

## CHAPTER III : MINISTRY OF COMMERCE AND INDUSTRY

### Department of Commerce

#### 3.1 Recovery at the instance of Audit

**Failure to follow up the amendment letters relevant to the Rate Contract led to overpayment of ` 1.31 crore out of which an amount of ` 1.09 crore was recovered from the suppliers at the instance of audit.**

The Directorate General of Supplies and Disposals (DGS&D) is the Central Purchase Organization of the Government of India working under the aegis of the Department of Commerce (Supply Division), Ministry of Commerce and Industry. DGS&D has been assigned the task of concluding Rate Contracts (RCs) for common user items consumed by various Central Government Departments.

The Chief Controller of Accounts (Supply) (CCA) maintains the income and expenditure accounts of DGS&D. Payment of the supplier's bills preferred against contracts concluded by the DGS&D and its Regional Offices and raising of claims against the Accounts Officers of the consignees concerned is done by CCA. The CCA has its Headquarters at New Delhi and its regional offices are located at Mumbai, Kolkata and Chennai.

DGS&D awarded three Rate Contracts to two firms for supply of indigenous spare parts for heavy earthmoving machineries as per rates mentioned in the Clause 5 of Schedule A of the Rate Contracts, as detailed below:

Name of the firm	Rate Contract and Date	Validity Period
M/s Weldon Spares Corporation, Mumbai	ST-3/RC-13189803/0110/Indig. Wilfit Spares-I/Komatsu/23/Weldon/COAB/ 379 dated 23 May 2008	23 May 2008 to 31 May 2010
M/s Evershine Traders, Mumbai	ST-3/RC-13189803/0110/Indig. Wilfit Spares-I/Komatsu/23/Evershine/COAB/380 dated 23 May 2008	23 May 2008 to 31 May 2010
	ST-3/RC-13189806/0709/Indig. Wilfit Spares-II/23/Evershine/COAB/356 dated 29 August 2007	10 August 2007 to 31 August 2009

Subsequently during March/April 2009, DGS&D issued amendments to all the three Rate Contracts reducing the rates by 4 *per cent* with effect from 8 December 2008 and by further 2 *per cent* with effect from 24 February 2009.

During the audit of the office of Deputy Controller of Accounts (Supply), Mumbai in February 2010, it was noted that payments were made to these suppliers at the original rates instead of reduced rates, resulting in over payment of ` 1.31 crore during the period from December 2008 to March 2009 as detailed below: -

Name of the firm	Rate Contract and Date	Amount of Overpayment (in `)
M/s Weldon Spares Corporation, Mumbai	ST-3/RC-13189803/0110/Indig. Wilfit Spares-I/Komatsu/23/Weldon/COAB/379 dated 23 May 2008	91,20,358
M/s Evershine Traders, Mumbai	ST-3/RC-13189803/0110/Indig. Wilfit Spares-I/Komatsu/23/Evershine/COAB/380 dated 23 May 2008	32,95,883
	ST-3/RC-13189806/0709/Indig. Wilfit Spares-II/23/Evershine/COAB/356 dated 29 August 2007	6,90,176
<b>Total :</b>		<b>1,31,06,417</b>

The above excess payments were brought to the notice of the Deputy Controller of Accounts (Supply) by Audit on 22 February 2010. The Deputy Controller of Accounts, Department of Commerce (Supply Division), Mumbai in their reply of May 2010 stated that these were not overpayments and that they had recovered an amount of ` 1,09,21,094 well before the audit report was finalized. Considering that the recoveries were effected on 25 February 2010, 2 March 2010 and 31 March 2010 after being pointed out by audit on 22 February 2010, the reply is not factually correct. The balance amount of ` 21,85,323 was yet to be recovered.

Thus, recovery of ` 1.09 crore was made at the instance of Audit and ` 21.85 lakh was yet to be recovered which may be done.

The matter was referred to the Ministry in September 2010; their reply was awaited as of March 2011.