



TRANSPARENCY INTERNATIONAL-PAKISTAN

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

2 July 2010

Chairman,
Heavy Industrial Taxila, Taxila Cantt,
Ministry of Pakistan,
Ministry of Production,
Rawalpindi

Sub: Pakistan Armed Forces reputation is tarnished by the action of a few Army Officers of DHIA, HIT, FWO and other Army procuring agencies in violation of procurement rules

Dear Sir,

TI Pakistan has received your office reply No. 6/18/DP-6/2010 dated 29th June 2010, on TIP letter written on 14th February 2010 to General Ashfaq Parvez Kayani, Chief of Army Staff, Pakistan Army. The complaint reported in its letter by TIP to the COAS is quoted below.

"Same is the case with HIT, who are manipulating, with personal efforts of the procuring officials, to supply Bullet Proof jacket to Punjab and Karachi Police without tender, a gross Violation of Public Procurement Rules 2004. This will result a loss to the exchequer of over 35% in higher costs. This may be termed as corrupt practice under rule No 2(f) and fine of 10 times the loss to GoP, to be recovered from HIT. One case of manipulation with ASF tender, is attached, which is a clear proof of corruption. (Copy of TIP letter to ASF enclosed)"

Your clarification does not clarify that HIT has been awarded contract by Punjab without tender and at higher cost, and by Karachi Police at 35% higher cost by rejecting other bids as non responsive, though same were awarded contracts last year in Sindh and Punjab at much lower cost, and that WNE-Directorate (Army) purchased Bullet Proof Jackets directly from Heavy Industries Taxila (HIT) without tender, and at 25-30% higher cost. The complainant has reported following to TIP.

The bullet proof jackets being procured by Sind police and Punjab Police from Heavy Industries Taxila (HIT) are at 25 to 30% higher rates than the current prices of the jackets of the same specs, without tender. The last purchase made by Sind police was at Rs. 43100/- through tender and Rs.57,000/- for Punjab Police through tender. Whereas, the current HIT purchase is over 60000/- per jacket without tender for Sind Police and Rs. 64,000/- per jacket for Punjab police again without tender. WNE-Directorate (Army) is also purchasing 10,000 Bullet Proof Jackets directly from Heavy Industries Taxila (HIT) at account of Rs 600 million, without tender at 25-30% rates higher than the current prices.



TIP is for across the board application of Public Procurement Rules 2004, and no public organization like HIT, Nespak, NLC or FWO are allowed to obtain or awarded Contracts without Tendering, as per rules No. 4 & 24.

TIP would like to inform HIT that Public Procurement Rules 2004 are mandatory on HIT as has been admitted by you also, but now onwards the Supreme Court of Pakistan has taken the responsibility to ensure across the board application of these rules. We quote Supreme Court order given on 28th April 2010, in the case of award of multibillion dollar LNG contract to GDF-Suez, in which the SC has announced that it is the duty of the Court to ensure the application of Public Procurement Rules 2004.

HIT is requested to clarify the allegations of incurring tens of million rupees loss to exchequer due to award of contracts to HIT in violation of PPRA Rules, which unfortunately reflects badly on the reputation of Pakistan Armed Forces who are performing excellently in War Against Terrorism and are also trying to strictly follow Public Procurement Rules 2004 .

With regards,



Syed Adil Gilani,
Chairman,

Copy forwarded for the information of;

Copy forwarded for the information and necessary actions to

1. Chairman, PAC, Islamabad
2. Ch. Ahmad Mukhtar , Federal Minister for Defence, Ministry of Defence, Rawalpindi.
3. General Ashfaq Parvez Kayani , Chief of Army Staff, Pakistan Army, Rawalpindi.
4. Mr. Tanwir Ali Agha, Auditor General Pakistan, Islamabad
5. Secretary, Defence Division, Pak Secretariat – II, Rawalpindi, Registrar, Supreme Court of Pakistan, Islamabad
6. Managing Director, PPRA, Islamabad.

No.6/18/DP-6/2010
Government of Pakistan
Ministry of Defence Production
Rawalpindi the 29th June 2010

From: Mr. Muhammad Ali
Deputy Secretary-V
Tele:9270932/Rwp

Subject:- **PAKISTAN ARMED FORCES REPUTATION IS TARNISHED BY THE ACTION OF A FEW ARMY OFFICERS OF DHA, HIT, FWO AND OTHER ARMY PROCURING AGENCIES IN VIOLATION OF PROCUREMENT RULES**

Dear sir,

Kindly refer your letter No. Nil dated 14th February 2010, on the subject.

2. The matter was taken up with Heavy Industries Taxila Board, an organization under the administrative control of this Ministry. The organization has clarified the position vide their letter No.2613/Tech Gen/BMP/HIT dated 14th April 2010 (copy enclosed).

Yours sincerely



(MUHAMMAD ALI)

Transparency International – Pakistan
(Syed Ali Gilani
Chairman)
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority
Karachi

RESID
HEAVY INDUSTRIES TAXILA, TAXILA CANTT
BUDGET MARKETING & PROCUREMENT DIRECTORATE

Subject: PAKISTAN ARMED FORCES REPUTATION IS TARNISHED BY
THE ACTION OF FEW ARMY OFFICERS OF DHA, HIT, FWO &
OTHER ARMY PROCURING AGENCIES IN VIOLATION OF
PROCUREMENT RULE.

MoDP u.o No. 6/18/DP-6/2010 dated 13 Mar 2010 refers.

1. The contents of Transparency International-Pakistan has been evaluated and following comments are offered:-

- a. HIT is a Govt Organization working under MODP in Public sector. With the passage of time HIT has grown into a specialized Military complex having the capacity to manufacture commercial products utilizing surplus capacity as authorized by Govt of Pakistan. All the earnings from contracts are deposited into Govt treasury as HIT is not a profit earning organization rather it is driven by the mission assigned to it. Contractual rules are followed in letter and spirit and all financial rules are governed under Member Finance who is a Grade 20 officer from Ministry of Finance.
- b. HIT very strictly follows the procurement rules i.e PPRA Rules and DP-35 for procurement of stores. HIT has always won contracts on merit and all materials used in manufacturing of HIT products are subject to stringent test procedures as per international standards / acceptance test procedure and destructive tests provided by the OEM. HIT takes pride in taking full responsibility for the quality of products being manufactured at HIT and thus provides a whole hearted logistic support.
- c. HIT participated in the ASF tender by submitting the tender along with sample which was subjected to destructive testing. HIT offered sample not only passed the testing criteria but met all the specifications as laid down by HQ ASF. Similarly Punjab Police placed the order for Bullet Proof Jackets

7
(BPJs) on HIT after having evaluated / tested the quality of HIT manufactured BPJ with other contractors who are offering the same product. It will be more appropriate to get comments from the concerned Organizations for awarding the contracts to HIT.

2. Foregoing in view, Transparency International Pakistan may kindly be asked by MoDP to clarify this allegation with further details.

Secy MODP

2613/1/Tech Gen/BMP/HIT dated 14 Apr 2010



Col
for Chairman HIT
(Amir Bashir)

RESTD