-C's Branch	17-7-70
Sent to Government for acceptance in principle	24-7-70
Financial approval accorded	22-2-71
EFC memo put up on	4-3-71
EFC considered in the meeting in the room of Finance Secy. (E)	28-8-71
EFC memo finally approved by Secretary (E)	December 71
Administrative Approval issued on	10-1-72

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

4. As can be seen from the foregoing paragraphs, the suspension of the project and reassessment of the land requirements at Kandivilli and Malad to locate Ordnance Complex and AFMSD (including Cold Storage) were well intentioned and the suspension of the projects was ordered in the best interest of the State and the delays were due to circumstances beyond control. The observation of the Committee have been noted and it will be impressed on all concerned that in such matters all factors including financial consideration should be taken into account. However, it has to be realised that in certain circumstances location of units etc. will have to be changed on administrative and logistic considerations.

[Ministry of Defence O.M. No. 11(3)-14/4(Budget), dated 7th December, 1974]

CHAPTER IV

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

Recommendation

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

[Sl. No. 10 (Para. 1.79) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

The Chief Director of Purchase, Army Purchase Organisation (Deptt. of Food) is primarily responsible for placing contracts for various items of foodstuffs with the supplying firms on the basis of indents placed by the Defence Services. Before doing so, it is for him to ensure that the contracting firm has the means and capacity to manufacture/supply the stores in question according to the required specification as indicated by the indentor in the relevant indent.

It is true that the adverse report of the Deputy Technical Adviser on the capacity of the firm was received in QMG's Branch from the CDP in October, 1969, but it was only for information and no action was required to be taken by QMG's Branch as it was assumed that the CDP who was primarily responsible for ensuring supplies according to prescribed specifications would have taken note of the observations made by his Deputy Technical Adviser and would take suitable action in the matter.

Director of Audit, Defence Services, has seen.

[Ministry of Defence D.O. No. 4/16/72/D(QS), dated 26-12-1974]

Recommendation

The Committee have been informed that the Appeal Board consists of Director of Supplies and Transport as the Chairman, the indentor and an Army Medical Corps Officer as members. After examining this case,

the Committee have come to the conclusion that the functioning of the Appeal Board as it constituted at present is quite unsatisfactory and it needs to be reconstituted immediately. The Committee are of the view that the Purchasing Organisation should not be associated with the Board. Instead, Government should consider the advisability of having on the Board a competent food technologist and associating a representative from the Commodity Board concerned wherever necessary. It should also be considered whether there is any particular advantage in procuring tinned foodstuffs for Defence Services through the Ministry of Food and Agriculture.

[Sl. No. 12 (Para 1.81) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

The association of the CDP as the purchaser in the deliberations of the Appeal Board while considering appeals from contractors against the decisions of the Officers Commanding, Composite Food Laboratories has been examined and the position emerging as a result thereof is briefly as follows:—

In accordance with the terms and conditions of the contracts, the DST is the final appellate authority to accept or reject appeals preferred by the supplier against initial rejections by the regional Composite Food Laboratories. As DST, by himself, cannot examine and decide each case, as various aspects apart from the analysis of the sample undertaken by the Central Food Laboratory at Army Headquarters are involved, he has to be advised in these technical matters by the Dy. DS (as indentor), the Dy. Director (Food Inspection) (as Medical representative) and the CDP (as purchaser). The final decision, however, rests with the DST. The association of CDP in the matter of taking decisions on appeals against rejection of samples by the regional laboratories is also considered necessary, because he is an essential link between the supplier and the indentor and it is he alone who can advise the DST about the actual trend in the market, the capacity of the various firms to supply stores according to required specifications, the need for any relaxation in the prescribed specifications and acceptance of stores with some price reduction and any other ancillary matter. It may be mentioned here that the manufacturers or their representatives are not permitted to be present at the time of consideration of their appeals and the CDP has to bring out the point of view of the manufacturers, which may help the DST in taking a final decision on the appeal.

2. As regards the association of a Food Technologist with the Appeal Board, the Director of Supplies and Transport has already accepted the necessity, in principle, of having a qualified senior Food Scientist (with

at least 5 years' research experience in food chemistry and quality control of foodstuffs) in Army Headquarters Appellate and Control Food Laboratory, on deputation from the only National Institute, i.e. the Central Food & Technological Research Institute, MYSORE. This requirement could not, however, be projected in the recent review of establishment of the Supplies and Transport Directorate due to the existing ban on creation of posts.

3. A Food Technologist as such cannot achieve the desired object, as his experience would be mainly confined to manufacturing techniques only. The Army Headquarters are, therefore, considering a proposal for the creation of a post of DD(FI) (Senior Food Research Scientist with at least 5 years' research experience in food chemistry and quality control of foodstuffs) in the rank of Colonel (if an Army Officer of the required qualification is available) or a civilian officer of equivalent status, possessing required qualifications, to be taken from the National Food Technological Research Laboratory, that is, the Central Food Technological Research Institute, MYSORE, in addition to DD(FI) (Army Medical Corps), in the Army Headquarters Appellate and Control Food Laboratory. After such a proposal is received from Army Headquarters, it will be examined carefully in consultation with the Ministry of Finance (Defence).

4. In view of the functions of the Appeal Board as explained above, there seems to be no need for a representative of the concerned Commodity Boards to be co-opted to advise on the appeals against rejection of the samples by Central Food Laboratories.

5. As regards the procurement of tinned foodstuffs for the Defence Services through the Ministry of Food and Agriculture, the suggestion of the PAC has been noted and in view of the far-reaching consequences involved, a decision will be taken after detailed examination in consultation with Army Headquarters and the Ministries of Agriculture and Finance.

Director of Audit, Defence Services, has seen.

[Ministry of Defence D.O. No. 4/16/72/D(QS), dated 26-12-1974]

CHAPTER V

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

Recommendation

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

[Sl. No. 14 (Para 1.102) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

Action on the part of the Army authorities to arrange to undertake analysis of samples of the supplies, against the first contract, after detection of the defects in the samples of the second contract, was taken as a precautionary measure with a view to ensuring the quality of the supplies made against the first contract, so that further issues of the defective stuff, if any, might be withheld even at that belated stage. This was considered essential to safeguard the health of the troops against any health hazard. As regards non-observation of fat or fascia by the laboratory, it may be stated that the stocks are manufactured in small batches from different portions of the animals and the possibility of can to can variation, especially in a tinned commodity, cannot be entirely ruled out in samples drawn from time to time, due to lack of proper quality control facilities with the small-scale canned suppliers in our country. Steps have now been taken to ensure that instructions issued by Army Headquarters/Composite Food Laboratories ASC for withholding issues of suspected stocks, are rigidly followed by all concerned, in future. In this connection Army Headquarters letter No. 55934/Q/ST7, dated 1st November,

1973 (copy at Annexure) refers. The following steps have been taken in this regard:—

- (a) Instructions are required to be issued through OP IMMEDIATE signals, followed by OP IMMEDIATE post copies.
- (b) Communication of intimations on telephone through OP IMMEDIATE calls.

There was a lapse on the part of the depot in not withholding the issues in the instant case. However, there was no report of any troops having become ill as a result of consumption of the meat. To prevent recurrence of such cases, steps have been taken to ensure rigid compliance by stock-holding depots, of the instructions received from Army Headquarters/Composite Food Laboratories for withholding issues of suspected stock to units. The then Commandant of the depot has since retired from service. However, action regarding fixing responsibility for the delay and taking suitable action against the person or persons found responsible is under consideration of Government.

Director of Audit, Defence Services has seen.

[Ministry of Defence D.O. No. 4/16/72/D(QS), dated 26-12-1974]

Annexure

ARMY HEADQUARTERS
Quartermaster General's Branch
DHQ PO NEW DELHI
1 Nov., 1973

No. 55934/Q/ST-7

To

BsASC,
Headquarters
Southern Command, etc.

**WITHHOLDING ISSUE OF SUSPECTED ITEMS OF TINNED
FOODSTUFFS**

Instances have come to the notice of this HQ where items of sub-standard tinned foodstuffs (particularly meat tinned) have been issued to the troops despite instructions issued by this HQ to freeze the stocks. To eliminate recurrence of instances of this nature, the following measures will be adopted with immediate effect, where there is even the slightest suspicion that the contents of tinned foodstuffs (meat tinned in particular) are unfit for human consumption and involve health hazards:—

- (a) Issue of stocks will be withheld pending further detailed analysis of fresh representative samples in accordance with the normal procedure. Necessary instructions for withholding the issues to troops will be given by this HQ/CFLs.
- (b) Holding depots/units will be instructed accordingly through the medium of an OP IMMEDIATE signal followed by post copy and telephonic intimation in confirmation thereof. In case the suspected stocks have been despatched to other depots, complete instructions received from this HQ/CFLs will be transmitted in clear terms to the consignee depots by the original recipient, under intimation to all concerned.
- (c) A written confirmation will be obtained from all concerned in token of receipt of signal and telephonic instructions ordering to withhold issues. The stock holders will take immediate action to implement such instructions.

2. Please acknowledge and issue necessary instructions to all concerned.

Sd/- AMAR SINGH,

Brig.

DDST

for Director of Supplies & Transport.

Recommendation

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

[Sl. No. 16 (Para. 1.113) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

A staff Court of Inquiry has been assembled in July 1974 to investigate into the matter. The terms of reference of this Court of Inquiry are as under:—

- (a) Whether the specifications for strengthening works were framed taking the site conditions into consideration while planning the work in Dimapur airfield prior to according sanction in 1965.
- (b) Whether the work actually executed conformed to the specifications stipulated in the contract agreement.
- (c) Whether there was any laxity in supervision of work.
- (d) Why the airfield was not utilised for fighter aircraft for which it was intended after the works were completed and handed over to the users.

- (e) Any other facts/points relevant to the case.
- (f) To apportion blame for the lapses, if any.
- (g) To make recommendations.

The Report of the Staff Court of Inquiry is awaited.

DADS has seen.

[Ministry of Defence O.M. No: 11(3)/74/D (Budget), dated 25-11-1974]

Recommendation

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

{Sl. No. 18 (Para. 1.132) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

A Court of Inquiry has been assembled in July, 1974 to investigate into the matter. The terms of reference of the Court of Inquiry are as under:—

- (a) To investigate the circumstances under which go ahead sanction was accorded by HQ's Eastern Air Command under para 10 of Emergency works procedure for construction of Air-field landing ground in 1976 at Turmal.
- (b) To inquire as to why the extension of runway from 1000 yds. to 1400 yds. could not be initially visualised.

- (c) To inquire whether the technical limitations were fully considered prior to according Administrative Approval for extension of Runway by 400 yds.
- (d) To state whether the Engineers ensured that the works actually executed conformed to the specifications stipulated in the contract agreement.
- (e) To state whether the time schedule fixed for completion of the work on 1000 yds. runway and subsequent extension of 400 yds. was sufficient to complete the work on sound engineering principles.
- (f) To state reasons as to why the protective measures and drainage works required for the embankment were not adopted and proper consolidation of the large fills could not be carried out.
- (g) Any other facts/points relevant to the case.
- (h) To pin point responsibility and apportion blame, if any, for lapses in planning, sanctioning and execution of the works.
- (i) To make recommendations.

2. The report of the Staff Court of Inquiry is awaited.

DADS has seen.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget), dated
25-11-1974]

Recommendation

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

[Sl. No. 20 (Para. 1.142) of Appendix II to 125th Report of P.A.C.
(Fifth Lok Sabha)]

Action Taken

The observation of the Committee are noted. A further report in regard to the disciplinary actions when finalised will be submitted, as directed by the Committee.

[Ministry of Defence O.M. No. 11(3)/74/D (Budget), dated
2-1-1975]

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

NEW DELHI;
April 21, 1975.

Vaisakha 1, 1897 (Saka).

APPENDIX

Summary of main conclusions/Recommendations

Sl. No.	Page No.	Ministry Dept. concerned	Conclusion/Recommendation
1.	1-4	Defence	<p>At the outset, the Committee must express their displeasure in the strongest possible terms at the unduly long time that is taken in processing and finalising departmental proceedings even in established cases of misconduct or misdemeanour. Thus, for instance, in a case of procurement of defective teak logs for the manufacture of boats, commented upon by the Committee in paragraph 1.53 of their 125th Report (Fifth Lok Sabha), departmental action had been recommended by the CBI against nine officials belonging to the Directorate General of Supplies and Disposals, Directorate General of Inspection and the Naval Headquarters. Even though the report of the CBI had been made available in October, 1974, the Committee understand that action against officials of the Department of Supply is yet to be initiated and the delay is stated to be due to the non-availability of the relevant files from the CBI. In the meantime, the officials are allowed to continue to work in a sensitive field of procurement of supplies. Similarly, in respect of a case of delay in freezing issues of sub-standard tinned meat, commented upon in paragraph 1.102 of the Report, while accepting that there was a lapse on the part of the depot in not withholding issues of the sub-standard meat, the Ministry have remained content with informing the Committee that action</p> <p style="text-align: right;">67</p>

for fixing responsibility for the delay and taking suitable action against the persons found responsible is under consideration. In yet another case of excess payment to an electricity company, commented upon by the Committee in paragraph 1.142 of the Report appropriate enquiry against three officials found responsible by a Board of Officers, as early as February, 1973, has yet to be completed. It is regretted that other instances of similar delays have also come to the notice of the Committee from time to time.

88

2. 1.5 Defence/Personnel

Because of such delays in taking appropriate action against erring officials, even when later punitive action is decided upon, it fails to have the desired salutary or deterrent effect. The Committee would, therefore, like to impress upon the Government to examine the desirability of reviewing the rules relating to departmental proceedings with a view to simplifying these rules at least in so far as they relate to cases which have been established after detailed investigation either by the CBI or the Central Vigilance Commission. The Committee would suggest that this should be examined by the Department of Personnel.

3. 1.6 Defence

The Committee require 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.

4. 1.10 --Do--

The Committee note that the lapses on the part of the Officers who did not specify the adhesive clearly and those who accepted the Stores

without ascertaining the long term effect of the adhesive on canvas are under examination by the Ministry. The Committee trust that the examination of those cases will be completed expeditiously and appropriate action taken against the officers found responsible under advice to the Committee.

5. I.13 -Do- The Committee desire that departmental cases against delinquent officials found guilty of misconduct by CBI should be processed expeditiously so as to have desired deterrent effect.

6. I.14 -Do- The Committee find that the CBI had recommended the suspension of business dealing with the concerned firm and its partners permanently. This question is yet to be taken up. The Committee desire that this recommendation of the CBI should be examined without further loss of time and appropriate action taken. S

7. I.17 Defence/Food The Committee note that the explanations of the Officers concerned in the Department of Food, involved in the case have been referred to the Central Vigilance Commission for advice. The Committee would require the Government to finalise the case without any further loss of time under advice to the Committee.

8. I.20 Defance The Ministry of Defence have explained that the Chief Director of Purchases was primarily responsible for ensuring supplies according to the prescribed specification and should have taken note of the adverse

report of the Deputy Technical Adviser. The Ministry of Defence do not think that any action is required to be taken by QMG's Branch. The Committee are not satisfied with this explanation and consider that as the indentor of the material, the Ministry of Defence cannot at all absolve themselves of all responsibility in this regard and pass the onus on to the Chief Director of Purchases. The Committee would, therefore, reiterate their earlier recommendation and require fixing of responsibility for the lapse for deterrent action under advice to the Committee. The matter should also be reported to the House within three months from date.

9. 1.23 Defence

The Committee are not satisfied with the explanation given by the Ministry on the reconstitution of the Appeal Board and would reiterate their earlier recommendation on the inadvisability of associating the purchasing organisation with the Appeal Board. The Committee would strongly recommend that, in case it is considered necessary, the advisability of permitting the manufacturer/supplier to appear directly before the Appeal Board should be examined. 07

10. 1.26 -Do-

The Committee take a serious note of the delay in taking action against officials found responsible for the lapses which could have posed a potential threat to the health of the troops. The Committee therefore require that disciplinary proceedings should be initiated expeditiously in all proven cases of lapses, misconduct or misdemeanour under advice to the Committee.

11. 1 29

-Do-

The Committee note that the report of the Courts of Enquiry assembled in July, 1974 to investigate these two cases are awaited. The Committee desire that the enquiries should be completed expeditiously and a final report on the action taken on the findings of the Courts of Enquiry submitted to the Committee as soon as possible.

12. 1 32

-Do-

The Committee are deeply concerned over the unusual delay in taking disciplinary action against the erring officials who had been found guilty by a Board of Officers as early as February, 1973. Since delay of any significant magnitude detracts from the effectiveness of whatever action that is subsequently taken, the Committee would require the Government to take appropriate action against the three officers found responsible without any delay under advice to the Committee.

13. 1 35

-Do-

The Committee are concerned to note that although the report of the Study Group had been received by the Government as early as September, 1973, the recommendations are stated to be still under examination. The Committee would require the Government to arrive at a final decision on the recommendations of the Study Group expeditiously and to take suitable measures to streamline the existing procedures. The Government should be in a position at the very least to inform the Committee the date by which the Government is endeavouring to complete its examination and proceed to take steps based on the results of the examination. The Committee should be informed of the target date without delay.

