

Chapter-V

Stores and Stocks

Irrigation and Flood Control Department

5.1 Locking up of Government money due to unnecessary purchase of stores

Unnecessary purchase of chain-link fencing and black annealed wire by the Executive Engineer, Tube Well Irrigation Division, Srinagar between November 1991 and July 1992 resulted in locking up of Rs 5.15 lakh for over 8 years

Financial Rules of the Government provide that purchase of stores for public service should be made in accordance with definite requirements of public service and that purchases in advance or in excess of requirements should be avoided as it involves locking up of Government money.

Executive Engineer, Tube Well Irrigation Division, Srinagar procured chain-link fencing and black annealed wire valued at Rs 5.15 lakh during November 1991 to July 1992 for utilisation on different flood control core area works. It was, however, noticed (August 1999) that the material was not used till July 1997 when these works were transferred to the Flood Control Division, Srinagar. Even thereafter the material was neither transferred to the Flood Control Division nor was the same utilised by the Division or transferred to other sister Divisions. The basis for assessing requirements or obtaining indents from sub-divisions, etc. was not on record. Non-utilisation of the material indicated that the material had been purchased by the Division without any firm requirements.

Thus, unnecessary purchase of material resulted in locking up of Rs 5.15 lakh for over 8 years. Further, accumulation of stores for a long period of 8 years was fraught with the risk of pilferage/shortage of stores and possible deterioration of the material.

The matter was reported to Government in May 2000; reply had not been received (December 2000).

Power Development Department
5.2 Locking up of funds due to non-receipt of supplies against advances made

Failure of the Department to exercise proper control and conduct reconciliation of supplies received against advances made, resulted in locking up of funds aggregating Rs 3.02 crore for periods varying from 4 to 14 years

The Procurement and Material Management Organisation was created in May 1981 with the objective of making centralised procurement of quality material and equipment at competitive rates for use by the user divisions of the Power Development Department. A test-check (February 2000) in audit of the records of the Organisation revealed that due to poor control mechanism and non-reconciliation of material received against amounts advanced to various suppliers, Rs 3.02 crore were locked up for periods varying from 4-14 years as discussed below: -

(a) The Superintending Engineer, Electric Purchase Circle-II, Srinagar placed orders with a Srinagar based firm for conversion of carbon steel billets into tor steel of different sizes. For this, 4640.210 Mts of billets were issued to the firm from Electric Central Stores Division (ECSD), Srinagar during September 1988 to May 1989. The firm, however, returned only 3762.715 Mts of tor steel up to June 1991. The balance quantity of 459.410 Mts steel billets valued at Rs 27.05 lakh, after allowing stipulated 10 *per cent* (418.08 Mts) wastage on the raw material issued, had not been supplied by the firm as of September 2000. According to the standing instructions, the Department had to ensure that the material remaining with the firm did not exceed the amount of bank guarantee (Rs 5 lakh) executed by the firm, at any time. Non-observance of the agreed terms resulted in undue retention of the material by the firm. The bank guarantee executed with the firm was also not got renewed beyond May 1990. Similarly, Executive Engineer, ECSD, Jammu issued 1975.690 Mts of steel billets to a rolling mill at Jammu for conversion into 1795.200 Mts of finished tor steel of different sizes. Against 1795.200 Mts of tor steel, only 1626.098 Mts were supplied by the firm up to May 1992 and the balance quantity of 169.102 Mts valued at Rs 21.98 lakh was unauthorisedly retained by it. Neither 169.102 Mts of tor steel was retrieved from the firm nor its cost (Rs 21.98 lakh) recovered (November 1999).

(b) On the basis of a requisition from Chief Engineer, Civil Construction Wing, Chief Engineer, Procurement and Material Management

(P&MM) placed orders (February-March 1993) with SAIL[♥], Jalandhar for supplying 5689[#] Mts of tor steel of sorts by March 1993. The ECSD, Jammu on the directions of the Chief Engineer, P&MM advanced (March 1993) Rs 6.44 crore to SAIL for supply of 5784 Mts tor steel. The material was to be consigned by 3 Jalandhar based rolling mills, approved by SAIL, to 4 nominated user divisions of the Civil Construction Wing. Against the quantity of 5784 Mts, only 3674 Mts of steel had been received ending July 2000 leaving 2110 Mts of tor steel valued at Rs 2.40 crore with SAIL. This resulted in locking up of funds besides loss of interest* of Rs 2.47 crore on the locked up amount for the period between March 1993 to September 2000.

(c) Executive Engineer, ECSD, Jammu made advance payments aggregating Rs 39.84 lakh to a firm during December 1984 to November 1986 for supply of 4000 Mts cement. The firm supplied only 672.95 Mts of cement valued at Rs 6.15 lakh up to February 1987. Out of the balance amount of Rs 33.69 lakh lying with the firm, only an amount of Rs 28.60[⊕] lakh had been recovered upto May 1991. The balance amount of Rs 5.09 lakh had not been recovered as of September 2000 resulting in its locking up besides, loss of interest* of Rs 8.83 lakh for the period November 1986 to September 2000.

(d) Advance payments aggregating Rs 8.17 lakh made to various firms/suppliers and Government undertakings by 3 Jammu based consignee divisions during 1995-96 to 1998-99 were outstanding (August 2000) owing to non-supply of material/equipment by them. This resulted in locking up of Government money besides, loss of interest* of Rs 2.74 lakh for the period April 1996 to September 2000.

The matter was reported to Government in May 2000; reply had not been received (December 2000).

♥ Steel Authority of India

At the rates ranging from Rs 10874 to Rs 11760 per Mt

* Calculated at the minimum interest (simple) rate charged by J&K bank on overdrafts taken by the State Government

⊕ Rs. 9.60 lakh during May 1986 to October 1987 and Rs 19 lakh in May 1991