

**GOVERNMENT OF INDIA  
DEFENCE  
LOK SABHA**

UNSTARRED QUESTION NO:1354  
ANSWERED ON:03.08.2006  
PROCUREMENT OF DEFECTIVE EQUIPMENT  
Khan Shri Sunil

**Will the Minister of DEFENCE be pleased to state:**

- (a) whether the Comptroller & Auditor General of India in its Report No. 6 of 2005 has pointed out that due to inadequate inspection by Senior Quality Assurance Establishment (Armaments) Chennai, equipment (162 Transmission and Reception Units) worth Rs. 3.85 crore were procured from M/s General Optics Limited, Pondicherry and subsequently found defective;
- (b) if so, whether COD, Agra also placed order for Rs. 91.42 lakh on the same firm ignoring defects in previous supplies;
- (c) if so, the facts in this regard; and
- (d) the corrective steps taken for replacement of defective equipment?

**Answer**

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (c): It is a fact that Comptroller & Auditor General (CAG) of India in Para 3.6 of its Report No. 6 of 2005 has pointed out that due to inadequate inspection by Senior Quality Assurance Establishment (Armaments) {SQAE(A)} Chennai, equipment worth Rs. 3.85 crores were accepted and subsequently found defective. It has also been pointed out in the CAG report that, ignoring defects in previous supplies, another order of Rs. 91.42 lakh was placed on the same firm by Central Ordnance Depot (COD), Agra.

(d) The steps taken till now for replacement of defective equipment are as follows: \_

(i)The supplier has been approached several times for replacement of the defective equipment.

(ii)Instead of responding to the request for replacement, the supplier took the matter to arbitration in Court. The sole arbitrator appointed for this purpose passed an order in favour of the supplier.

(iii)The arbitration award has been challenged in the High Court of Delhi.