

CHAPTER V: STORES AND STOCK

SECTION - A

HOME (POLICE) DEPARTMENT

5.1 Materials management in Home (Police) Department

Materials management in the Home (Police) Department was found to have been deficient in many ways. Procurement made without assessing the demands from the field units resulted in issue of materials in excess of requirement just to avoid damage in long storage, as well as idling of stock. Delay in the annual procurement process resulted in purchase at the end of the year or postponement of purchase till the next year.

Highlights

Due to non-acceptance of the lowest rate received by inviting tenders, the department incurred extra expenditure of Rs.19.80 lakh in procurement of woollen blankets.

(Paragraph 5.1.8)

The department incurred an extra liability of Rs.1.66 crore by accepting higher rates for bullet proofing of vehicles and rejecting option for getting the same work done at lower rates.

(Paragraph 5.1.9)

Chassis for four buses worth Rs.17.40 lakh remained idle for more than four years due to failure of the Commandant, 6th battalion of TSR, to take appropriate steps for fabrication of the buses. Loss of interest due to the blocking of funds worked out to Rs. 7.17 lakh.

(Paragraph 5.1.10)

Bullet proofing materials for fabrication of vehicles purchased in 1999-2000 and steel cots in 1995-96, valued at Rs. 15.75 lakh, could not be utilised, as of May 2003. Loss of interest on the funds thus blocked worked out to Rs. 7.13 lakh.

Paragraph 5.1.12)

Bullet proof vehicles worth Rs.63.14 lakh, sanctioned by the Ministry as special Central assistance in kind to the North Eastern States, received without taking any bullet resistance test at the factory could not be utilised for the desired purpose as the vehicles subsequently proved not to have been bullet-resistant.

(Paragraph 5.1.13)

Introduction

5.1.1 The Home (Police) Department procures items like arms and ammunitions, cloth for uniforms, kit articles, wireless equipment, vehicles, POL, and equipment for State forensic science laboratory. The department has no purchase manual of its own and is reported to have been following the

instructions contained in the General Financial Rules, the Delegation of Financial Power Rules, and instructions issued by the Government from time to time in this connection.

Organisational set up

5.1.2 The department is headed by the Director General of Police who is assisted by an Inspector General of Police (Administration), Deputy Inspector General of Police (Headquarters) and Assistant Inspector General of Police (Headquarters) in formulating policies for acquisition, distribution and proper accounting of materials. While most of the major items such as arms and ammunitions, vehicles, kits and uniforms, bullet proof materials, POL, tyres and tubes, diets and medicines are procured centrally and stocks are maintained by the central store at Agartala, under the SP (Procurement), POL and tyres and tubes were also found to have been procured by the Commandant, 1st battalion of TSR and also by district level officers. In addition, diets and medicines are also procured by each of the eight battalions of the TSR. Items like communication equipment and forensic materials are procured by the SP (Communication), and the SP (CID)/Director (Forensic Science Laboratory) only.

Audit coverage

5.1.3 Purchase, custody and issue of stores goods^σ during 1998-99 to 2002-03 were reviewed in audit during February – May 2003 by test-check of records maintained in the Police HQ, the SP (Procurement), the SP (Communication) at Agartala, the Director of Tripura State Forensic Science Laboratory, and the Principal, Police Training College at Narsingarh; four Superintendents of Police at the district level[@] and six battalions of Tripura State Rifles[#](TSR) (out of eight). The expenditure covered in audit was Rs. 127 crore representing 90 per cent of the total expenditure (Rs. 141.45 crore) incurred by the department during the period of review. The important points noticed are discussed in the succeeding paragraphs.

Budget provision and expenditure

5.1.4 The following table shows year-wise budget provision and expenditure incurred against stores goods during 1998-99 to 2002-03:

(Rupees in crore)

Year	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Total
Budget provision	16.96	23.35	17.46	16.99	12.70	87.46
Expenditure	15.45	19.98	14.06	15.35	13.57	78.41
Excess(+) Savings(-)	(-) 1.51	(-) 3.37	(-) 3.40	(-) 1.64	(+) 0.87	(-) 9.05

Source: Statement furnished by the department to Audit.

^σ Which consist mainly of :

(1)Machinery and equipment including communication equipment; (2) vehicles; (3) POL; (4) arms and ammunitions; (5) kits and uniforms and (6) diets and medicines.

[@] Agartala, Udaipur, Dhalai and Kailashahar.

[#] Gakulnagar, Radhakishore Nagar, Jirania, Chakmaghat, Saidabari and Kachucherra.

From the above, it would be seen that there were substantial savings almost all along, indicating weakness in preparation of procurement budget.

Other sources of funds for procurement of materials

5.1.5 The Department also incurred expenditure on procurement of materials out of the funds received under the Centrally sponsored scheme of Modernisation of Police Force (50:50), Scheme for Reimbursement of Security Related Expenditure (SRE) for the North Eastern States (for POL, vehicles, arms and ammunitions and other equipment), and grants recommended by 11th Finance Commission (for arms and ammunitions and equipment). Besides, grants-in-aid were also received in the form of materials, sanctioned by the Ministry of Home Affairs under Special Central Assistance to the North Eastern States.

The following table shows the additional expenditure incurred by the department on stores goods out of the funds provided under each of the above schemes:

(Rupees in crore)

Year	Modernisation of Police Force	SRE	11 th Finance Commission	SCA	Total
1998-99	3.84	3.12	-	1.32	8.28
1999-2000	0.29	2.29	-	8.55	11.13
2000-01	1.51	0.41	-	14.92	16.84
2001-02	3.92	0.63	0.50	12.21	17.26
2002-03	6.60	3.46	0.84	-	10.89
Total :	16.16	9.91	1.34	37.00	64.40

Source: Statement furnished by the department to Audit.

Assessment of requirement

5.1.6 For procurement of goods centrally, the annual requirement was to be assessed by HQ on the basis of annual demands placed by various field units, based on the consumption of previous year. But it was seen that the SP (Procurement) assessed the requirement of materials for the years 1999-2000 to 2001-02 without taking into account the actual demands of the field units.

Purchase of stores

5.1.7 Procurement of stores well in time for purposeful utilisation is one of the main principles of effective stores management. Scrutiny, however, revealed that the process of inviting tenders and finalisation of rates after getting approval of the departmental committees, continued from June/July to February/March of the relevant years. As a result, either the materials which were purchased at the end of a year were not utilised or procurement of materials for a particular year had to be postponed till next financial year even when there were savings during 1998-99 to 2000-01 as shown below:

(Rupees in crore)

Years	1998-99	1999-2000	2000-01
Savings	1.51	3.37	3.40
Expenditure on procurement of materials postponed till next financial year.	3.04	2.90	2.65

Thus, due to lack of proper planning in procurement of stores, the department failed to utilise the funds provided in the budget to meet the actual demand of units for essential materials (kits and uniforms, communication equipment, POL, and spare parts for repairing of vehicles).

Extra expenditure of Rs.19.80 lakh on procurement of woollen blankets

5.1.8 During 1999-2000, a tender was floated to procure woollen blankets along with other stores articles. The Sample Scrutinising Committee (SSC), on examination of samples and rates of woollen blankets, recommended (March 2000) the sample of M/s Jiwanmall Parashmall, Agartala, which quoted the rate of Rs.315 per piece. The Supply Advisory Board (SAB), in its meeting held in May 2000, accepted all the recommended items of the SSC except woollen blankets without recording any reasons for it. As a result, the department could not purchase blankets during 1999-2000 and 2000-01. During 2001-02, the SP (Procurement) collected the sample and rate from Tripura Khadi and Village Industries Board (TKVIB) and procured 15,228 blankets @ Rs.445 each after getting acceptance of the SAB. But, before effecting the purchase, the current competitive market rate for 2001-02 was not obtained by the department. During 2002-03, the SP (Procurement) requested the TKVIB to intimate as to whether it could supply the blankets @ Rs.351 each as offered by some local firms. The TKVIB agreed and supplied 1000 blankets during 2002-03 @ Rs.351 each (which was less than the rate charged by the TKVIB during 2001-02 for supply of 15,228 blankets).

Thus, the department had to incur an extra expenditure of Rs. 19.80 lakh (Rs.445 – Rs. 315 = Rs. 130 X 15,228 blankets) in 2001-02 due to purchase of woollen blankets at a rate higher than the rate quoted by M/S Jiwanmall Parashmall as recommended by the SSC in 1999-2000 and also ignoring the current market rate for 2001-02.

Extra liability of Rs.1.66 crore

5.1.9 A proposal was initiated by the State Government and sent to the Home Ministry of the Government of India in August 2002 for procurement of bullet proofing materials (BPM) for driver's cabin in the vehicle and *morcha*[#]. The Government of India agreed to the proposal and advised (September 2002 and March 2003) the State Government to procure the materials after observing all the codal formalities. The department invited tenders (November 2002) for each of the items separately and the intending suppliers furnished their samples and the rates of the required items.

[#] An accessory used in bullet proofing.

Samples of the following three firms for bullet proofing materials (BPMs), and of one firm* for *morcha*, passed the test. The rates quoted by them for supply of BPMs (including their fabrication) as well as supply of *morcha* were as follows:

(Rupees in lakh)

Category of vehicle	Rates for BPM quoted by		
	Star Wire Ltd., New Delhi	Perfect Mechanical Industries, Faridabad	Punjab Ex-Servicemen Corporation, Chandigarh
BPM for one tonner vehicles	3.08	3.05	1.65
BPM for Commander jeep	2.70	1.99	1.25
BPM for Maruti gypsy	1.78	1.76	1.20
Supply of <i>morcha</i>	0.30	-	-

Punjab Ex-Servicemen Corporation, quoted the lowest rate for BPM but the SSC rejected the bid of the firm in respect of BPM on the plea that the *morcha* of the firm was found to be unsuccessful in test. The Committee thus recommended the sample and rate of the bidder quoting the second lowest rate, i.e. Perfect Mechanical Industries, which was ultimately accepted by the SAB. The supply of BPMs and fabrication of 180 departmental vehicles with the BPMs was awarded (January 2003) to Perfect Mechanical Industries, which was allowed to collect and supply *morcha* from Star Wire Ltd, at the accepted rate.

Had the work been awarded to the lowest bidder, i.e. Punjab Ex-servicemen Corporation, allowing it to collect *morcha* from Star Wire Ltd. at the accepted rate, as was allowed in case of the bidder quoting the second lowest rate, the department could have saved Rs.1.66 crore as shown below:

(Rupees in lakh)

Particulars of vehicles	Rates for BPM quoted by		Excess expenditure involved per vehicle (difference between col. 2 and col. 3)	No. of vehicles	Total extra expenditure
	Perfect Mechanical Industries	Punjab Ex-Servicemen Corporation			
(1)	(2)	(3)	(4)	(5)	(6)
One tonner vehicle	3.05	1.65	1.40	60	84.00
Commander jeep	1.99	1.25	0.74	80	59.20
Maruti gypsy	1.76	1.20	0.56	40	22.40
Total					165.60

* Star Wire Ltd.

The department stated (May 2003) that as the *morcha* of Punjab Ex-Servicemen Corporation failed in the test, the rates for BPM of the firm were not considered by the SSC. The reply of the department is not tenable as the firm which was awarded the job did not compete at all for *morcha* and was allowed to collect it from another firm (Star Wire). The department could have taken a similar step to get the work done by Punjab Ex-Servicemen Corporation.

Idle investment of Rs.17.40 lakh

5.1.10 Chassis for four buses were procured by the PHQ in December 1998 @ Rs.4.35 lakh each and were issued to the Commandant, 6th battalion of TSR, in May 1999. In March 2000, the Commandant decided to get fabrication work done by Ramco Works, a Kolkata based firm, on the terms and conditions of agreement made earlier (July 1999) by the 4th battalion of TSR. An agreement was executed with the firm in the line of the agreement made earlier with the 4th battalion of TSR, but it was not signed by the Commandant. Four separate work orders were issued to the firm in March 2000 for fabrication of the buses at a cost of Rs. 3.25 lakh for each bus. The receipt of the chassis of buses, by the contractor, was recorded on the work order but actually the chassis were not physically handed over to the contractor, as of February 2002. It was also noticed that, as per provision of the agreement (which was likely to be signed by both the parties), the contractor had to make security deposit of Rs. 0.90 lakh and was also to execute an indemnity bond for the full value of the chassis but the contractor did not make the deposit, neither did he execute the bond. The department also did not take any effective steps to get the fabrication done till June 2002. In July 2002, the work of fabrication was awarded to Deluxe Engineering, Agartala, at the rate of Rs.3.50 lakh each (the lowest one obtained by calling tenders). The work is yet to be completed (May 2003).

In reply to the audit query, the Commandant stated (May 2003) that chassis of the buses were not handed over to the firm initially as per instructions (October 2001) of the DGP. The reply was contradictory because it was recorded on the work order that the chassis were received by the firm on 30 March 2000.

Thus, due to faulty and incomplete agreement⁺ executed with the earlier firm, the department could neither take appropriate steps against the firm nor could the fabrication work of the buses be done at the accepted rate in time. The buses worth Rs. 17.40 lakh remained unutilised even after a lapse of 54 months, as of May 2003, thereby blocking the funds of Rs. 17.40 lakh for more than four years from the date of their purchase risking substantial deterioration of the condition of the four unused chassis apart from loss of interest working out to Rs. 7.17 lakh[?] on the funds blocked for four years. Besides, the liability of an extra expenditure of Rs. 1.01 lakh was also incurred

⁺ As no valid agreement was made with the earlier firm, no penalty for non-fabrication of the buses could be imposed.

[?] Calculated at the rate of interest applicable on the Government borrowings.

by the department for not being able to get the work done at lower rate from the earlier firm (Ranco Works).

Distribution of stores

Excess issue of materials resulting in wasteful expenditure of Rs.9.74 lakh

5.1.11 As per the prescribed scale, two blankets are to be issued to each member of the TSR in every five years and one additional blanket can be issued by the Commandant depending on the place of posting of the entitled persons. Similarly, as per prescribed scale, one person is to be issued one mosquito net in every four years.

(i) During 1998-99 to 2002-2003, 5671 woollen blankets were received by the 1st TSR battalion, Gakulnagar, from the central store. Out of these, 5469 blankets were issued leaving a balance of 202, as of March 2003.

As per prescribed scale, 1140 entitled persons of the battalion were to be issued, at the maximum, 3420 blankets (1140 persons X 3 blankets for each). Excess issue of 2049 blankets (5469 - 3420), valued at Rs. 7.19 lakh* to the entitled persons resulted in wasteful expenditure to that extent.

(ii) Similarly, 2875 mosquito nets were received by the 1st battalion of TSR from central store during 1999-2000 to 2002-2003. Out of these, 1922 nets were issued to 1140 entitled persons during the period of four years, leaving a balance of 953 nets, as of 31 March 2003. Thus there was an excess issue of 782 nets (1922 - 1140) valued at Rs. 2.55 lakh♦.

Scrutiny of records of the battalion revealed that the issue of the excess materials to the entitled persons of the unit was done as per instructions (November 2001) of the Director General of Police, as he apprehended that insects could cause damage to the blankets and mosquito nets in storage. Thus the deficiency in inventory management leading to issue of materials in excess of requirement resulted in wasteful expenditure of Rs. 9.74 lakh.

Idle stores

Idle stock of materials

5.1.12 On receipt of expenditure sanction from the Home Department (March 1999), the Commandant, 2nd battalion of TSR, R.K. Nagar, procured bullet proofing materials for 30 vehicles worth Rs. 43.94 lakh for TSR and Tripura Police during June 1999 and March 2000 on the basis of requirement assessed for 1998-99. Out of the 30 vehicles, only 17 vehicles were fabricated, and the balance materials worth Rs. 14.55 lakh remained idle in stock, as of May 2003. Similarly, the Principal, Police Training College, Narasingarh, received 300 steel folding cots in July 1995, from the Central Store, Agartala, on requisition. Out of these, only 150 cots worth Rs. 1.20 lakh were issued for utilisation and remaining 150 cots worth Rs. 1.20 lakh were lying in stock as

* 2049 blankets @ Rs.351 per piece.

♦ 782 nets @ Rs.326 per piece.

of May 2003. The details of the materials lying in stock of these two units are as shown below:

Particulars of materials	Quantity	Rates per unit (Rupees)	Amount (Rupees in lakh)
Jacket sheet	3,894 kg	208	8.10
Bullet proof glass (24 X 176 cm)	8 Nos.	50752	4.06
B.P. glass(34 X 134 cm)	9 Nos.	16952	1.53
B.P glass(44 X 122 cm)	2 Nos.	43160	0.86
Folding cot	150 Nos.	799	1.20
Total :			15.75

Thus, the materials procured much in advance of actual requirement proved to be unnecessary. The loss of interest due to blocking of funds for four to eight years worked out to Rs.7.13 lakh^A.

Receipt of bullet proof Maruti gypsy worth Rs. 63.14 lakh without proper test

5.1.13 The Ministry of Home Affairs of the Government of India provided 15 bullet proof Maruti Gypsy Vehicles, costing Rs. 63.14 lakh as grants-in-aid in kind under Special Central Assistance to North Eastern State during 2001-02. The vehicles were sent by the Government of India to Ordnance Factory, Medak, a Central Government organisation, to get the bullet proofing done. On receipt of completion report from the factory, the Director General of Police, Tripura, collected the vehicles through his representatives between December 2002 and March 2003, and transportation cost of Rs.2.06 lakh was incurred for this. But before receipt of the vehicles from the Ordnance Factory, the bullet proofing test was not carried out by the department. To an Audit query, the DGP stated (May 2003) that since the firm was a Government of India undertaking, conducting bullet proofing test was not considered necessary. The vehicles were subsequently issued to different field units. It was noticed in audit that none of the 15 bullet proof vehicles received by these units could resist the bullet firing test undertaken on them. At the instance of Audit, the matter was taken up by the State Government with the Government of India, Ministry of Home Affairs, in May 2003, requesting it for replacement of all the 15 vehicles, with no response received so far (June 2003). Thus, due to acceptance of the vehicles by the department without conducting the bullet resistance test, 15 vehicles costing Rs. 63.14 lakh could not be utilised for the purpose for which they were procured.

^A (A) Interest on Rs. 14.55 lakh = Rs. 5.99 lakh (rate in *per cent* for 1999-2000: 12.25; 2000-01: 10.82; 2001-02: 10.35; 2002-03: 7.80); (B) Interest on Rs. 1.20 lakh = Rs. 1.14 lakh (rate in *per cent* for 1995-96: 13.85; 1996-97: 13.85; 1997-98: 13.05; 1998-99: 12.15; 1999-2000 to 2002-03: rates as above); A + B = Rs. 7.13 lakh. In each case, the rate of interest taken into account was as applicable on Government borrowings.

Idle vehicles

5.1.14 As per norms prescribed by the Finance Department, a vehicle can be proposed for condemnation if it exceeds a life span of 10 years and also cover a distance of 1.50 lakh km in case of light vehicles and three lakh km in case of heavy vehicles. But from the records of 1st and 3rd battalions of TSR, it revealed that nine light vehicles and six heavy vehicles, ♦ valued at Rs.37.80 lakh, were off the road for periods ranging from five to 80 months being in a bad state of repair, although they had not outlived their prescribed life span or covered the prescribed distance.

Physical verification of stores

5.1.15 In Police HQ, the system of annual physical verification of stores according to norms prescribed in the GFRs is not followed. A certificate is recorded indicating that ‘the stock entries are correct’, but the correctness was not supported by any physical verification.

Recommendations

- ♦ Through effective inventory control, holding stores in excess of requirement should be avoided.
- ♦ Contract management in the department, which had been found to be poor, should be strengthened to bring it on a sound footing.
- ♦ Physical verification of all the stores should be done once in every year systematically.

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

♦ Nine light vehicles (four Marutis and five one-tonners): purchased between June 1996 and October 1999; six heavy vehicles (five trucks and one bus): purchased between February 1985 and September 1990.

SECTION - B
STORES AND STOCK
PUBLIC WORKS DEPARTMENT
(WATER RESOURCES WING)

5.2 Blocking up of funds in long standing unadjusted advances

The Executive Engineer, Resource Division, Agartala did not receive materials for Rs. 23.46 lakh for which advance was made between August 1993 and March 1997 to the Steel Authority of India Limited (SAIL).

To cater to the need of the Public Health Engineering and Water Resources Wings of the Public Works Department, the Executive Engineer, Resource Division has been purchasing Electrical Resistance Welding (ERW) pipes from Steel Authority of India Limited (SAIL) through 100 *per cent* advance payment as per terms and conditions of the offer. Terms and conditions of the offer also stipulate that prices payable for the goods shall be those prevailing on the date of delivery as fixed by the SAIL and time of delivery is not essence of this contract. Handing the materials over to the Railway or other carriers shall constitute due fulfilment of the contract by the SAIL so far as deliveries are concerned.

Test-check (April 1997 and December 2002) of records of the Executive Engineer (EE), Resource Division, Agartala, revealed that the Executive Engineer had paid 100 *per cent* advance totalling Rs. 3.63 crore to the SAIL between August 1993 and March 1997 for supply of 44,000 metres of ERW pipes. Against the advance, the supplier made delivery of 41,902.16 metres valued at Rs. 3.40 crore by November 1998. The remaining quantity of 2097.84 metres of pipes was not supplied subsequently nor was the balance amount of Rs. 23.46 lakh^φ refunded by the supplier as of March 2003. The reason for non-supply of the balance quantity of pipes was not on record. The supplier, however, has been supplying ERW pipes against subsequent advances and supply orders.

Though the supplier had not supplied the balance materials after November 1998, the matter was pursued by the Executive Engineer with the SAIL only in February 2001 after a lapse of more than two years and that too on being pointed out in audit (April 1997). The matter has not been settled, resulting in locking up of funds of Rs. 23.46 lakh since March 1997 and loss of interest amounting to Rs. 19.49 lakh[<] thereon as of March 2003.

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

^φ Rs. 363.33 lakh *minus* Rs. 339.87 lakh.

[<] Calculated at the rate of 13.85 *per cent* (applicable for the funds borrowed by the Government from market) during 1996-97.