

CHAPTER-III

3.1 Audit Paragraphs

SCHOOL EDUCATION & LITERACY AND PLANNING-CUM-FINANCE DEPARTMENTS

3.1.1 Avoidable expenditure and excess procurement of desk-cum-benches

Purchase of desk-cum-benches at rates above DGS&D rates in violation of financial rules led to avoidable expenditure of ₹ 2.28 crore. Besides, 1,087 desks-cum-benches worth ₹ 81.54 lakh, procured in excess of requirement, were lying idle.

Rule 131E of the Bihar Financial Rules (BFR¹) stipulates that in case a Department directly procures Central Purchase Organisation (e.g. DGS&D²)/State Purchase Organisation rate contracted goods from suppliers, the prices for such goods shall not exceed those stipulated in the rate contract. Further, Finance Department (FD) instructions (February 2011) stipulates procurement of goods valued above ₹ 1.50 lakh by open tender through wide circulation.

The District Education Officer (DEO), West Singhbhum submitted (December 2013) requirement of 16,416 desk-cum-benches (DBs) worth ₹ 12.32 crore for 76 high schools to District Planning Officer (DPO), West Singhbhum for inclusion in the Work Plan (2013-15) under Additional Central Assistance for Left Wing Extremist affected districts. The DEO proposed procurement of 216 DBs each from Godrej Company for 76 high schools which did not have DBs and students were sitting on the floor. The District-level Committee³, West Singhbhum approved (January 2014) the proposal and constituted a purchase committee⁴ headed by the Deputy Development Commissioner (DDC), West Singhbhum. The Deputy Commissioner (DC), West Singhbhum directed (February 2014) DEO, West Singhbhum to procure the DBs by June 2014. The DEO procured (between March 2014 and January 2016) 16,213⁵ DBs and paid (between March 2014 and February 2016) ₹ 12.16 crore to the supplier.

¹ Adopted by Government of Jharkhand on 15 November 2000

² Directorate General of Supplies & Disposal

³ The District Level Committee headed by Deputy Commissioner with Superintendent of Police and District Forest Officer as members approves the Work Plan for the district under ACA.

⁴ Constituted by DC having DDC as Chairman, District Account Officer, Assistant Commissioner, Commercial Taxes, Chaibasa, General Manager, District Industry Centre and District Education Officer, Chaibasa as members and District Planning Officer, Chaibasa as Co-ordinator.

⁵ Against the order of 16,429 DBs (13 DBs extra from the balance fund), payment was not made for 216 units as in Project High School Goilkera, as the DBs were not fitted (as of October 2018) by the supplier.

Audit scrutiny (between November 2017 and June 2019) revealed the following:

➤ Justification for the decision to procure the DBs from Godrej company or the basis for assessing the requirement of 216 DBs per school were not available on record.

➤ Though DEO, West Singhbhum invited (12 February 2014) tenders for the procurement of DBs and received three bids, the purchase committee, convened for opening of the bids, cancelled (19 February 2014) the tender on the grounds of insufficient time for bidding. The purchase committee, instead of re-tendering, decided (19 February 2014) to procure the DBs through quotations from authorised dealers of Godrej and six quotations were obtained. The decision of the purchase committee to do away with the tender requirements was in violations of FD directions. Further, there was nothing on record to suggest that the purchase committee had ensured that the rates quoted by the bidders were the most economical in the market including the DGS&D rate.

➤ Though the DBs were under rate contract of DGS&D during the period, the DEO did not fix the DGS&D rate as price ceiling of the DBs. Resultantly, the purchase committee approved (March 2014) procurement of DBs at the rate of ₹ 7,501 per unit⁶ against the prevailing DGS&D rate of ₹ 6,097 per unit⁷. This resulted in avoidable expenditure of ₹ 2.28 crore⁸ on the purchase of 16,213 DBs.

➤ The DEO, as per instructions of DC, was to conduct need assessment for procurement of DBs as per actual enrolment in the schools. Audit cross-checked (February 2018) the need of DBs against enrolment of students in 22 out of the 76 schools and observed that in 18 schools, 1,765 DBs worth ₹ 1.32 crore were purchased in excess of enrolled students while in the balance four schools, 1,249 DBs were additionally required to accommodate the enrolled students. Thus, the procurements were not based on actual requirement.

➤ Upon joint physical verification (June 2019) by Audit with officials of DEO Singhbhum it was seen that 1,087 DBs worth ₹ 81.54 lakh procured were lying idle since their procurement three years ago (*Appendix 3.1.1*).

The DEO, West Singhbhum stated (March 2018) that a tender was invited and DBs were purchased from the bidder (an authorised Godrej dealer) who quoted the lowest price as per the decision of the purchase committee. The

⁶ ₹ 6,580 per unit plus 14 per cent VAT

⁷ ₹ 5,348 per unit plus 14 per cent VAT

⁸ ₹ 7,501 minus ₹ 6,097 i.e. ₹ 1,404 per DBs x 16,213 units

reply was factually incorrect as the purchases were made through quotations and not by tender. Further, the DEO could neither justify procurement without considering DGS&D rate nor give reasons for not transferring the excess DBs to the schools which needed these.

The matter was referred to Government (June 2019); their reply had not been received (October 2019).