

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7839
ANSWERED ON:17.05.2002
C & AG OBSERVATION
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

- (a) Whether the directorate of income-tax (systems) in collusion with TISL procured under configured hardware worth Rs.1990 lakhs in July, 1994 for computerising the income-tax department and rejected the bids of others at the technical evaluation stage itself as has been brought out by the C&AG in its Report 12 of 2000 on page 81;
- (b) if so, the manner in which the Government ensure that it had obtained hardwares at the best price;
- (c) the details/configuration of hardwares purchased indicating brand name and what was the rate of these hardwares in the open market;
- (d) whether the marketing expenses, overhead recovery of local service charges are not the items to be accepted under Government purchases; and
- (e) if so, the reasons for paying Rs.208.64 lakh to TISL for the said services?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

- (a) No Sir. The correct facts are that none of the bidders offered a solution fulfilling the required conditions of response time and transactions per second. Therefore, as per previously settled procedure, the two solutions with best response time were taken up for commercial evaluation. Both of these were from M/s. TISL. The solution with the lower price out of these two, was accepted, after approval of the respective authorities / committees as per established procedure.
- (b) Best price for the hardware was ensured by selecting the solution with lower price out of the two solutions giving best response time.
- (c) Since the purchases were made through open tender process, the lowest price offered out of the technically qualified solutions, was taken as market price.
- (d) & (e) The lowest commercial offer out of the two best technical solutions was accepted. No negotiations were made with M/s. TISL. It is however correct that the price offered by M/s. TISL included marketing expenses, overhead recovery and local service charges. The over-all price quoted for the solution with lowest price was accepted. C&AG have also not pointed out any rule under which these items were required to be excluded from the final price.