

EIGHTY-SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1981-82)

(SEVENTH LOK SABHA)

PURCHASE AND FABRICATION OF WATER BOWZERS

MINISTRY OF TOURISM AND CIVIL AVIATION
(DEPARTMENT OF CIVIL AVIATION)

[Action taken on 49th Report (7th Lok Sabha)]

Presented in Lok Sabha on 12 4 MAR 1982
Laid in Rajya Sabha on 12 4 MAR 1982

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NEW DELHI

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(i)	18	30	31
1	9	4th	49th
4	5	that had	that they had
4	19	laps.	lapse
4	24	or	for
5	24	Leyland DGS&D	Leyland and DGS&D
7	22/23	<u>Insert</u> the word 'Noted' in between these lines.	
7	28	when	whom
11	32	discovered	discouraged
21	32	POA.C.	PAC
23	35	DGS&D DGCA	DGS&D, DGCA
25	29	2,14,396.78	Rs. 2,14,396.78
31	17	Shri S.3. Mukherji	Shri S.R. Mukherji
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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1981-82)

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INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee do present on their behalf this 86th Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 49th Report (7th Lok Sabha) on Purchase & Fabrication of Water Bowzers relating to the Ministry of Tourism and Civil Aviation.

2. In their 49th Report, the Committee had pointed out that administrative approval for purchase of 68 water bowzers required to meet fire fighting requirements of the various airports was accorded in October, 1966. However even after more than 14 years (till April 1981), these water bowzers could not be procured and put to use. The only prototype water bowzer fabricated in 1977 and stationed at Safdarjang Airport was not found according to specification. The delay occurred mainly because power take off unit which is an essential component could not be developed by M/s. Ashok Leyland Ltd., Madras on whom orders were placed in 1970 on the basis of a single tender enquiry. In their action taken note, Government have now informed the Committee that water bowzer using power take off device has been developed and M/s. Airtech (P) Ltd. have since supplied 15 Nos. of such water bowzers. In this 86th Report, the Committee have observed that there was a clear lapse on the part of Government in not having issued a general tender enquiry in 1970 itself and in placing orders on M/s. Ashok Leyland Ltd., Madras on the basis of a single tender enquiry.

3. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 5 March, 1982.

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

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

NEW DELHI;
March 9, 1982

Phalguna 18, 1903 (S)

SATISH AGARWAL
Chairman
Public Accounts Committee

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by Government on the recommendations and observations contained in their 49th Report (Seventh Lok Sabha) on "Purchase and Fabrication of Water Bowzers" commented upon in Paragraph 30 of the Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Civil) relating to the Ministry of Tourism and Civil Aviation.

1.2 The Committee's 4th Report was presented to the Lok Sabha on 29 April, 1981 and contained 22 recommendations and observations. As the Department of Supply were also involved in this Paragraph for purchasing chasis and power take-off units etc. alongwith the Directorate General of Civil Aviation, most of the recommendations were also addressed to them and the Ministry of Tourism and Civil Aviation were asked to coordinate in furnishing replies to all the recommendations. According to the time schedule, the notes indicating the action taken by Government in pursuance of the recommendations and observations contained in the 49th Report duly vetted by Audit were required to be furnished to the Committee latest by 28 October, 1981. However, the Ministry of Tourism and Civil Aviation submitted action taken notes in respect of all the recommendations earmarked to them and Ministry of Supply by 30 November, 1981 only.

1.3 The action taken notes received from Government have been broadly categorised as under:

- (i) Recommendations and observations which have been accepted by Government Sl. Nos. 1, 2, 3, 7, 10, 19 & 20.
- (ii) Recommendations and observations which the Committee do not desire to pursue in view of replies received from Government Sl. Nos. 4, 5, 9, 11, 14, 15, 16, 17 & 18.
- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration Sl. Nos. 6 & 8.
- (iv) Recommendations and observations in respect of which Government have furnished interim replies Sl. Nos. 12, 13, 21 & 22.

1.4 The Committee expect that final replies to those recommendations and observations in respect of which only interim replies have so far been

furnished will be made available to them expeditiously after getting them vetted by Audit.

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

Non-Issuance of General Tender Enquiry (Sl. No. 6 Para 1.94)

1.6. In order to augment the water capacity of fire tenders to meet the fire fighting requirements at various airports, the then Ministry of Transport and Communications accorded in October, 1966 their administrative approval for purchase of 68 water bowzers at an estimated cost of Rs. 58.90 lakhs. The Committee had in their 49th Report pointed out that till April 1981 except one water bowzer stationed at Safdarjung airport the remaining water bowzers could not be procured and put to use because the power take off unit which is an essential component could not be manufactured according to the required specifications and the alternative of fitting an engine did not materialise. This was mainly due to issuance of a single tender enquiry instead of a general tender enquiry.

1.7. Pointing out the lapse on the part of Government for not having issued general tender enquiry for procurement of a Power Take off unit to be fitted to the chassis obtained from M/s. Ashok Leyland Ltd., the Committee had in paragraph 1.94 of their aforesaid Report observed:

“The Committee are not convinced by Government’s plea that the chassis supplied by M/s. Ashok Leyland Ltd. was a better one particularly when the PTO unit to be fitted to the chassis was not tried by Government at any stage and was still to be developed by the firm when orders for the chassis were placed on them. What the Committee are distressed to note is that without waiting for the result of development of the PTO unit for which separate orders were placed on M/s. Ashok Leyland Ltd., another contract for supply of 29 more chassis (without PTO units) was placed on the same firm on 4 September 1971. In the absence of any positive and pressing reasons for having selected only M/s. Ashok Leyland for supply of the chassis and PTO units, the Committee are inclined to think that it was a clear lapse on the part of Government for not having issued a general tender enquiry in this regard. In fact, the DGCA conceded during evidence. “We did not know if there was any other firm like M/s. Hindustan General Industries Ltd. who are trying to develop this PTO unit. We did not know it.”

1.8. In their action taken note dated 30 November 1981, the Ministry of Tourism and Civil Aviation have stated:

“The Department is firmly of the view that the chassis supplied by M/s. Ashok Leyland Ltd. is the better one compared to the one originally offered by M/s. Telco. No doubt the PTO unit to be fitted on the Ashok Leyland chassis had not been tried by the Government and it had to be developed by the firm. However, the cost of the PTO unit was only Rs. 2500 each and orders for prototype were placed for 2 units only. The department had no reasons to believe that a reputed firm like Ashok Leyland Ltd., will not be able to deliver the goods. In the case of Telco unit, no PTO was available. It was also in the knowledge of the Deptt. that in the event of the PTO being developed by M/s. Ashok Leyland Ltd., not being successful a separate engine could always be mounted for driving the pump. The reasons for delay and subsequent rejection of the PTO as unsuitable have already been explained in detail—the reasons being strikes, lock-outs, or power failure. inherent delay in development etc. Subsequently, when quotations were again called for, no firm came forward for satisfactory development of PTO and hence orders on M/s. Hindustan General Industries were placed on the basis of the separate engine for driving the pump. By the time orders were cancelled on M/s. Hindustan General Industries, fresh quotations were called for. Subsequent to the PAC meeting, the Deptt. came to know that one firm had suitable PTO and on that basis orders have been placed on the firm who have already supplied 5 water bowzers fitted with PTO for driving the pump.

As regards issue of general enquiry for the PTO it is submitted that this was an item which had to be developed in the country at that time and to our knowledge nobody else had developed PTO.

Since Ashok Leyland were supplying the chassis and had come forward to develop the PTO as well, it was felt that the manufacturers of the chassis are best suited for developing the PTO to suit their chassis.”

1.9. The Department of Supply in reply to the Committee's recommendation in Paragraph 1.102 of their report have *inter alia* stated in a separate note that “..... water bowzers using PTO device to drive the pump

has been developed and M/s. Airtech (P) Ltd. have supplied 15 nos. of such water bowzers duly inspected by D.I., N.I. circle jointly with DGCA, New Delhi,.....”

1.10. From the reply furnished by the Department of Supply, the Committee note that had come to know about one firm [M/s. Airtech (P) Ltd.] which had developed water bowzers using Power Take Off device to drive the pump and on that basis orders were placed on that firm. The firm had already supplied fifteen water bowzers fitted with Power Take Off device for driving the pump. The Committee would like to know as to how the Department of Supply/Ministry of Civil Aviation did not come to know about this firm having developed PTO device earlier.

1.11. During evidence the Director General, Civil Aviation had conceded that the Department did not know if there was a firm which was trying to develop the PTO units. The Committee feel that had a general tender enquiry been issued by the DGCA instead of issuing a single tender enquiry, a suitable supplier of Power Take Off units could have been located prior to July 1970 when an order was placed on M/s. Ashok Leyland, Madras on the basis of single tender enquiry. The Committee, therefore, reiterate their earlier observation that there was a clear laps on the part of Government not to have issued a general tender enquiry in this regard. The Committee recommend that it should be ensured that in future no order are placed on a single firm, without calling for tenders, howsoever reputed that firm might be.

Non-supply of specifications and drawings or development of a Power Take off Unit

(Sl. No. 8, Para 1.96)

1.12. In Para 1.96 of their Report the Committee have pointed out that although para 69 of the DGS&D Manual provides that the required specifications/drawings should invariably be first obtained and attached to the tender enquiry, the same was not done while placing an order with M/s. Ashok Leyland Ltd., Madras. The Committee had, therefore, recommended:—

“According to acceptance of tenders dated 17 July, 1970 order for supply of power take off units to be fitted to chasis was to be placed separately on M/s. Ashok Leyland Ltd. on receipt of their quotation. In September, 1971, the firm informed the DGS&D that the PTO units would not be available and that instead full torque PTO units were required. Again in July 1973 the firm informed that it had not yet started the produc-

tion of Torque PTO unit but it had manufactured two other PTO units by general engineering methods. It is also seen that instead of routing the orders for PTO units through DGS&D, DGCA preferred to place the orders on the firm directly at a cost of Rs. 0.05 lakh plus sales tax and that too without providing to them the required specifications and drawings although para 69 of the DGS&D Manual provides that the required specifications/drawings should invariably be first obtained and attached to the tender of enquiry. The Committee would like to know why the specifications and drawings of PTO units were not supplied to the firm in the first instance and the reasons for not placing the orders through DGS&D when there was a specific provision in the contract.”

1.13. The Ministry of Tourism and Civil Aviation have in their action taken note dated 30 November, 1981 replied:

“For the supply of PTO unit M/s. Ashok Leyland Ltd. were given the operational requirement of PTO like RPM, Horse Power requirement etc. and therefore right from 1968 as a user department the CAD was in correspondence with M/s. Ashok Leyland and also involved one of the indigenous Bombay manufacturers namely M/s. Koooverji of Bombay. CAD furnished necessary information to M/s. Ashok Leyland. Throughout the period the only order placed for PTO was with M/s. Ashok Leyland DGS&D was also kept in picture. Subsequently when the price was quoted by the firm, order for 2 units was placed at a cost of Rs. 2,500 each just to cover the first two prototype units. The copy of these orders was also furnished to DGS&D. This procedure was adopted as that Deptt. was associated from the very beginning in development of PTO by M/s. Ashok Leyland and in order to avoid delay by placing the order through DGS&D when the cost of the order was also not considerable.”

1.14. The Committee are not convinced with the reply furnished by the Ministry of Tourism and Civil Aviation. Giving the operational requirement of PTO like RPM, horse power requirement etc. and involving an indigenous manufacturer of Bombay do not meet the provisions contained in Para 69 of the DGS&D manual. The Committee would, therefore, like to reiterate their earlier recommendation that the reasons why specifications and drawings were not supplied to the DGS&D alongwith the indent in 1969 and attached to the tender of enquiry, may be intimated to the Committee.

1.15. The contention of the Ministry that they had not placed the orders through DGS&D in order to avoid delay as the cost of the order was not considerable (the cost of PTO unit being Rs. 2500 each) is not correct as it is evident from the fact that M/s. Ashok Leyland Ltd., Madras could not develop the PTO units of the required speed etc. and the procurement of these PTO units took more than 12 years. The Committee are of the considered view that these orders should have been placed through the DGS&D and the specifications and drawings of these PTO Units should have been supplied to the firm in the first instance.

CHAPTER II

CONCLUSIONS OR RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

“In order to augment the water capacity of fire tenders to meet the fire fighting requirements at various airports, the then Ministry of Transport and Communications accorded in October, 1966 its administrative approval for purchase of 68 water bowzers at an estimated cost of Rs. 58.90 lakhs. These water bowzers were to be fabricated on chassis. Two accepted tenders for supply of 31 chassis (one placed for 2 chassis at a cost of Rs. 1.45 lakhs on 17 July 1970, and the other for 29 chassis at a cost of Rs. 26.97 lakhs on 4 September, 1971) were placed on M/s. Ashok Leyland Ltd., Madras after a period ranging from 3 to 5 years from the date of receiving the administrative approval i.e. October, 1966. These 31 chassis were delivered by the firm in 1974 but till now these have not been put to use as the water bowzers could not be fabricated because the power take off units which are an essential component fitted on the chassis could not be manufactured according to the required specifications and the alternative of fitting an engine did not materialise so far.”

[S. No. 1 (para 1.89) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-F1
dt. 15-2-1982].

DGCA to comment on this para. However, water bowzers could not be supplied due to circumstances beyond the control of DGS&D, such as failure of the power take off unit ordered by DGCA, strikes/lockouts at the works of M/s. Hindustan General Industries Ltd., Delhi, on when the contract No. SV6/014 dt. 24-9-76 was placed for fabrication of water bowzers, M/s. Premier Automobiles Ltd., Bombay—the engine manufacturers M/s. India Pistons, Madras, and M/s. Mico Bosch—the piston and fuel injection parts manufacturers for M/s. Premiers.

However, the latest position of supply of water bowzers is very encouraging and so far fifteen units of water bowzers have been supplied by M/s. Airtech (P) Ltd., GHAZIABAD against risk purchase A/T

No. ST-5/454 dt. 28-481, and it is expected that the supply will be materialised at the rate of 2/3 numbers per month.

[The Department of Supply O.M. No. P III-17(1)/81 dated 26-11-1981].

Recommendation

“The contracts for chassis stipulated that order for supply of power take off units would be placed separately on receipt of firm's quotations. The Department of Civil Aviation had proposed in 1969 to obtain power take off units first from Telco and later from M/s. Ashok Leyland Ltd. In both the cases the PTO Units could not be manufactured as per required specifications. In 1977 the proposal to have PTO units was dropped and it was decided to go in for colt diesel engine. The firm (M/s. Premier Automobile Ltd., Bombay which was to manufacture diesel engines has so far supplied one colt engine. The result has been that the firm (M/s. Hindustan General Industries Ltd., New Delhi) which was to fabricate bowzers on receipt of the colt engines has been able to fabricate only one prototype water bowzer even after the changes in the specification were approved more than 4 years ago. The Committee find that the water bowzers have not been fabricated even 15 years after its administrative approval in 1966. This shows lack of seriousness, apathy and deficiency in functional coordination on the part of various authorities. In the succeeding paragraphs the various aspects of delay and lack of coordination have been discussed on the basis of the information made available to the committee.

[S. No. 2 (para 1.90) of Appendix of 19th Report of PAC (7th Lok Sabha)].

Action Taken

These are general observations of the PAC. The action proposed to be taken is indicated in the succeeding paragraphs. It is submitted that the five water bowzers have since been received. From the progress made by the local firms, it is anticipated that the firm will complete their supplies by March, 1982.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-F1 dt. 15-2-1982].

This is also for DGCA to comment.

However, it may be mentioned that originally the specification as formulated by DGCA was for water bowzers to be operated through a P.T.O. unit. This is technically the best method. However, the manufacturer of chassis namely, M/s. Ashok Leyland failed to manu-

facture the required P.T.O. In view of this failure, the conception of the equipment was changed by DGCA permitting the tendering firms to use an alternative incorporating a diesel engine pump combination. However, it had the disadvantage of having a separate diesel engine which increases the maintenance cost as also reduces the water carrying capacity. The firms were asked to quote alternative rates for P.T.O. driven water bowzers and second for diesel engine pump combination. For P.T.O. driven water bowzers, approval of M/s. Ashok Leyland, who are the manufacturers of the chassis, from which power is taken through P.T.O. and since it affects the life of the chassis, was necessary. Since none of the firm could give the P.T.O. approved by M/s. Ashok Leyland, the order with diesel pump combination was finalised in consultation with the DGCA. For the execution of the contract, a prototype was to be developed by the firm which took 16 months approximately.

Unfortunately, after the approval of prototype, the strikes/lockouts as already explained in detail and the increased fabrication cost prevented the smooth execution of the contract. As earlier explained, several meetings were held right upto the level of Secretary (S) and Secretary (T&CA). In all these meetings the representatives of DGCA, Ministry of Law, and Ministry of Finance etc. were associated. All efforts were made in consultation with other concerned agencies did not yield the desired results due to the reasons beyond the control of the Department.

[The Department of Supply O.M. No. P III-17 (1)/81
dated 26-11-1981].

Recommendation

“After obtaining the administrative approval in October, 1966, the first indent for two water bowzers (Chassis as well as body building) was placed in October, 1969 by DGCA on DGS&D, who on the basis of a single tender enquiry placed an acceptance of tender on 7 July, 1970, on M/s. Ashok Leyland Ltd., Madras for supply of two chassis by 20 November, 1970. The contract stipulated that order for supply of power take off units to be fitted to the chassis would be placed separately on receipt of quotations from the firm M/s. Ashok Leyland Ltd. The DGCA thus took 3 years for placing orders for supply on DGS&D who took another about 10 months to place the order for supply on the firm. The Committee are not satisfied with the explanation given for this delay that “since this was a developmental project, there was a time lag to locate suitable supplies of chassis, power take off units and body building”. The subsequent events clearly indicate that the DGCA proceeded with the procurement of water bowzers half heartedly, without serious thought or anxiety that it deserved. In fact the Secretary, Ministry of Tourism & Civil Aviation conceded during

evidence I am afraid that this has been very unhappy delay on the part of the management".

[S. No. 3 (para 1.91) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

In order to avoid delays even in cases of developmental projects suitable instructions have been issued to all the departmental officers. A copy of the office order issued is enclosed at Annexure.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-F1
dt. 15-2-1982].

Recommendation

"It is a well established practice that before importing any equipment/component it is imperative that Director General, Technical Development should be consulted to certify that a particular equipment/component was not indigenously available. The committee find that in the instant case DGCA and without consulting DGTD written on 10 May, 1966 to M/s. Tata Engineering that "the power take off will be imported from West Germany if required". The Secretary, Ministry of T & CA admitted during evidence that "the right things should have been to consult DGTD".

[S. No. 7 (para 1.95) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

The observations of the PAC have been noted. An Office Order has been issued in order to avoid such recurrence. A copy of the Office Order is enclosed at Annexure.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-F1
dt. 15-2-1982].

Recommendation

"The Committee are constrained to point out that about six years were lost in an effort to obtain suitable PTO units from M/s. Ashok Leyland Ltd. The Committee are not satisfied with the reply of the Ministry of T&CA that M/s. Ashok Leyland Ltd., had adequate technical know-how and it was considered that they would be in a position to design and develop a suitable power take off unit for the water bowzers and that "the reputation of the firm backed by M/s. British Leyland of U.K. was considered sufficient for accepting their plan to manufacture suitable power take off units". The

firm, has however clarified on the other hand that it had the "know-how design and manufacture of PTOs for certain specific application and those PTOs could not cater to the requirements of water bowzers". The Committee are distressed to observe that the Ministry had failed to verify the capacity of the firm to produce the required type of PTO units before placing order on them and worse still clung to this order till the firm itself after its repeated failures expressed its inability to deliver the goods as per specifications. Since the DGCA had admitted during evidence that "as regard the decision to put a separate engine, this was the point under consideration right from the beginning when we decided to go in for PTO". It was possible to go for a separate engine at an early stage.

[S. No. 10(Para 1.98) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

The observation has been noted and an Office Order has been issued to avoid such recurrence. A copy of the Office Order is enclosed at Annexure.

[The Ministry of Tourism & Civil Aviation D.M. No. 7-1/80-FI dt. 15-2-1982].

Recommendation

"The present total requirements of water bowzers is 71 taking into consideration of all the airports other than the 4 international airports, which are under the control of International Airports Authority of India. Against the total requirements of 71, the supply of 31 bowzers is hampered because of the complications mentioned in the earlier paragraphs. The Secretary, Ministry of Tourism and Civil Aviation stated during evidence that they were planning to go for the remaining 40 water bowzers without involving DGS&D. He had almost assured the Committee: 'I want to indicate that 40 will be number which we will order in the next 13 months and we will so phase them that we get 10 or 15 at a time.' He further stated: 'We can today buy six bowzers of the Indian market, within two months. The prototype of PTO which we discovered in 1976 is available today.' The Committee would like to caution the Department that this is a matter on which if past experience is any guide, complacency can be disastrous and utmost watch is needed at every stage of the progress of linked items.

"The Committee have come to the conclusion that they have come across a typical case of delay on the part of bureaucracy where the procurement of a few water bowzers for use at various airports in the country could not make any headway in a long period of about 15 years merely, because the Department concerned had utterly failed in getting a small item like the

PTO unit which was to be fitted on water bowzers. This speaks volume of the casualness with which the concerned Department viz., Department of Civil Aviation (DGCA) and Department of Supply (DGS&D) handled this case all these years. The indenting Department i.e. Department of Civil Aviation (DGCA) after getting approval of the project in 1966 proceeded with the case at a snail's pace, completely overlooking the fact that the water bowzers were required in an area of vital importance where life and safety of people was involved. The Committee feel that had the difficulties been looked into and decisions taken at higher level the delays at several stages would have been cut down to a great extent, resulting in hastening the procurement of the water bowzers. In this connection, the Committee would like to draw pointed attention of the Government to the following aspects in particular: (i) After obtaining the administrative approval for procurement of 68 water bowzers indents were placed for 31 chasis (without PTO units) on M/s. Ashok Leyland Ltd., Madras after a period ranging from 3 to 5 years. (ii) Orders for the PTO units were placed on M/s. Ashok Leyland Ltd., Madras without verifying its manufacturing capacity and technical suitability with the result that the two units supplied were not suitable later and thus fabrication of bowzers was delayed for about 6 years. (iii) Orders for fabrication of water bowzers with 'colt' diesel engine for pump drive were placed on M/s. Brijbasi Udyog, Mathura and Hindustan General Industries Ltd., without verifying the suitability of the equipment offered with the result that the prototype did not work satisfactorily. (iv) Amount of Rs. 1.45 lakhs and Rs. 26.97 lakhs spent for procurement of two chassis and 229 chassis had remained blocked since February, 1972 and May, 1974 respectively as suitable PTO could not be manufactured. (v) A chassis valued at Rs. 0.92 lakh has been lying with M/s. Brijbasi Udyog, Mathura since March, 1977 who refused to return it."

[S. Nos. 19&20 (Paras 1.107&1.8) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

The observations of the PAC have been noted. The latest position on procurement of water bowzers is as follows: The earlier order for fabrication of water bowzers placed on Messrs. Hindustan General Industries, Delhi was cancelled by the DGS&D on 3-3-1981 due to firm's failure to make the supplies within the extended delivery period. Fresh tenders were invited on 18-4-1981 and order for fabrication of water bowzers was placed on 24-4-1981. The delivery schedule as per A/T reads as "The firm will produce an acceptable prototype within 5 weeks from the receipt of chassis and offer it for inspection testing. Thereafter supplies are to be completed @2 units/months. It is pointed out that

the CAD has already received 5 units of water bowzers from this source including the prototype. It is expected that the supplies will be completed by March, 1982."

[The Ministry of Tourism and Civil Aviation O.M. No. 7-1/80-F1
dated 15-2-1982].

No action is required to be taken as these paras deal with the observations/findings of the Committee.

[The Department of Supply O.M. No. PIII-17(1)/81
dated 26-11-1981].

CHAPTER III

CONCLUSIONS OR RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

“As regards the reasons for issuing a single tender enquiry in favour of M/s. Ashok Leyland Ltd., the Secretary, Ministry of Tourism and Civil Aviation informed the Committee during evidence:

‘The Tatas were tied up with the Defence Ministry. Therefore, we had only one party to go to’.

In this very context, the Department of Civil Aviation have stated:

The first chassis identified for this purpose was Mercedes Benz manufactured by M/s. Tata who offered it along with the power take off units. However, after exhaustive tests, it was found that power take off units was not giving the required speed and the required HP unit. In the meanwhile it was found that another chassis with better pay-load was available from M/s. Ashok Leyland Ltd.”

[S. No. 4 (Para 1.92) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

Both statements indicate the correct position. During the 3 years period, when the CAD were exploring the possibilities for procuring the chassis and the Power-Take-Off, it was found that the specification of P.T.O. being offered by M/s. Telco was not suitable to our requirements and at the same time it was brought to our notice that M/s. Telco were tied up with the Defence. At this time it was found that M/s. Ashok Leyland Ltd., had come up with a chassis with a bigger pay-load and had also offered to develop a suitable P.T.O.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-FI dt. 15-2-1982].

Recommendation

“The above two statements are contradictory in as much as on one hand it is stated that the offer of Telco was not accepted as their PT unit

was not giving required speed etc. while on the other hand M/s. Telco are reported to have declined the order as they were tied up with Defence requirements. The Committee would like to know which of the two statements indicates the correct position.”

[S. No. 5 (Para 1.93) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

Both statements indicate the correct position. During the 3 years period, when the CAD were exploring the possibilities for procuring the chassis and the Power-Take-Off, it was found that the specification of P.T.O. being offered by M/s. Telco was not suitable to our requirements and at the same time it was brought to our notice that M/s. Telco were tied up with the Defence. At this time it was found that M/s. Ashok Leyland Ltd., had come up with a chassis with a bigger pay-load and had also offered to develop a suitable P.T.O.

[The Ministry of Tourism & Civil Aviation O.M. 7-1/80-FI dated 15-2-1982].

Recommendation

“The two PTO units obtained by the Department from M/s. Ashok Leyland Ltd., were fitted on 19 October, 1973 to chassis already delivered to M/s. DGL Ltd. for necessary testing and fabrication of water bowzers. After testing again and again, these PTOs were not found suitable, and ultimately in April, 1975 the firm informed DGS&D that the PTO units supplied by M/s. Ashok Leyland Ltd. were not suitable for operating fire fighting pumps.”

[S. No. 9 (Para 1.97) of Appendix of 49th Report of PAC (7th Lok Sabha)].

Action Taken

There are no specific recommendations from the PAC to act upon and as such we have no comments to offer.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-FI dated 15-2-1982].

No action is required to be taken as this para deals with the observation/findings of the Committee.

[The Department of Supply O.M. No. PIII-17(1)|81, dated 26-11-1981].

Recommendation

“Consequent upon the failure of the PTO unit, the two contracts placed by DGS&D on M/s. DGL Ltd., New Delhi in July 1970 and in July 1971 for fabrication of 31 water bowzers on Leyland chassis were cancelled on 13 November, 1975 without financial repercussion on either side with the advice of the Ministry of Law. In this connection, the Committee find from clause 19(f) of the Acceptance Tender dated 17 July, 1970 that the firm had to furnish indemnity bond and a comprehensive insurance policy in original for Rs. 71,000 for each of the chassis before their delivery. Whereas the firm furnished the indemnity bond it could not furnish the comprehensive policy as the DGS&D failed to intimate the date of release of chassis to it. The Ministry of Law in their note dated 5 June 1975 had *inter alia* stated that ‘the department appear to have not performed its duty in connection with the reciprocal contract. In the circumstances it is doubtful whether the department gets right to cancel the contract at the risk and cost of the firm’. It is not clear to the Committee as to why the DGS&D did not inform the date of release of chassis to the firm. The Department owe an explanation for this costly lapse.”

[Sl. No. 11 (para 1.99) of Appendix 49th Report of PAC (7th Lok Sabha)]

Action Taken

It is correct that in terms of clause 19 (f) of the Acceptance of Tender dt. 17-7-1970 (A/T No. SV-6/329), M/s. DGL were required to furnish Indemnity Bond and comprehensive insurance Policy for Rs. 71,000/- each chassis. The firm furnished both these documents and chassis were released to them. It is, therefore, not correct that DGS&D failed to intimate the date of release of chassis to them. In this contract, the purchaser was also required to supply P.T.O. to be fitted on chassis for driving the pump. M/s. Ashok Leyland supplied 2 P.T.Os to M/s. DGL Pvt. Ltd.; but these were not found to the specification. Ministry of Law have therefore, held that the Department could not perform their duty in connection with reciprocal contract due to failure of P.T.O. In view of the same the contract had to be cancelled as already explained and the chassis given to the firm was taken back.

[The Department of Supply O.M. No. PIII-17(1) dated 26-11-1982]

Recommendation

“As mentioned earlier on the cancellation of the contract on M/s. Brijbasi Udyog, six chassis issued to them were transferred to M/s. Hindustan General Industries Ltd., thus making a total order of 31 water bowzers on

them. M/s. Hindustan General Industries Ltd. had been able to produce in May 1977 a prototype which on testing and inspection by the representative of the DGS&D and the DGCA was found to have certain manufacturing defects and as such the prototype was rejected in October, 1977. When the firm represented that the rejection was not justified as the design and drawing of the prototype had the prior approval of the indenter, the prototype was accepted on 6 December, 1977 after reducing the cost (total reduction being Rs. 3.43 lakhs for 25 numbers). The Committee regret over the failure of the department to give proper design and drawings to the firm. They desire to know how a prototype produced on the basis of wrong design and drawings and once rejected was subsequently accepted. The Committee recommend that a small team of technical experts should be appointed which can advise on top priority the suitability and performance of this prototype before going for such type of water bowzers.

[S. No. 14 of Appendix (para 1.102) 49th Report of PAC (7th Lok Sabha)]

Action Taken

While placing the indent on DGS&D, DGCA had indicated that the water bowzers should be fabricated as per the relevant ISI specification on M/s. Ashok Leyland Comet Chassis to be supplied by the indenter. The Company was asked to produce a prototype engine/pump set for trial purposes and also provide a general arrangement drawing of the water bowzer before proceeding with bulk production. This is a standard practice in all cases of prototype production. Accordingly the firm arranged a general arrangement drawing which was accepted by the DGCA. However, when the prototype was produced for inspection, it was found that it suffered from various manufacturing defects and also the speed which is one of the main considerations was very much below. Therefore, in order to improve the speed of the water bowzer, pay load (weight) had to be reduced by dropping few accessories and reducing the capacity of the water tank. It may be recalled that when the PTO (weighing 15 to 20 Kg) is replaced by a separate engine (weighing 600 to 700 Kg) then the pay load will be reduced to that extent and hence water capacity and some accessories are to be reduced to meet the revised specific parameter like speed, acceleration etc. The prototype was subsequently accepted by suitable price reduction as enunciated by DGS&D. It has to be appreciated that in all prototype cases there will always be some modification at the time of inspection depending upon the the performance requirement.

As regards appointing a Committee for ascertaining the suitability and performance of this prototype it is stated that the order on this firm on

subsequent units has already been cancelled and it was only one unit of this prototype in the Department. The vehicle has been commissioned at Safdarjung Airport and therefore, it is felt that at this stage there is no need for a separate Committee to go into the performance/suitability of the equipment.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-FI dated 15-2-1982]

In these recommendations the P.A.C. has recommended that a small team of technical experts should be appointed which would advise on top priority the suitability and performance of the prototype, supplied by M/s. HGI this should be done by Ministry of Tourism & Civil Aviation/DGCA associating DGS&D Inspection Wing.

The Committee also desired to know how the prototype produced on the basis of wrong design and drawings, once rejected was subsequently accepted. In this connection, it may be mentioned that the prototype of water bowzers was being developed for the first time and it passed all the tests except for road and stability test. The reasons for prototype not meeting the road and stability test was that the weight was exceeding the permissible limit and thereby reducing the speed and acceleration of the vehicle. It may be mentioned that the General Arrangement drawings, i.e. the positioning of the tank, pump, engine etc. was approved and the total weight of the water bowzer was known only after it was completely fabricated. With a view to reduce the total weight, three meetings were held in association with technical experts of DGS&D Inspection Wing, DGCA and Fire Officer in DGCA. As already explained, reduction in weight was achieved, as also reduction in the total price by Rs. 3.43 lakhs for 25 Nos. The Original approval given was in regard to the General Arrangement of the various components of the water bowzers and the total weight of all items became known only after complete fabrication of prototype and only thereafter, the question of reduction of the weight was examined in detail and reduction obtained. It may not be out of place to mention that in case of developmental item such situations are not abnormal. Since water Bowzers using PTO device to drive the pump has been developed and M/s. Airtech (P) Ltd., have supplied 15 nos. of such water Bowzers duly inspected by D.I., NI circle jointly with DGCA, New Delhi, there may not be any necessity for the proposed expert team.

[The Department of Supply O.M. No. PIII-17(1)/81 dated 26-11-1981]

Recommendation

The chassis handed over to M/s. Hindustan General Industries Limited were required to be fitted with colt engines which were to be supplied by

another firm namely M/s. Premier Automobile, Bombay. The Committee are surprised to learn that no agreement was entered into by the Government with M/s. Premier Automobiles Ltd. as the supply of colt diesel engines was to be obtained direct from this firm by M/s. Hindustan General Industries Ltd. As will be seen from subsequent para, this arrangement had given rise to delay in the procurement of colt diesel engines for which DGS&D had to pursue the matter vigorously. The Committee are unable to understand how such an arrangement was allowed to be made under which M/s. Premier Automobiles were not obliged to supply the colt engines within a stipulated period. The Committee consider this as a deplorable manner of entering into an agreement and desire that responsibility for this should be fixed.

[Sl. No. 15 (para 1.103) of the Appendix to the 49th Report of P.A.C.
(7th Lok Sabha)]

Action Taken

The contract for complete fabrication of the water bowzers except chassis was given to M/s. HGI, who were contractually responsible for the procurement of all bought out items etc. It is neither desirable nor possible to enter into contracts for all bought out components because in that case DGS&D would be making themselves responsible for the supply of all these items and it would become impossible to administer the thousands of contracts entered into by DGS&D every year. If this responsibility would have been taken by DGS&D, in that case M/s. HGI would have easily wriggled out of the contract due to non-supply and in fact would have also claimed damages. However, assistance was given to the firm in the procurement of the Premier colt engine by holding discussions with M/s. Premier Automobiles, Bombay but this assistance was outside the purview of the contract and was given with a view to expedite supplies. Thus, if the DGS&D involved themselves with the procurement of diesel colt engine, the contract with M/s. HGI could not possibly have been cancelled in that case DGS&D would have been made responsible for non-performance of the contract by M/s. HGI.

[The Department of Supply O.M. No. PIII-17(1)/81
dated 26-11-1981]

Recommendation

The Committee further note that due to lock out in the factory of M/s. Premier Automobiles, Bombay, the Supply of colt diesel engines became uncertain and it was only on 25 May, 1979 when the firm informed the DGCA and DGS&D that the lock out had been lifted and it would supply colt engines at 6 units per month from July 1979 onwards. The Committee

are concerned to learn that in spite of the above assurance given by the firm no engine has been supplied by it since then. The committee would like to know the action taken by the Government to ensure timely supply of colt engine to M/s. Hindustan Industries Ltd.

[Sl. No. 16 (para 1.104) of the Appendix to the 49th Report of the PAC (7th Lok Sabha)].

Action Taken

On 25th May, 1979, a meeting was held with the representative of M/s. HGI and M/s. Premier Automobiles, during which the representative of M/s. Premiers assured that they would supply 5 engines by July, 1979 and thereafter, regularly @ 5/6 engines per month. On 21st June, 1979 a letter was received from the local office of M/s. Premier wherein it was stated that their Bombay-office would advise the delivery schedule of engines to M/s. HGI. On 25th July, 30-7-79 and 30-8-79 the Branch Manager of Delhi Office of M/s. Premier was contacted by DS(ST) and DDG(R) to expedite the supplies of diesel colt engine to M/s. HGI. On 13-8-79, M/s. Premiers gave a copy of their letter addressed to M/s. HGI asking them to give an advance of Rs. 15,000/- against their direct order placed with them advising that they expected to supply 5 engines per month subject to unforeseen circumstances. In this letter, they also advised revision in price of colt diesel engine. However, M/s. India Pistons, Madras, who supply pistons to M/s. Premier Automobiles for diesel colt engines were on strike from 16-6-79 to 10-7-79 and M/s. MICO Bosch, who manufacture fuel injection parts for these engines, were under strike/lockout from 2-10-79 to 1-1-80. The engine manufacturers M/s. Premier Automobiles were also under strike/lockout with effect from 26-3-80 to 17-9-80. Thus due to strike/lockout at the works of engine Manufacturers and their ancillary units, diesel colt engine could not be made available to M/s. HGI, subsequently M/s. HGI having strike/lockout at their works.

However since the contract placed on M/s. HGI has been cancelled at their risk and cost, and another firm on whom the risk purchase contract has been placed, have successfully developed the P.T.O. and have also obtained the approval of M/s. Ashok Leyland for fitment on Leyland chassis, the supply of colt engine to M/s. HGI is not relevant.

[The Department of Supply O.M. No. PIII-17(1)/81
dt. 26-11-1981]

Recommendation

Yet another aspect of the sad story of delay in procurement of water bowzers is stated to be the strike by the workers in M/s. Hindustan General Industries. The Officials of DGS&D had 12 meetings with the firm to expedite the supply and the firm has informed the Ministry of Tourism and

Civil Aviation that they had completed almost all fabrication work except installation of the colt engines. However, the Ministry informed the Committee that a physical assessment of the work done by the firm on six chassis could not be carried out. When the Director of Inspection visited the firm's work at Nangloi on 3 December, 1980 the workers who were on strike did not allow the management/outsideers to enter the works.

[S. No. 17 (Para 1.105) of the Appendix to the 49th Report of P.A.C.
(7th Lok Sabha)]

Action Taken

No action is required to be taken as this para deals with the observation/ findings of the Committee.

[The Department of Supply O.M. No. PIII-17(1)/81
dt. 26-11-1981]

Recommendation

It is noted that a performance notice was issued on the firm on 13 January 1981 asking M/s. Hindustan General Industries Ltd. to supply at least 5 to 6 bowzers using prototype colt engine or to submit an acceptable prototype, using Kirloskar RE-4 engine within 30 days on receipt of performance notice and that in case of default the outstanding stores would be purchased at their risk and cost. The Committee would like to know the latest position in this regard.

[Sl. No. 18 (para 1.106) of the Appendix to the 49th Report of
POA.C. (7th Lok Sabha)]

Action Taken

Since M/s. HGI failed to supply the stores in terms of the performance notice, the balance 30 Nos. has been cancelled at their risk and cost. The risk purchase contract has been placed with M/s. Airtech Pvt. Ltd., who have been asked to submit a prototpye by 17-7-81. One chassis had been released to this firm against an comprehensive insurance policy and bank guarantee. M/s. Airtech would supply water bowzers @ two Nos. per month after approval of their prototype unit and the supplies are expected to be completed by May, 1982.

As per our records 15 Nos. of water Bowzers have been supplied by M/s. Airtech (P) Ltd., who have assured to complete the supplies by end of December, 1981.

[The Department of Supply O.M. No. PIII-17(1)/81
dt. 26-11-1981]

CHAPTER IV

CONCLUSION OR RECOMMENDATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

“The Committee are not convinced by Government’s plea that the chassis supplied by M/s. Ashok Leyland Ltd. was a better one part particularly when the P.T.O. unit to be fitted to the chassis was not tried by Government at any stage and was still to be developed by the firm when orders for the chassis were placed on them. What the Committee are distressed to note is that without waiting for the result of development of the P.T.O. unit for which separate orders were placed on M/s. Ashok Leyland Ltd., another contract for supply of 29 more chassis (without PTO units) was placed on the same firm on 4 September, 1971. In the absence of any positive and pressing reasons for having selected only M/s. Ashok Leyland for supply of the chassis and PTO units, the Committee are inclined to think that it was a clear lapse on the part of Government for not having issued a general tender enquiry in this regard. In fact, the DGCA conceded during evidence “we did not know if there was any other firm like M/s. Hindustan General Industries Ltd. who are trying to develop this PTO units. We did not know it.”

[Sl. No. 6 (para 1.94) of Appendix of 49th Report of PAC
(7th Lok Sabha)]

Action Taken

The Department is firmly of the view that the chassis supplied by M/s. Ashok Leyland Ltd. is the better one compared to the one originally offered by M/s. Telco. No doubt the PTO unit to be fitted on the Ashok Leyland chassis had not been tried by the Government and it had to be developed by the firm. However, the cost of the PTO unit was only Rs. 2500 each and orders for prototype were placed for 2 units only. The department had no reasons, to believe that a reputed firm like Ashok Leyland Ltd., will not be able to deliver the goods. In the case of the Telco unit, no PTO was available. It was also in the knowledge of the Deptt. that in the event of the PTO being developed by M/s. Ashok Leyland Ltd., not being successful a separate engine could always be moun-

ted for driving the pump. The reasons for delay and subsequent rejection of the PTO as unsuitable have already been explained in detail—the reasons being strikes, lock-outs, or power failure, inherent delay in development etc. Subsequently, when quotations were again called for, no firm came forward for satisfactory development of PTO and hence orders on M/s. Hindustan General Industries were placed on the basis of the separate engine for driving the pump. By the time orders were cancelled on M/s. Hindustan General Industries, fresh quotations were called for. Subsequent to the PAC meeting, the Deptt. came to know that one firm had suitable P.T.O. and on that basis orders have been placed on the firm who have already supplied 5 water bowzers fitted with PTO for driving the pump.

As regards issue of general enquiry for the PTO, it is submitted that this was an item which had to be developed in the country at that time and to our knowledge nobody else had developed PTO. Since Ashok Leyland were supplying the chassis and had come forward to develop the PTO as well, it was felt that the manufacturers of the chassis were best suited for developing the PTO to suit their chassis.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-81 dated 15-2-1982]

The selection of chassis was done by DGCA and they furnished a proprietary article certificate also in favour of M/s Ashok Leyland, and therefore it is entirely for DGCA to explain. As per DGS&D records M/s. HGI have not developed a PTO duly approved by M/s. Ashok Leyland, the chassis manufacturers.

[The Department of Supply O.M. No. PIII-17(1)/81 dated 26-11-1981].

Recommendation

“According to acceptance of tenders dated 17 July, 1970 orders for supply of power take off units to be fitted to chassis was to be placed separately on M/s Ashok Leyland Ltd., on receipt of their quotation. In September, 1971 the firm informed the DGS&D that the PTO units would not be available and that instead full torque PTO units were required. Again in July 1973 the firm informed that it had not yet started the production of Torque PTO unit but it had manufactured two other PTO units by general engineering methods. It is also seen that instead of routing the orders for PTO units through DGS&D DGCA preferred to place the orders on the firm directly at a cost of Rs. 0.05 lakhs plus sales tax and that too without providing to them the required specifications and drawings, although para 69 of the DGS&D Manual provides that the required specifications/drawings should invariably be first obtained and

attached to the tender of enquiry. The Committee would like to know why the specifications and drawings of PTO units were not supplied to the firm in the first instance and the reasons for not placing the orders through DGS&D when there was a specific provision in the contract”.

[S. No. 8 (para 1.96) of Appendix Para 1.96 of 49th Report of PAC (7th Lok Sabha)].

Action Taken

For the supply of PTO unit M/s Ashok Leyland Ltd. were given the operational requirement of P.T.O. like RPM, Horse Power requirement etc. and therefore right from 1968 as a user department, the CAD was in correspondence with M/s Ashok Leyland and also involved one of the indigenous Bombay manufacturers namely M/s Khoverji of Bombay. CAD furnished necessary information to M/s Ashok Leyland Ltd. Throughout the period the only order placed for PTO was with M/s Ashok Leyland and DGS&D was also kept in picture. Subsequently, when the price was quoted by the firm, order for 2 units was placed at a cost of Rs. 2,500 each just to cover the first two prototype units. The copy of these orders were also furnished to DGS&D. This procedure was adopted as that Deptt. was associated from the very beginning in development of PTO by M/s Ashok Leyland and in order to avoid delay by placing the order through DGS&D when the cost of the order was also not considerable.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-FI dated 15-2-1982]

CHAPTER V

CONCLUSIONS OR RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

“After the PTO units supplied by M/s Ashok Leyland were not found satisfactory. The DGCA decided on 4 March 1976 to place a fresh indent with the revised specification replacing the PTO units by diesel engines for pump drive. On the basis of the quotations received, two contracts were placed by DGS & D in September, 1976 on M/s. Brijbasi Udyog, Mathura and M/s Hindustan General Industries Ltd., New Delhi for fabrication of 6 numbers and 25 numbers of water bowzers with provision of colt diesel engine for pump drive and certain accessories at a cost of Rs. 7.50 lakhs and Rs. 28.75 lakhs respectively. In both the cases, the firms were required to produce acceptable prototypes within 3 months of the receipt of chassis failing which the contracts were to be cancelled at their risk and cost.”

“The Committee note from the Audit paragraph that the one chassis was handed over in March 1973 to M/s Brijbasi Udyog, Mathura who failed to supply the prototype vehicle within the extended period of delivery upto 3 September 1977 and the contract was therefore cancelled by the DGS&D on 9 January 1978, on the risk and cost of the firm. This firm had not returned the chassis valuing over Rs. 0.92 lakhs at that time. In this connection the Committee have been informed that the contract had been cancelled in consultation with the Ministry of Law and as order for the cancelled quantity was placed on M/s Hindustan General Industries Ltd. under option clause at a lower rate no risk purchase loss was incurred. For recovering the cost of one chassis from M/s Brijbasi Udyog, Mathura, a suit had been filed in consultation with the Ministry of Law in Delhi High Court with a prayer to pass the decree for 2,14,396.78 being the present cost of the chassis. The Court had also been requested for other reliefs which the High Court might deem fit just and proper. The Committee would like to be apprised of the latest position in this regard.”

[S. No. 12 and 13 (paras 1.100 & 1.101) of Appendix 49th Report of PAC (7th Lok Sabha)].

Action Taken

The chassis has not yet been returned to the Civil Aviation Department by M/s Brijbasi Udyog, Mathura. The latest position of the Court Case has been given by the Ministry of Supply in their reply to this para.

[The Ministry of Tourism & Civil Aviation O.M. No. 7-1/80-FI dated 15-2-1982].

As already explained earlier, a suit against M/s Brijbasi Udyog, Mathura has been filed in the Delhi High Court with a prayer for decree of Rs. 2,14,396.78 being the cost of the chassis plus 12½ per cent interest. The court has also been requested for other reliefs which the High Court might deem fit, just and proper.

The matter was listed before the Court on 22.5.81. The report on the summon was that the proprietor is out of station. The Court has issued notice for service on the defendant for 12th August, 1981.

As advised by Government Council, U.O.I. have filed the counter affidavit in the court. Now the summons for judgement have to be issued to the defendant.

[The Department of Supply O.M. No. PIII-17(1)/81 dated 26-11-82].

Recommendation

“The Committee would like the concerned Departments to go into the delay which occurred at various stages, right from the date of obtaining administrative approval till date and identifying the reasons for such delays so as to fix responsibility at the level of officers who were associated with the handling of the case.

[S. No. 21 (para 1.109) of Appendix to 49th Report of PAC (7th Lok Sabha)].

Action Taken

The DGCA has nominated a senior officer in the Department to go into the delays etc. keeping in view the Public Accounts Committee's recommendation to submit a report in 3 months time. The matter will be examined further on receipt of the officer's report and the PAC will be apprised of the position.

[The Ministry of Tourism and Civil Aviation O.M. No. 7-1/80-F, dated 15-2-1982]

The matter is under examination by vigilance and the outcome of the same would be communicated to the committee in due course of time.

[The Department of Supply O.M. No. PIII-17(1)|81 dated 26--11-1981]

Recommendation

From the facts and evidence placed before the committee on this paragraph the committee feel that there is a need for co-ordination between the different Ministries particularly in those areas and fields in which two or more ministries or Departments are involved for the execution of a project. The Committee recommend that there should be a co-ordinating committee of the concerned Ministries/Departments which may do continuous monitoring into the project costing Rs. 10 lakhs and above. The committee hope this would expedite the execution of projects in a co-ordinated and integrated manner.

[S. No. 22 (Para 1.110) of the Appendix to the 49th Report P.A.C.
(7th Lok Sabha)]

Action Taken

The *modus-operandi* to be adopted to implement the recommendation is being examined and a further report in the matter will be sent to the committee in due course.

[The Department of Supply O.M. No. PIII-17(1)|81, dated 26-11-1981]

NEW DELHI;
March 9, 1982

Phalguna 18, 1903 (S)

SATISH AGARWAL,
Chairman,
Public Accounts Committee.

ANNEXURE

GOVERNMENT OF INDIA

OFFICE OF THE DIRECTOR GENERAL OF CIVIL AVIATION

No. G-25015/2/79-Bud.

Dated New Delhi the 17th October, 1981

SUBJECT:—*Conclusions|Observations|Recommendations made by the Public Accounts Committee in their 49th Report (7th Lok Sabha) in connection with Audit Para on Purchase & Fabrication of Water Bowzers.*

The Public Accounts Committee in their 49th Report (1980-81) (7th Lok Sabha) have made the following observations in the case of Purchase and Fabrication of Water Bowzers.

- (i) After obtaining the administrative approval in October, 1966 the first indent for two water bowzers (Chassis as well as body building) was placed in October, 1969 by DGCA on DGS & D, who on the basis of a single tender enquiry placed an acceptance of tender on 7th July, 1970 on Messrs Ashok Leyland Ltd., Madras for supply of two chassis by 20th November, 1970. The contract stipulated that order for supply of power take off units to be fitted to the chassis would be placed separately on receipt of quotations from the firm (M/s. Ashok Leyland Ltd.). The DGCA thus took 3 years for placing orders for supply on DGS&D who took another about 10 months to place the order for supply on the firm. The Committee are not satisfied with the explanation given for this delay that "since this was a developmental project, there was a time lag to locate suitable supplies of chassis, power take off units and body building". The subsequent events clearly indicate that the DGCA proceeded with the procurement of water bowzers half heartedly, without serious thought or anxiety that it deserved. In fact the Secretary,

Ministry of Tourism and Civil Aviation conceded during evidence "I am afraid that this has been very unhappy delay on the part of the management."

- (ii) It is a well established practice that before importing any equipment/component it is imperative that Director General, Technical Development should be consulted to certify that a particular equipment/component was not indigenously available. The Committee find that in the instance case DGCA had without consulting Director General of Technical Development written on 10th May, 1966 to M/s. Tata Engineering that "the power take off will be imported from West Germany if required." The Secretary Ministry of Tourism and Civil Aviation admitted during evidence that "the right things should have been to consult DGTD".
- (iii) The Committee are constrained to point out that about six years were lost in an effort to obtain suitable PTO units from M/s. Ashok Leyland Ltd. The Committee are not satisfied with the reply of the Ministry of Tourism and Civil Aviation that M/s. Ashok Leyland Ltd. had adequate technical know-how and it was considered that they would be in position to design and develop a suitable power take off unit for the water bowzers and that "the reputation of the firm backed by M/s. British Leyland of U.K. was considered sufficient for accepting their plan to manufacture suitable power take off units". The firm, has however clarified on the other hand that it had "the know-how for the design and manufacture of PTO's for certain specific application and those PTOs could not cater to the requirements of water bowzers. The Committee are distressed to observe that the Ministry had failed to verify the capacity of the firm to produce the required type of PTO units before placing order on them

and worse still clung to this order till the firm itself after its repeated failures expressed its inability to deliver the goods as per specifications. Since the DGCA had admitted during evidence that "as regards the decision to put a separate engine, this was the point under consideration right from the beginning when we decided to go in for PTO". It was possible to go for a separate engine at an early stage.

2. All the Directors are, therefore, advised to keep in mind the above mentioned observations of the Public Accounts Committee while processing the cases so as to avoid recurrence of such cases. A time bound programme should be set out and the progress made should be closely monitored. In the event of any inordinate delay occurring in the process of finalising the proposal, the matter if found necessary, be brought to the notice of higher authorities.

Sd/- G. R. KATHPALIA,

Director General of Civil Aviation.

[D of Eq./DA A(P)/D of C(PE)|D of C|DTL|DAI|DRD|
DAI/(RNG)]

(PART II)

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE (1981-82) HELD ON 5 MARCH 1982

The Committee sat from 15.30 to 18.30 hours.

Present

Shri Satish Agarwal—*Chairman*

MEMBERS

Shri Mahavir Prasad
Shri M. V. Chandrashekara Murthy
Shri Hari Krishna Shastri
Shri Satish Prasad Singh
Shri K. P. Unnikrishnan
Shri Indradeep Sinha
Prof. Rasheeduddin Khan .

REPRESENTATIVES OF THE OFFICE OF C&AG

Shri R. C. Suri—*ADAI (R)*
Shri S. B. Mukherji—*Director of Audit, Commerce, Works and
Misc.*
Shri R. S. Gupta—*Director of Receipt Audit—I*
Shri N. Sivasubramaniam—*Director of Receipt Audit—II*
Shri G. R. Sood—*Jt. Director (Reports)*
Shri N. C. Roychoudhery—*Joint Director (C&CX)*

SECRETARIAT

Shri D. C. Pande—*Chief Financial Committee Officer*
Shri K. C. Rastogi—*Senior Financial Committee Officer*
Shri K. K. Sharma—*Senior Financial Committee Officer*
Shri Ram Kishore—*Senior Legislative Committee Officer*

The Committee considered the following draft Reports and adopted the same with amendments/modifications as shown in Annexure V.

* * * * *

5. Draft 86th Report on action taken by Government on the recommendations contained in 49th Report (7th LS) on Purchase and Fabrication of Water Bowzers.

The Committee also approved certain other modifications arising out of factual verifications by Audit in the aforesaid draft Reports.

The Committee then adjourned.

ANNEXURE V

Amendments/Modification made by the Committee/Audit in 86th Report on action taken by Government on 49th Report (7th Lok Sabha) on Purchase and Fabrication of Water Bowzers at their sitting held on 5th March 1982.

Page	Para	Line	For	Read
6	1·10	Last Line	reputated	reputed
9	1·14	4	powere	horse power
9	1·14	6	Does	Do

APPENDIX X
STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

S. No.	Para No.	Ministry/Deptt. concerned	Conclusions and Recommendation
1	2	3	4
1	1.4	Ministry of Tourism & Civil Aviation/Deptt. of Supply	The Committee expect that final replies to those recommendations and observations in respect of which only interim replies have so far been furnished will be made available to them expeditiously after getting them vetted by Audit.
2	1.10	-do-	From the reply furnished by the Department of Supply, the Committee note that they had come to know about one firm [M/s. Airech (P) Ltd.] which had developed water bowzers using Power Take Off device to drive the pump and on that basis orders were placed on that firm. The firm had already supplied fifteen water bowzers fitted with Power Take Off device for driving the pump. The Committee would like to know as to how the Department of Supply Ministry of Civil Aviation did not come to know about this firm having developed PTO device earlier.
3	1.11	-do-	During evidence the Director General, Civil Aviation had conceded that the Department did not know if there was a firm which was trying to develop the PTO units. The Committee feel that had a general tender enquiry been issued by the DGCA instead of issuing a single tender enquiry, a suitable supplier of Power Take Off units could have been located prior to July 1970 when an order was placed on M s. Ashok Leyland, Madras on the basis of single tender enquiry. The Committee, therefore, reiterate

1	2	3	4
			<p>their earlier observation that there was a clear lapse on the part of Government not to have issued a general tender enquiry in this regard. The Committee recommend that it should be ensured that in future no order are placed on a single firm, without calling for tenders, howsoever reputed that firm might be.</p>
4	I.14	Ministry of Tourism & Civil Aviation	<p>The Committee are not convinced with the reply furnished by the Ministry of Tourism and Civil Aviation. Giving the operational requirement of PTO like RPA, horse power requirement etc. and involving an indigenous manufacturer of Bombay do not meet the provisions contained in Para 69 of the DGS&D manual. The Committee would, therefore, like to reiterate their earlier recommendation that the reasons why specifications and drawings were not supplied to the DGS&D along with the indent in 1969 and attached to the tender of enquiry, may be intimated to the Committee.</p>
5	I.15	-do-	<p>The contention of the Ministry that they had not placed the orders through DGS&D in order to avoid delay as the cost of the order was not considerable (the cost of PTO unit being Rs. 2500 each) is not correct as it is evident from the fact that M/s. Ashok Leyland Ltd., Madras could not develop the PTO units of the required speed etc. and the procurement of these PTO units took more than 12 years. The Committee are of the considered view that these orders should have been placed through the DGS&D and the specifications and drawings of these PTO Units should have been supplied to the firm in the first instance.</p>

20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Mori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatrai Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central News Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
IV-D/50, Lajpat Nagar,
Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

PAC No. 367

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