

CHAPTER-V STORE AND STOCK

BUILDING AND HOUSING DEPARTMENT

5.1 Non recovery of storage charges

Non recovery of storage charges resulted in undue benefit of Rs.9.50 lakh to the contractors.

5.1.1 Estimates for civil works are prepared on the basis of Schedule of Rates (SOR) approved by the Government of Sikkim. The rate for each item of work included in the SOR is built up of various components, one of which is storage charge in respect of departmentally issued materials like cement, steel etc. This is fixed as 5 per cent of the issue price of the concerned material and forms a part of the estimate irrespective of whether the material is issued from the departmental stores or procured on his own by the contractor. As such, this amount is to be deducted from the bills of the contractor. However, the Department had not been recovering storage charges in cases of self-procurement of stock materials thereby giving undue benefit to the contractors. A test check of 10 such cases for which payments were made during March 1999 to August 2000 revealed that an amount of Rs.9.50 lakh had not been recovered on this account.

5.1.2 The Departmental reply (May 2001) that continuing these deductions from the contractor's bill may attract legal implication as a specific clause for the deductions had not been provided in the contract agreement was not tenable as the Department should have considered this aspect and incorporated an appropriate clause in the agreement to safeguard Government interest.

RURAL DEVELOPMENT DEPARTMENT

5.2 Avoidable expenditure

The Department spent an extra Rs. 8.78 lakh on purchase of sockets even though the pipes bought by it also came with sockets at one end.

5.2.1 The Rural Development Department procures GI pipes of various sizes for use in the water supply schemes in the State. As per terms and conditions of supply and the certificate of guarantee issued by the supplier, all pipes come

with a socket provided at one end and hence there is no need for purchase of additional sockets.

5.2.2 While the sockets provided with the pipes purchased by it were never taken on stock, the Department bought additional sockets of all sizes at a cost of Rs.8.78 lakh between January 2000 and March 2001. This amount would rise if purchases made prior to January 2000 were also reckoned.

5.2.3 The Departmental reply (August 2001) that sockets were used at bends, distribution networks, hydrants, storage tanks etc. and to cater to the repair works did not address the issue of system deficiency in the store management of these items. While the Department had not kept any account of the sockets received with the pipes, it had also procured other fittings like unions, tees, elbows, bends, etc. worth Rs. 46.45 lakh (January 2000 to March 2001) for meeting the requirement of cuts, bends, distribution, etc. Given this scenario, since the Department had no scientific basis for assessing its requirement of sockets, the purchase of additional sockets for Rs.8.78 lakh could not be vouchsafed in audit.