

Comments of Fishery Survey of India (FSI), Mumbai on Statement of Facts regarding disposal of the vessel Matsya Sugandhi – Reply to the Audit.

First of all we would like to mention that the vessel Matsya Sugandhi was a sea floating object and has to be maintained to a minimum standard to avoid sinking and drifting to the main sea channel. A floating vessel has to be secured alongside a jetty and minimum staff has to be deployed for watch and ward duty and safety of the vessel.

It is further informed that the technical committee constituted by the Ministry was having experts from the other central Government department like Mercantile Marine Department under Ministry of shipping, Ministry of Agriculture, FSI, Central Institute of Fisheries Nautical & Engineering Training etc. The committee of experts in their wisdom had decided the reserve price of the vessel MFV Sugandhi based on the condition of the vessel market condition and keeping in the mind the selling price of the other similar vessel Matsya Vishwa. The technical Committee of experts had knowledge of difference of GRT of both the vessel, as GRT has least effect on the selling price of a condemned / decommissioned vessel. The intension of the committee of interdepartmental experts was to get the maximum possible revenue for the Government by selling the vessel at maximum cost. As such FSI had only limited role in deciding the reserve price of the vessel. It may not be prudent to raise question about wisdom and expertise of the interdepartmental expert committee, which was constituted with the approval by the Ministry.

It is further stated that there was no intentional delay by FSI. The delay occurred as the cumbersome procedure had to be followed. It involves constitution of inter department expert committee, meeting of the committee, approval of the competent authority regarding reserve price at Ministry level, publication of advertisement in the media through DAVP, conduct of tender and retender again, repeating the process every time till the disposal of the vessels. The subject matter was continuously pursued by FSI Headquarters at all levels. In spite of sincere and dedicated efforts by FSI some delay occurred due to procedure to be followed every time and it was not possible to bypass the procedure, rules and regulation to speed up the process.

Further, FSI had to incur the Minimum expenditure to maintain the vessel in reasonable condition. The above expenditure was bare minimum on the salary /wages of the limited crew for the watch and ward duty and safety of the vessel. If the above vessel was not maintained properly by incurring above stated expenditure, there was strong possibility that the vessel might have sunk and or drifted to the nearby sea channel which would have become a major navigational Hazard for the Merchant and Indian Naval ship plying in that area and FSI might have to incur around 50 times more expenditure to salvage the vessel from the channel.

Some other similar points raised by the Audit are commented as below:

- (i) It is reiterated that the vessel MVF Sugandhi was a floating object berthed and secured in MED jetty. The MED jetty is opposite to the Indian Naval and coast guard ship jetty. Since the vessel Sugandhi was a floating object it could not be abandoned like a land motor vehicle. The vessel had to be maintained up to the bare minimum standard to avoid sinking of vessel and drifting to navigational channel and becoming a major navigational hazard for the movement of merchant ships and Indian naval/ coast guard ships in area. It was a mandatory expenditure.
- (ii) Since the committee of technical experts from various fields did not consider gross weight of the vessel while deciding the reserve price, it is clear that the gross weight is not only the factor while selling a condemned floating vessel. The committee had kept in mind the price fetched by our already sold fishing vessel Matsya Vishwa while deciding reserve price of Matsya Sugandhi, in order to get maximum revenue for the government.
- (iii) It is not correct that the reserve price was revealed to the bidders any time. During the first tender (10.08.2011) the highest bids offer was of Rs.23,28,000/-. Since the highest offered bid was below the RP same was rejected and attempts were made to sell the vessel with open auction method with starting cost of Rs. 70 lac. It was learnt from the report submitted by the ZD, FSI, Kochi that, the tenderers present started making nuisance by citing the difference between GRT of Matsya Vishwa and Matsya Sugandhi. Hypothetically if the objection raised by the tenderers is considered correct, the highest bid amount should have been around Rs. 53 lac in place of Rs. 23.28 lac. The vessel Matsya Vishwa with GRT of 327.87 tons was sold for Rs.70 lac and therefore vessel Matsya Sugandhi with GRT of 248.4 tones should be sold for Rs. 53 lac, however the highest bid during first tender was of Rs.23.28/- lac only. It clearly indicates cartelization and greed of the tenderers. **However the matter was taken up with the ministry with a request to reconsider the RP and according ministry had constructed a new committee and RP.**
- (iv) The objection raised against delay in disposal of decommissioned vessel by CAG audit was examined seriously and sincere attempts were made to expedite the issue with the Ministry and other relevant authorities. It is reiterated that there was no intentional delay. The time taken to dispose of the vessel was due to the procedure and approval of the competent authority had to be obtained. It was not possible to bypass the procedure and approval part of the competent authority.

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- (v) The vessel is a floating object and floats at sea water. Due to sea water and salty environment the vessel steel plates and structure might got corroded causing the reduction in the cost. The technical committees of experts constituted by the Ministry examined all these issues and felt the need of revising the reserve price as the vessel could not be disposed of at initial fixed R.P. The reserve price was revised two times more for the same reasons and approval of the Ministry was obtained every time for the new reserve price.

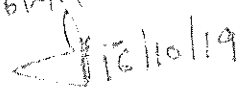
As per the delay part concern it is reiterated that there was no intentional delay. **Delay** occurred due following the correct procedures, assembling the members of technical committee from different departments for the meeting and getting approval of the competent authority etc.

It is felt that the audit should appreciate sincere and dedicated efforts put up by FSI in disposing off the vessel without causing any damage to the sea environment in the arca and keeping the vessel in afloat condition at jetty till disposal of the vessel and avoided sinking/driftng of the vessel to the channel which would have caused serious navigational hazard in the sea route. Birthing place of the vessel was very near to the main channel where large vessels are moving to the Cochin Shipyard and opposite to Navy Jetty.

In view of above explanation it is felt that there was no failure in part of FSI as these institute had followed the correct procedure and maintained the vessel in afloat condition by incurring bare minimum expenditure.


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