

CHAPTER-V STORES AND STOCK

MUNICIPAL ADMINISTRATION DEPARTMENT/PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT/PUBLIC WORKS DEPARTMENT

5.1 Extra avoidable expenditure on procurement of Ductile Iron Spun Pipes

The procurement of Ductile Iron (DI) pipes of different diametres worth Rs.2.79 crore by the MD, Assam Urban Water Supply and Sewerage Board during January and May 1997 at rates higher than the rates of DGS&D resulted in extra avoidable expenditure of Rs.1.18 crore.

Test-check (April 2002) of records of the Executive Engineer, Guwahati Division of Assam Urban Water Supply and Sewerage Board (AUWSSB) revealed that the Managing Director (MD) at his own volition and without observing codal formalities procured 6,310.90 metres of Ductile Iron (DI) Spun Pipes of different diametres between January and May 1997 at a cost of Rs.2.79 crore from selected local suppliers against supply orders placed between 30 August 1996 and 8 January 1997. The pipes were to be delivered at the store yard of the Board at Guwahati. The basis of fixation of rates allowed to suppliers could not be made available to audit. The railway freight to the suppliers was allowed from Kharda in Kolkata to New Guwahati Railway Stock Yard.

Scrutiny further revealed that while fixing the rates, MD, AUWSSB failed to observe the prevailing Rate Contract of Director General of Supply and Disposals (DGS&D) valid during the period from 11 January 1996 to 10 January 1997.

Had the DI pipes been procured directly from DGS&D, the Board could have saved Rs.1.18 crore as detailed in **Appendix-XXII**. Thus, by injudicious procurement of DI pipes from local suppliers at rates higher than the DGS&D rate, the Board incurred an extra expenditure of Rs.1.18 crore, which could have been avoided. The department had not investigated the matter for fixing responsibility till May 2003.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

5.2 Idle stock and extra expenditure on procurement of hosepipes

Injudicious and arbitrary purchase of hosepipes in haste, without any requirement and also at rates higher than the manufacturer's rate by the Managing Director, Assam Urban Water Supply and Sewerage Board led to expenditure of Rs.47.54 lakh and extra expenditure of Rs.23.78 lakh.

Managing Director, Assam Urban Water Supply and Sewerage Board (MD, AUWS&SB) invited quotations (July 1997) (NIQ) from reputed manufacturers or their authorised dealers/distributors for supply of double armoured flexible hosepipes, 22 kg pressure, heavy-duty sand and gravel hose of 250 mm and 300 mm dia. MD had not assessed the requirement of hosepipes and purpose of their procurement was not on record. Of the four local tenderers none of whom were either manufacturers or authorised dealers/distributors. The rate of Rs.20,210 and Rs.24,440 per metre for 250 mm dia and 300 mm dia hosepipes respectively offered by one lowest tenderer was not accepted for which reasons were neither on record nor clarified.

Test-check (May 2002) of the records of MD, AUWS&SB revealed that in reply to the enquiry (August 1997 and October 1997) by MD the rates of hosepipe of required specification were furnished (October 1997) by a Delhi based manufacturer (ISI standard) at Rs.8,111 and Rs.11,207⁸¹ per metre of 250 mm dia and 300 mm dia respectively, F.O.R Noida. But before considering the manufacturer's rate the MD placed (August 1997) orders on two of the four tenderers for supply each of 250 mm dia (six Nos. of 4.5 metre length each) at Rs.17,116 per metre without any basis of acceptance of rate and 300 mm dia (23 Nos. of 4.5 metre length each) at Rs.20,347 per metre as per rate analysed by an Assistant Executive Engineer of the Board without any date of analysis and supporting documents thereof. Thus, the rate of hosepipes accepted by the MD was higher by Rs.9005 (Rs.17,116-Rs.8,111) and Rs.9,140 (Rs.20,347-Rs.11,207) per metre over the Delhi based manufacturer's rate for 250 mm dia and 300 mm dia respectively.

MD received (September 1997) 54 metre (12 pcs) of 250mm dia and 207 metre (46 Pcs) 300mm dia hosepipes from two suppliers and against the total expenditure of Rs.51.30 lakh, paid (September 1997) Rs. 39 lakh excluding Assam General Sales Tax (AGST) Rs.4.10 lakh⁸². Reason for non-payment of the balance amount of

	250 mm dia of 4.5 metre length (Rate in Rs.)	300 mm dia of 4.5 metre length (Rate in Rs.)
Basic price	27,500	38,000
Add, 18 per cent		
Excise duty	4,950	6,840
	32,450	44,840
Add, 4 per cent		
CST,	1,298	1,793
	33,748	46,633
Add, 10 per cent		
Transportation		
Charge on	2,750	3,800
Basic price	36,498	50,433
Cost/Metre	8,111	11,207
	(Rs.36,498/4.5)	(Rs.50,433/4.5)

⁸² Treasury Challan for deposit of Rs.4.10 lakh to Government Account could not be shown to audit.

Rs.8.20 lakh to suppliers was not on record. Scrutiny of stock account revealed that between January and March 1998 MD had issued 18.50 metre, 300mm dia hosepipes valued Rs.3.76 lakh to the Chief Engineer (CE) water works, Guwahati Municipal Corporation. Indents, delivery challan etc., for issue of hosepipes could not be shown to audit nor there was any record to indicate realisation of Rs.3.76 lakh from the C.E.

Against the enquiry (October 1997) by MD about requirement of hosepipes from EEs of three divisions (Guwahati, Jorhat and Dhubri) the EEs Jorhat and Dhubri informed (October 1997) the MD that the hosepipes were not required by them. Reply from EE Guwahati division was not on record. Also, the MD had not utilised the hosepipes for works in any other division. Thus, 54 metre hosepipes of 250mm dia and 188.50 metre out of 207 metre of 300mm dia hosepipes worth Rs.47.54 lakh (Rs.51.30 lakh–Rs.3.76 lakh) remained unutilised for over five years without any physical verification of stock.

Injudicious purchase of hosepipes by MD in haste and on his own volition without any requirement resulted in idle outlay of Rs.47.54 lakh out of Rs.51.30 lakh since September 1997 besides extra expenditure of Rs.23.78⁸³ lakh on their procurement at rates higher than the rate of the manufacturer.

The matter was reported to the Government in April 2003; their reply had not been received (September 2003).

5.3 Irregular distribution and non-distribution of toolkits procured unauthorisedly

In the absence of approved list of TRYSEM trained beneficiaries, acknowledgement/accountal of receipt and distribution and non-realisation of beneficiaries share of cost, expenditure of Rs.21 lakh on procurement of 1,050 sets of tool kits by the Project Director, District Rural Development Agency, Nalbari in violation of provision of SGSY scheme could not be vouchsafed in audit.

With the introduction of Swarnajayanti Gram Swarozgar Yojana (SGSY) from 1-4-1999, the earlier programmes IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS were abolished. The unspent balances as on 1-4-1999 of those programmes were to be pooled under the SGSY and utilized as per new guidelines. The Project Director, District Rural Development Agency (PD, DRDA), Nalbari in violation of

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Specification of Hosepipe	Qty. (In metre)	Difference in rate (In rupees)	Extra expenditure (Rs. in lakh)
250 mm	54	9005	4.86
300 mm	207	9140	18.92
Total			23.78

above provision procured 1,050 sets of toolkits of different trades viz., Cycle repairing, Scooter repairing, Carpentry etc., from three local suppliers under the scheme SITRA at Rs.2,000 per set during 1999-2000 at a total cost of Rs.21 lakh. The irregularities noticed in audit were as follows:

(a) Although the Project Director had stated (November 2002) that out of 1,050 sets, 190 sets valuing Rs.3.80 lakh were issued to blocks for distribution among the beneficiaries, name of the blocks and the block-wise approved list of beneficiaries were not on record. Neither the acknowledgement of receipt of the kits nor their account in stock by the blocks could be shown to audit.

(b) 160 sets valuing Rs.3.20 lakh were stated to have been distributed to beneficiaries directly by the Agency, but acknowledgement for receipt of the kits by the beneficiaries could not be produced to audit.

(c) 700 sets valuing Rs.14 lakh had not been distributed to the beneficiaries till the date of audit (December 2002). Reason for non- distribution could not be explained to audit.

(d) According to norms of SITRA toolkits were to be issued among the trained TRYSEM beneficiaries, but records regarding the number of beneficiaries trained under TRYSEM and selected for distribution of toolkits could not be made available to audit.

(e) Ten *per cent* of the cost of tool kits was to be realised from each of the beneficiaries to whom the kits were distributed, but the Project Director stated (November 2002) that the beneficiaries' share was not realised for reasons neither on record nor stated.

Thus, audit could not provide any assurance about actual procurement of 1,050 sets of tool kits worth Rs.21 lakh for distribution to beneficiaries. Also the Project Director had spent Rs.21 lakh in gross violation of the provision of the scheme in force.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

5.4 Non-accountal of material by Block Development Officers under DRDA, Bongaigaon

Construction material worth Rs. 21.91 lakh were not accounted for in the books of Block Development Offices.

Project Director, District Rural Development Agency (DRDA) Bongaigaon issued construction material from time to time to the Block Development Officers (BDOs) for utilisation in the works taken up under various rural development schemes.

Scrutiny (March-April 2002) of records of the Project Director, and five Block Development Offices⁸⁴ revealed that construction material viz., GCI sheet, cement, MS rod, tarpaulin etc., worth Rs.21.91 lakh issued by the Project Director during 1998-99 and 1999-2000 to these blocks were not accounted for in the books of the respective blocks even as of March 2002. Also, the records in support of utilisation of materials for any work could not be shown to audit. Further, the Agency/blocks had not conducted physical verification of stock as required under rules.

The Project Director stated (April 2002) that in pursuance of audit observations the matter would be taken up for investigation and reconciliation. Further progress was awaited (March 2003).

The matter was reported to Government in April 2003, their reply had not been received (September 2003).

5.5 Fictitious stock issue/stock verification of bitumen

In Diphu Road Division against physical stock balance of 2,600 drums bitumen, 4,343 drums of bitumen were issued during April 1998 to March 2000. Executive Engineer/Assistant Executive Engineer of the division verified the stock ignoring the validity of Bin Card entries for issue of 4,343 drums and recorded shortage of 3,567 drums bitumen as on March 2000, which led to fictitious issue/faulty stock verification of 5,310 drums bitumen worth Rs.69 lakh.

Mention was made in Para 5.1.7 (d) (ii) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 regarding shortage of 910.800 MT (5,520 drums) of bitumen worth Rs.52.88 lakh in stock during physical verification by the Sub-divisional officer (SDO) Diphu 'B' sub division under Executive Engineer (EE) PWD, Diphu Road division in March 1998. The division stated (November 1999) that matter was under thorough investigation. The department did not conduct any investigation as of December 2002 to fix responsibility in the matter and recover the loss.

Test-check (December 2002) of records of the Executive Engineer (EE), PWD, Diphu Road division revealed that the sub division 'B' further issued (April 1998 to March 2000) 4,343 drums bitumen against 85 indents entered in five Bin Cards

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Name of the Block	Value of unaccounted material (Rs. in lakh)
Dangtol Development Block	3.20
Borobazar Development Block	3.42
Srijangram Development Block	6.94
Tapatary Development Block	4.22
Sidli Chirang Development Block	4.13
Total	21.91

(Nos.3,247–3,251) and thereafter shortage of 3,567 drums bitumen was recorded in Bin Card No.3,251 by the Assistant Executive Engineer (AEE) on 29 March 2000. The bitumen was issued showing the balance of 8,020 drums carried forward from March 1998 to April 1998 when only 2,500 drums (8,020 drums-5,520 drums) bitumen were physically available. The sub-division received (February 2000) 100 drums bitumen on transfer from Hamren PWD division raising the physical balance of bitumen actually available for utilisation to 2,600 drums till March 2000.

The EE stated (August 2001, October 2002 and December 2002) that besides physical verification done by AEE in March 2000 joint physical verification of the stock of bitumen was conducted by EE and AEE in March 2001 and report of shortage of 3,567 drums bitumen was sent to the Chief Engineer (CE) PWD in April 2001. Further reply from CE was awaited (December 2002). Physical verification by EE and AEE indicating shortage of 3,567 drums bitumen was faulty as they ignored and failed to verify the entries in Bin Cards containing fictitious stock issue of 4,343 drums bitumen against actual physical balance of 2,600 drums during April 1998 to March 2000 which led to faulty and fictitious store management of 5,310 drums bitumen worth Rs.69 lakh⁸⁵.

The matter was reported to Government in June 2003; their reply had not been received (September 2003).

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Bitumen issued from stock	4343 drums
Add, shortage of bitumen verified by EE and AEE	<u>3567 drums</u>
	7910 drums
Less, Stock of bitumen physically available	<u>2600 drums</u>
Fictitious issue/Stock verification	5310 drums
	=876.15MTxRs.7875 per MT=Rs 69 lakh