

RECOMMENDATIONS

Accurate estimation of requirement being of critical importance in the large scale Supply chain of Dry Rations, the Standard Operating Procedures need to be reviewed urgently so that more realistic assessment of requirement can be made. Ministry should also review the reasons why the laid down procedures have failed to generate realistically accurate estimates and take corrective actions accordingly.

Ministry of Defence and Army Headquarters should take urgent steps to strengthen the procurement procedures so that wide variations between provisioning and procurement are avoided. Ministry and APO should consider introduction of such risk purchase clauses in the Central Procurement contracts which will cover the local purchases made by the Supply Depots in case of non performance of the Central Contract.

Opening up in well calibrated stages the procurement process to bulk producing companies especially in case of Sugar, *Dal* and Edible Oil should be considered.

Ministry of Defence and Army Headquarters should consider the issue of procuring *atta* directly from the open market-to begin with in packed bags.

To ensure supply of good quality rations to the troops, Ministry and Army Headquarters should set a time limit for extension of estimated storage life taking into account the climatic conditions, beyond which under any circumstances, estimated shelf life of food items should not be extended.

There exists a case for expanding the vendor base for supply of fresh rations. The risk of existence of cartels affecting the quantity and quality of rations is too serious to be ignored. Ministry of Defence should set clear targets regarding expansion of vendor base and progress should be closely monitored. The list of vendors should be put on the website of the ASC.

Adequate care should be taken before registering the vendors. Registration should be done for specific vendors for specific group of items and experience of the vendors in dealing with those items should be verified.

A specific period should be laid down, during which if a vendor fails to respond to any tender, he should be taken out of the vendors' list. Black-listing of such vendors for a prescribed period also should be considered.

Abnormal variations in rates of vegetable fresh, fruits and meat must be investigated and the Ministry may provide an assurance that these variations do not arise from any fraud or corrupt practices in the procurements of fresh rations in Army. Last Purchase Price of these rations should also be displayed on the website of ASC, which could be accessed by Supply Depots.

Ministry should develop a mechanism in which the Reasonable Rates are realistically arrived and then enforced properly. Steps should be taken to disseminate more information and the representatives of the PCDA who is common to all such committees should play a more pro active role.

Ministry should develop a set of guidelines containing Dos and Don'ts in such negotiations and hold procurement officers including financial advisers accountable for any significant deviation from the laid down norms of tendering.

Ministry and Army Headquarters should review the whole set of instructions from the point of view of their implementability. In view of the logistical challenges facing procurement of fresh rations on such a huge scale, it is necessary that a thorough appraisal is made to identify the weaknesses in the system and rectify them.

It is strongly recommended that Ministry and Army Headquarters should immediately draw up a detailed plan to computerise the management of supply chain of both dry and fresh nations. The power of the Information Technology should be leveraged to create a networked system connecting all the Supply Depots and Supply points. Issues, Receipts, Inventory management, Procurement and other aspects of supply chain management should be brought under this system. Contracted prices of various items should be published on the dedicated website to be created for this purpose.