

## CHAPTER V

### MATERIAL MANAGEMENT AND EXECUTION OF WORKS

ULBs are responsible for execution of developmental works in their respective areas substantially out of Government grants. Therefore, transparency in financial transactions as per provision of the Act as well as financial procedure, are of utmost importance.

The following deviations were noticed during the test check of 50 ULBs.

#### **5.1 Procurement of material / equipment worth Rs. 55.12 lakh without inviting tender**

In terms of Rule 158 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, open competitive tenders shall be called for from the public whenever the estimated cost of general works exceed the stipulated financial limit of Rs. 5.00 lakh (other than plumbing and electrical materials). However, Dalkhola, Islampur and Khardah municipalities procured materials and equipments worth Rs. 23.30 lakh, Rs. 17.29 lakh and Rs. 14.53 lakh respectively without inviting open tenders during January 2006 to March 2008.

#### **5.2 Avoidable expenditure on procurement**

**Non-acceptance of lowest offer resulted in avoidable expenditure of Rs.7.93 lakh on procurement of cement.**

Integrated Housing & Slum Development Programme (IHSDP) was launched in December 2005 to provide adequate shelter and basic infrastructure facilities to the slum dwellers of identified urban areas. The State Government laid down (March 2007) procedures for implementation of the scheme. It was stipulated that the materials should be procured, as far as practicable, directly from the authorized manufacturers or West Bengal Essential Commodity Supply Corporation (WBECSC) as per demand of the situation.

For execution of various schemes under the programme, Haldia Municipality invited quotations for supply of 2807 MT of cement in September 2007. Three companies submitted their rates which ranged from Rs. 3,720 to Rs. 4,000 per MT for supply of portland slag cement conforming to specification IS 455 : 1989.

The Municipality awarded (October 2007) the work to the highest bidder for supply of cement at the rate of Rs. 4,000 per MT. The Municipality did not record any reason for non-acceptance of the lowest rate of Rs. 3,720 per MT and purchased 2832.50 MT of cement valued at Rs.1.13 crore.

By declining to the lowest offer, the Municipality paid an extra amount of Rs. 280 per MT. This resulted in avoidable expenditure of Rs. 7.93 lakh on procurement of 2832.50 MT of cement.

The Municipality stated (April 2010) that the cost of cement which was higher than the other brands, gave satisfactory results in many occasions on different projects. Also, the constant pressure from the beneficiaries compelled them to

use the said cement which led to avoidable expenditure of Rs. 7.93 lakh. The Municipality further stated (October 2010) that the municipal authority was not aware of the quality of other two products, the costs of which were lower than the selected brand. The Municipal Affairs Department suggested (October 2010) to the Municipality to furnish reply concentrating upon the points of non-invitation of open tender and non-acceptance of the lowest rate.

The reply of the Municipality had not been received (February 2011).

### **5.3 Conclusion**

ULBs did not furnish justified reasons to the audit observations regarding award of work without tendering process as per provision of the West Bengal Municipal Act, 1993.

Non-acceptance of lowest offer by the Haldia Municipality resulted in avoidable expenditure of Rs.7.93 lakh on procurement of cement.

### **5.4 Recommendations**

- For transparency in financial transactions prescribed procurement procedure should be adopted in respect of all purchases.