

CHAPTER IX : MINISTRY OF MINES

Indian Bureau of Mines, Nagpur

9.1 Unfruitful expenditure due to non-utilization of Rock Drilling Rig

Under the North Eastern Region Assistance Programme announced by the Central Government to support the infrastructural development of the North Eastern states the Indian Bureau of Mines (IBM) Nagpur placed an order (February – 2006) for the supply of one rock drilling rig (big size) costing ₹ 58.16 lakh on M/s KLR Industries Ltd. Hyderabad (supplier) accepting their lowest quoted rate, to the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl, the consignee by 20 March 2006.

The Rock Drilling rig (big size) was finally inspected by Geological Survey of India, Southern Region, Hyderabad and Indian Bureau of Mines (IBM) Hyderabad at the suppliers premises on 22 May 2006 and was dispatched to the consignee and the same was stated to be received at the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl on 26 June 2006.

The supplier requested (07 June 2006), the consignee to specify the convenient date for installation and commissioning of the ‘Rig’ and IBM Nagpur intimated (19 July 2006) the Directorate of Industries, Mizoram to carry out the installation and commissioning of the Rig through the supplier and submit the report thereof to IBM Nagpur. However, Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl intimated (27 September 2006) to Indian Bureau of Mines, Nagpur that the Rig supplied was not suitable for the hilly regions due to shifting problems and that they required a truck chassis for mounting the drilling machine and that unless their proposal was taken into account and executed, commissioning of the Rig supplied and sending report/intimation to IBM seemed inappropriate. However, this aspect was not dealt with properly and the file was not put up by the Central Stores, as noted by IBM.

The matter of installation/commissioning was taken up with the supplier by IBM only on 29 February 2012 after a lapse of more than six years from the date of intimation of unsuitability of the rig and requirement of truck chassis by Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl (27 September 2006). The supplier had not responded, and the equipment supplied was lying idle at the O/o the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl till date (October 2012).

The instructions for bidders and terms and conditions of contract of submission of tender which, formed part of the tender documents specified “100 *per cent* payment within 30 days against pre- receipted bill after receipt of item in full and good condition and after their installation/commissioning and training at the site specified by the consignee”. It was however noticed that the full and final payment (₹ 58.16 lakh) was effected (17 March 2006) to the supplier on a proforma invoice against an acknowledgement (09 March 2006) from the Directorate of Industries, Geology and Mining Wing, Mizoram, Aizawl regarding receipt of the equipment, even prior to joint inspection (22 May 2006) of the equipment at the suppliers premises, issue of dispatch instruction to the supplier by IBM, Nagpur (23 May 2006) and the actual receipt of the equipment at the consignees premises (26 June 2006) violating the conditions specified in the tender.

Thus, selection of an equipment unsuitable for hilly terrain and not taking necessary action in time led to the equipment remaining idle for the last six years. The release of payment to the supplier in violation of the terms and conditions of payment further rendered the contractor unenforceable. Consequently, the expenditure on procurement (₹ 58.16 lakh) remained unfruitful and the envisaged objective of the procurement under the Assistance programme for the North Eastern States stood defeated. In reply, IBM, Nagpur (December 2012) while confirming the facts and figures stated that the case had been referred to Chief Vigilance Officer, IBM and that action would be taken based on the findings.

The matter was referred to the Ministry in January 2013; their reply was awaited as of June 2013.