

CHAPTER – V - STORES AND STOCK SECTION – B – PARAGRAPHS

PUBLIC WORKS DEPARTMENT

5.1 Irregular procurement of bitumen from private parties

Procurement of bitumen from private parties, resulted in loss of Rs.9.58 lakh.

Store Division Aizawl is the Central Store holding Division of the Public Works Department of the State catering to the needs of the working Division and accordingly procured bitumen by placing indents directly with the manufacturers of the product viz., Indian Oil Corporation Ltd./Hindusthan Petrol Corporation Ltd. Bitumen being the petroleum product is, thus, not available at a company's price in open market other than the manufacturers of the product.

Scrutiny (November 1999 and January- February 2000) of vouchers in Central audit and Local audit revealed that between October 1998 and September 1999, 4 Public Works Divisions resorted to local purchase of bitumen in piecemeal manner against different road works from 58 local suppliers through 194 indents at the rate of Rs.12339.38 per tonne for 80/100 grade and Rs.13265.50 per tonne for 60/70 grade. The details of such purchases have been shown in **Appendix - XXV**. The reasons for which the divisions resorted to such procurement of bitumen from unauthorised sources through indents without verifying the source of receipt of the petroleum product by the suppliers and their quality could not be explained to audit. The Divisions also could not produce any record in support of placing any demand to the PWD Store Division, Aizawl.

It was, however, noticed (November 1999) that, during the period from October 1998 and September 1999, the cost of bitumen at manufacturer's price inclusive of all taxes and carriage charges up to Aizawl for 80/100 grade and 60/70 grade, was Rs.11,478.40 per tonne and Rs.12,527.40 per tonne respectively while the Divisions procured 1099.967 tonne of bitumen from unauthorised sources at the rate of Rs.12,339.38 per tonne for 80/100 grade and Rs.13,265.50 per tonne for 60/70 grade. Thus, owing to such irregular purchases from local suppliers, the Divisions had incurred an extra expenditure of Rs.10.78 lakh (**Appendix - XXV**).

Government stated (July - August 2000) that local purchase was resorted due to non-availability of stock in the Central Store Division and there was no loss or profit to the Government as the procurement had been made as per issue

rate of Store Division. The fact, however, remains that the procurement was made at a price higher than the manufacturer's price. Due to non-availability of stock for a full year deprived the Government of a revenue of Rs.9.58 lakh as 7.50 *per cent* storage charges added to the issue rate of Store Division would have been credited to Government Account whereas in this case the said 7.50 *per cent* had been paid to the supplier. Thus, even by procuring at the issue rate of the division, there was a loss of Rs.9.58 lakh to the Government.