

CHAPTER - V
STORES AND STOCK

PORTS AND FISHERIES DEPARTMENT

5.1 Stores and Stock Account of Gujarat Maritime Board

5.1.1 The Gujarat Maritime Board (GMB) was constituted on 5 April 1982 for management of 40 minor ports in Gujarat. The management of Stores and Stock in GMB is vested with the Superintending Engineer (Mechanical) SE, Mech) Gandhinagar. Stores are purchased by SE, Mech., SE Dredging Cell, Jamnagar, Executive Engineers (Mechanical) and Port Officers as per procedure laid down in Gujarat Public Works Department Manual. The stores and stock of GMB categorised into 13 groups were maintained at 8 ports. An audit review of the management of stores and stock at 6[▲] ports covering the period 1996-97 to 2000-01(audit period) revealed the following defects.

5.1.2 Management of stores and stock

No budget provision for purchase of stores

(i) No material budget was prepared and centralised purchase system was not evolved. Approval of delegation of powers was not obtained from the Government though required. Further, Reserve Stock Limit (RSL) required to be fixed annually at the beginning of the financial year was fixed by various ports either in the middle or end of the year without mentioning the category of the stores to be held. In the absence of proper control over stores, control on fresh purchases was inadequate which ultimately resulted in huge accumulation of stores as commented below.

Absence of centralised purchase led to accumulation and obsolescence of stores

(ii) Spares formed a major part of the stores and stock. Spares worth Rs.5.46* crore were purchased during 1996-2001, even though spares worth Rs.2.58 crore were available as on 1 April 1996 for repairs of tugs, cranes, dredgers etc. Out of the spares worth Rs.5.66 crore utilised during this period, spares worth Rs.20 lakh only belonged to the old stock. Thus, earlier spares valued at Rs.2.38 crore were lying unutilised of which spares worth Rs.1.26 crore were lying unutilised at four[®] ports for the last ten years. Age-wise break up was not available with the ports. SE, Mech., stated (April 2002) that spares purchased earlier were for ordinary and special repairs of 300 marine and mechanical units of GMB. The reply was not tenable as actual consumption of earlier spares during the last five years was Rs.20 lakh only indicating that the purchase of spares was far in excess of actual requirement.

[▲] Bedi, Bhavnagar, Navlakhi, Okha, Porbandar and Veraval.

* Total stores purchased during the audit period-Rs.25.60 crore.

[®] Bedi, Bhavnagar, Navlakhi and Veraval.

Physical verification of stores was not conducted by an independent officer

(iii) All items of stock are required to be verified *cent per cent* in March and September by an officer not connected with the maintenance of stores and stock. But officers holding the stores themselves were conducting physical verification.

A separate unit for physical verification was formed in November 1998. But no norms for store verification by separate unit have been fixed till date. Thus, there was no checks by an independent unit.

(iv) Losses^{**} and shortages^{\$} amounting to Rs.42 lakh in three ports were yet to be written off.

5.1.3 Accounting of stores

Issue of stores worth Rs.2.10 crore remained unaccounted

(i) The budget provision for purchases were made in the respective capital and Maintenance and Repair works estimate. But purchases were accounted for under ‘Suspense Stores’ where there was no provision. The stores issued were accounted on receipt of accepted bills from indenting officers. As the indenting officers failed to send them, stores worth Rs.2.10 crore issued by five^{***} ports between 1984 and 2000 were yet to be accounted for. The reasons for failure to send the bills were not furnished to audit though called for.

No reconciliation between figures of purchase, issues and closing stock was done

(ii) The balance sheet (31 March 2001) of GMB overstated the stores by Rs.3.02 crore when compared to the stores statement at the end of 2001. The difference remained unreconciled as there was no system of reconciling the priced stores ledger with the Accounts figures.

Priced stores ledger for both quantity and value should be closed at the end of each month and reconciled with the summary of purchase and summary of indents. No such reconciliation was carried out by any of the ports.

(iii) GMB was charging 5 *per cent* as storage charges on all issues of stores. At the end of the year, storage charges levied and credited to “Suspense Stores” were required to be offset against expenditure on handling of stores. As this procedure was not adopted, storage charges of Rs.47 lakh levied during 1996-97 and 2000-01 by seven[©] ports were yet to be adjusted.

Computerisation of stores accounts was not done

(iv) Computerisation is one of the effective tools of modern inventory management. During 1997-98 to 2000-01, GMB had incurred an expenditure of Rs.94 lakh on purchase of hardware, consultancy and development of software. However, stores and stock management was yet to be computerised (December 2002).

** Losses: Rs.15 lakh in cement, asphalt stream coal, HSD oil at Bedi and Navlakhi ports.

\$ Shortages: Rs.27 lakh in physical verification at Bhavnagar and Bedi ports.

*** Bhavnagar, Bedi, Magdalla, Mandvi and Veraval.

© Bedi, Bhavnagar, Magdalla, Mandvi, Navlakhi, Porbandar and Veraval.

5.1.4 Other points of interest

Unserviceable machinery valued at Rs.1.54 crore were awaiting disposal

(i) 32 items of equipment like tugs, barges, cranes and vehicles having total upset price of Rs.1.54 crore declared unserviceable by five* ports between 1999-2000 and 2000-01 were awaiting disposal. Among these, 25 items (upset price Rs.1.12 crore) were declared unserviceable after a delay of one to ten years. Further, 64 items of unserviceable stores and scrap having upset price of Rs.12 lakh were awaiting disposal (April 2002) at Bhavnagar and Porbandar Ports since 1999-2000.

Expenditure of Rs.66 lakh incurred on special repairs of machinery without any use

(ii) Expenditure of Rs.66 lakh was incurred by Bhavnagar (Rs.53 lakh) and Bedi ports (Rs.13 lakh) between 1996-97 and 1998-99 on purchase of spares and stores for special repairs of equipments like mobile cranes, barges etc. which had outlived their effective life. These equipments were declared unserviceable in 2000-01 without being utilised at all after carrying out special repairs at a cost of Rs.66 lakh resulting in unfruitful expenditure .

(iii) Government directed (May 1997) all the public sector undertakings, boards and corporations of the State Government to prepare a stores manual and to submit the same to Finance Department for approval within one month. No such manual was prepared by GMB.

The matter was reported to Government in June 2002; their reply was awaited (November 2002).

* Bedi, Magdalla, Navlakhi, Porbandar and Veraval.