

CHAPTER V: MINISTRY OF EARTH SCIENCES

India Meteorology Department

5.1 Wasteful expenditure

Director General Meteorology procured low expansion alloy 43 PH against their requirement of precision-C (Ni-span). The alloy was found unsuitable for the intended purpose and was lying unused since May 2002 resulting in wasteful expenditure of Rs. 33.08 lakh.

On the basis of an indent placed by Deputy Director General of Meteorology (Upper Air Instruments) New Delhi, Director General Meteorological (DG) invited tenders from five firms in March 2001 for supply of 400 kg of precision-C (Ni span). Out of three quotations received, M/s. Knight Strips Metals Limited, England (firm) was the lowest tenderer and, therefore, DG placed the order on the firm for supply of 500 kg Ni-span sheets at the rate of GBP 71.9 per kg.

After the order was placed, the indenter informed DG in April 2001 that the firm on whom the order was placed was neither the manufacturer of the item nor had supplied it in the past and requested that the firm be asked to produce an authorisation certificate for supply of Precision-C alloy from the manufacturer before opening the letter of credit. DG requested the firm in April 2001 to produce the certificate, in reply to which the firm intimated in May 2001 that they could supply low expansion alloy 43 PH which was equivalent to Precision-C in cold rolled annealed condition. It further stated that the requisite certificate regarding composition of the alloy would be supplied along with the material. Instead of cancelling the purchase order, DG opened a letter of credit for GBP¹ 35950 equivalent to Rs. 25.16 lakh, in August 2001 in favour of the firm.

The firm supplied 379 kg of alloy 43 PH in May 2002 for which an amount of Rs. 18.99 lakh, being 90 per cent of the cost of material, was paid to the firm through the letter of credit. In addition, Rs. 14.09 lakh was also paid towards custom duty. The material was tested by the indenter in July 2002 who found that the material was not conforming to the specifications and therefore, rejected the supplies. DG took up the matter with the firm in September 2002 for replacement of the rejected material. The firm refused (November 2002) to

¹ Great Britain Pound

replace the material stating that it had supplied the material as per the specifications indicated in their quotation.

Thus, despite reservations expressed by the indenter and clear intimation of the firm that they could supply only low expansion alloy 43 PH, DG failed to verify whether the material offered by the firm was suitable for the user requirement, with the result that the material was lying unused since its purchase and no action could be taken against the firm.

Department stated (August 2005) that it was pursuing the matter for getting the replacement of the defective stock. It also stated that Defence Metallurgical Research Laboratory (DMRL), Hyderabad would be conducting further studies on the material to explore the feasibility of its use for the intended application. Later the Department intimated (June 2006) that DMRL had concluded that the material could not be used for intended purpose and a departmental enquiry had been started in February 2006 and the report was awaited.

The reply of the Department confirms the audit contention that the material was accepted without prior verification of its suitability for the intended purpose. Thus, DG failed to assess the suitability of technical specification of the material resulting in wasteful expenditure of Rs. 33.08 lakh.

The matter was referred to Ministry in July 2006; their reply was awaited as of December 2006.