

DELHI VIDHAN SABHA

COMMITTEE ON PUBLIC ACCOUNTS

SECOND REPORT

(PRESENTED ON 08.01.1997)

DELHI LEGISLATIVE ASSEMBLY SECRETARIAT, DELHI

SECOND REPORT BY THE PUBLIC ACCOUNTS COMMITTEE

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COMPOSITION OF THE COMMITTEE

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|----|----------------------------|-------------|
| 1. | Km. Purnima Sethi | Chairperson |
| 2. | Shri O.P. Babber | Member |
| 3. | Shri Madan Lal Gaba | Member |
| 4. | Shri Davinder Singh | Member |
| 5. | Shri Dharam Deo Solanki | Member |
| 6. | Shri Mohinder Singh Saathi | Member |
| 7. | Shri Shish Pal | Member |

SECRETARIAT

- | | | |
|----|-------------------|-------------------|
| 1. | Shri P.N. Gupta | Secretary |
| 2. | Shri P.C. Agarwal | Deputy Secretary |
| 3. | Shri A.K. Purohit | Committee Officer |

OFFICERS ASSOCIATED

- | | | |
|----|------------------|------------------------|
| 1. | Shri Dev Trivedi | Secretary (Fin.) |
| 2. | Shri R.P. Singh | A.G.(Audit),
Delhi. |

1. I, the Chairperson of the Committee on Public Accounts of the Delhi Vidhan Sabha, having been authorised to submit the Report on their behalf, present this Second Report relating to the examination of Para 6.4 to 6.4.15 of the Report of the Comptroller and Auditor General of India for the year ended 31st March, 1994(No.3 of 1995) relating to Delhi State Civil Supplies Corporation.

2. The Committee considered and adopted the report at its sitting held on 16.12.1995

OLD SECRETARIAT,

DELHI 110054

DATED: _____

(KM. PURNIMA SETHI)
CHAIRPERSON

COMMITTEE ON PUBLIC ACCOUNTS

DELHI VIDHAN SABHA

Introduction

1. The Committee on Public Accounts has been set up under Rule 181 of the Rules of Procedure and Conduct of Business in Delhi Vidhan Sabha.

2. The Committee is appointed for the examination of appropriation of Accounts for the sums granted by the House to meet Public expenditure in scrutinising the appropriation accounts and the report submitted by Comptroller and Auditor General of India thereon. It must satisfy itself that the moneys shown in the accounts as having been disbursed were:

- (a) Legally available for and applicable to the service or purpose to which they have been applied or charged.
- (b) Every re-appropriation has been made in accordance with the provisions made in this regard in the appropriation accounts or under rules made by the competent authority.
- (c) The expenditure has been incurred under the powers delegated to the Competent Authority.

3. The main instrument of the Committee is the Action Taken Notes sent by the various departments on their concerned paras in the Report of the Comptroller and Auditor General.

4. The Committee in its meeting held on 13th June, 1995, in which A.G. (Audit), Delhi was associated, had decided to take paras relating to Education Department, Transport Department, College of Engineering, Health Services, Sales Tax Department, D.E.S.U., Slum Department of MCD and the Delhi State Civil Supplies Corporation. Later on, the Committee also requested the A.G. Delhi to prepare Memorandum on Important Points (MIP) on paras relating to Development Department and Delhi Water Supply & Sewage Disposal Undertaking as contained in para 3.5, 3.6 and 5.3 of the CAG Report.

Delhi State Civil Supplies Corporation

Examination Of

5. The Public Accounts Committee of Delhi Vidhan Sabha took up for consideration in eight sittings the audit paras contained in CAG Report for the year ended 31st March, 1994, No.3 of 1995, from para 6.4 to 6.4.15 relating to Delhi State Civil Supplies Corporation.

6. The Committee first of all went through the Action Taken Notes submitted by Delhi State Civil Supplies Corporation and placed before the Committee with regard to the observations as contained in the CAG Report. The Committee unanimously felt that fresh and latest Action Taken Notes be called for in its meeting held on 3-6-1996 and for that purpose Chairman-cum-Managing Director of Delhi State Civil Supplies Corporation

submitted that he would submit a detailed report about the status and action taken on audit paras relating to the Corporation. After receipt of the desired information, the Committee carefully considered and examined the same.

7. After detailed discussion, oral evidences, exchange of views, and examination of facts alongwith the replies received from DSCSC, the Committee made its observations on the paras of Audit Report.

6.4.7 Delay in finalisation of Annual Accounts -

The Companies Act, 1956 provides that the audited annual accounts of a Company should be adopted in the Annual General Meeting (AGM) of the shareholders within six months of the closure of the accounts for the financial year and within three months thereafter, the Government of NCT of Delhi should cause it to be laid before the Legislature alongwith the Audit Report.

(i) Accounts for the year ended 31st March, 1990 have been placed before the AGM in November, 1994. Against the prescribed period of six months, the delay in adoption of accounts ranged from 33 months to 55 months for the year 1980-81 to 1988-89. This was mainly due to delay in finalisation of accounts.

(ii) The Board in its meeting held in June, 1993 decided to fix individual responsibility for delay in the finalisation of accounts, the Company had not fixed any responsibility so far (September, 1994). Moreover, the Company created six posts of Deputy Managers (Accounts) during the years 1992-93 and 1994-95 with the specific object of completing the accounts upto the year 1989-90 on priority basis.

(iii) The following irregularities were noticed in Audit:-

(a) Cash books are not being maintained at the retail outlets, mobile vans and the IMFL Vends. Daily cash sales in these outlets were booked on the basis of cash remittance slips and not through cash memos or sales invoices.

(b) There was no system in the Company for reconciliation of various accounts. It was found in Audit that the following records had not been reconciled since inception:

(1) lifting of bags of food articles from godowns of Food Corporation of India with the receipts from Fair Price Shops and with the payments made to the transporters;

(2) sale value of goods with the quantity of goods sold; and

(3) inter-godown shifting of goods.

The statutory Auditors while commenting on the accounts for the year ended 31st March, 1990 also observed in July, 1994 that a credit balance of Rs. 2.9 lakhs (net) remained un-reconciled in the branch accounts. Besides, recovery of Rs. 9.5 lakhs and payments worth Rs. 7.7 lakhs were found un-reconciled with the accounts of FCI. It was also noticed by Statutory Auditors that during 1988-89 purchases worth Rs.82.68 lakhs without bills and payments worth Rs.15.68 lakhs were made on unauthenticated photocopies of bills.

Replies submitted before the Committee -

The Committee was informed that an action plan has been prepared for updating the accounts for the year 1990-91 to 1994-95. The Committee was also informed that the accounts for the year 1990-91 have been sent to CAG, and the Audit for the year 1991-92 has been taken up by the Auditors. And all out efforts are being made to set right all the accounts of the Corporation by the end of 1997. The Committee was also informed that the monitoring of the accounts is done at the highest level and the progress is monitored regularly. In the Audit Report most of the observations relate to procedure. The Committee was also informed that presently four Deputy Managers (Accounts) are in position. For filling other posts relating to accounts there was some problems. However, all out efforts are being made to fill up these posts as early as possible.

It was informed to the Committee that the payment of Rs.7.7 lakh concerns F.C.I. Vigorous efforts were made to recover this amount from FCI. A Committee was also appointed to sort out this problem which recovered some of the disputed amount. On a query raised about the advance of Rs.49.00 lakhs pertaining to the period 92-93 relating to Bazar on Wheels the Committee was informed that the same has been adjusted.

Recommendations of the Committee -

- 1.1 The Committee recommends that additional staff should be engaged to finalise the accounts. Keeping in view the shortage of senior officers the possibility of filling up the vacant posts on deputation basis may be explored expeditiously and, if necessary, by amending the Recruitment Rules.
- 1.2 That responsibility of the concerned officers/officials who are responsible for non-finalisation of accounts for such a long period be fixed.
- 1.3 A time bound action plan for completing the accounts should be worked out and strictly adhered to. The results thereof be intimated to the Committee within three months.
- 1.4 That at each shop of the Corporation, computerised accounting be maintained to indicate the stock of each item, the sales made daily etc. so that there is no ambiguity or time lag either in reconciliation or in submission thereof to the Head Quarters. It will also reduce the chances of misappropriation.
- 1.5 That for updating and keeping the accounts of the Corporation, the computer system may be introduced.
- 1.6 That necessary action on the report of the Committee constituted to sort out the disputed amount of Rs.7.7 lakhs to be recovered from FCI regarding loose goods be taken forthwith.
- 1.7 That the Committee was not satisfied with the way the amount of Rs.82.68 lakhs was paid on the basis of unauthenticated copies of the bills. Such type of lapses should not occur in future.

6.4.8 Cash Management

Cash management involves preparation of cash flow and fund flow statements at periodical intervals with an aim to establish a sound system of cash control. No such statements had been prepared by the Company since its inception.

The cash inflow is mainly from sale in retail outlets. Bazar on Wheels, Company's own Fair Price Shops and in the liquor vends. The Company was operating 107 bank Current Accounts during 1992-93 for depositing the daily sale proceeds.

Scrutiny of the records for the year 1990-91 revealed that daily cash collections deposited in current accounts were not being transferred to the main account of the Company regularly. A test check of six units revealed that delay in remittances ranged between 2 days to 85 days.

It was also seen in Audit that units were not transferring the entire daily current account balances to the main account. A test check of eleven units for the year 1991-92 revealed that there were short remittances by the units ranging from .29 lakh to Rs. 6.25 lakhs to the main account which resulted in an average of interest amounting to Rs.3.86 lakhs (calculated at 12 per cent per annum).

Besides, there was no system to ensure that the entire sales proceeds are deposited in the banks daily and that there were no short deposits by the officials at various outlets of the Company. It was observed that out of a sum of Rs. 66.68 lakhs short were deposited by 407 officials. An amount of Rs.10.74 lakhs was recoverable from 29 employees as of July, 1994.

Replies furnished before the Committee

It was informed to the Committee that the number of bank accounts are very large and 80 field units of the Corporation which were situated in different parts of the city. However, the system of transferring funds to the main accounts has been streamlined. Monthly physical verification of stock of each outlets is being carried out to ensure that the sale proceeds are properly deposited by the officials concerned. Regarding short deposit the recoveries are being made from the salaries of the officials against whom shortages have been reported. FIRs have also been lodged against some of the employees. Out of Rs.10.70 lakhs, Rs.3.30 lakhs have been recovered and in rest of the cases amount is being recovered regularly except the suspended employees.

Recommendations of the Committee -

- 2.1 The Committee recommends that expeditious steps be taken to recover the short deposits out of the remaining Rs.10 lakhs from 407 employees besides taking other disciplinary action against the erring officials. The interest is also required to be recovered from the defaulting employees.
- 2.2 That the manner of receiving the goods without their corresponding bills is totally against the norms of accounting and be stopped forthwith.
- 2.3 That responsibility should be fixed on the officers/officials for not maintaining the record properly and for non-compiling the same in time which has resulted in wasteful and excess expenditure which could be avoided if the records had been maintained properly.

2.4 That the frequency of reconciliation of accounts should be increased and it should be done fortnightly.

2.5 That the sales from various outlets of the Corporation should be deposited in the nearest Nationalised Bank daily and statement thereof should be sent to the Head Office simultaneously. The reconciliation of such bank statements should be got done at the Head Office level fortnightly.

2.6 That the results of the FIRs lodged against the officials be intimated to the Committee as early as possible and details of the suspended employees may also be intimated to the Committee.

6.4.9 Budgeting Control

Despite the directions of the Board in May 86, the Corporation had not prepared Annual Financial Budget for Capital and Revenue expenditure for various activities. Thus, the expenditure was being incurred without the overall control of Board of Directors.

Reply furnished by the Corporation -

It was informed to the Committee that an attempt has been made to prepare the budget of the Corporation for the year 95-96, but the activities of the Corporation are so flexible that all the budget estimates cannot be adhered to. However, attempt is still being made to prepare the broad based budget for the financial year 96-97. The powers to incur expenditure have already been delegated by the Board of Directors to the Chairman and Managing Director. Thus, the control is being exercised by the Board through MD/Chairman.

Recommendations of the Committee

3.1 The Committee recommends that there should be regular budgetary control on the income and expenditure of the Corporation.

3.2 That an annual plan relating to physical and financial targets should be chalked out in advance for the next financial year.

6.4.10 Manpower Analysis

No norms had been prescribed by the Company for deployment of its staff. As against a staff strength of 741 as on 31st March, 1989, 894 were on rolls on 31st March, 1993 although certain major activities were closed down. The activities closed down were:-

- a) sale of edible oils with a turnover of Rs.1295.25 lakhs.
- b) sale of exercise books with a turnover of Rs.45.26 lakhs; and
- c) sale of soft coke with a turnover of Rs.798.04 lakhs. Besides, Bazar on Wheels scheme was scaled down from Rs.523.60 lakhs in 89-90 to Rs.291.70 lakhs in 92-93. Despite a sharp decline in the activities of the Company, the staff strength increased by 153 during the last three years ended March, 1993.

Reply furnished by the Corporation -

There is no denying the fact that some of the important activities of the Corporation as pointed out in the report were closed during the period of review but at the same time this is also to be noted that the Corporation had to convert its most of the IMFL shops into self-service vends which required deployment of additional staff for its smooth running. Besides this, operation of sugar was also entrusted by the Government to the Corporation. As already pointed out the number of Wine

Shops have also been increased from 35 to 40 during this period. However, with a view to ensure proper checking of quality of SFAS at issue points, two officials had to be posted at each issue point instead of one posted earlier. As on date the Corporation has sanctioned posts 1094, against this in position are 889. No fresh recruitment has been made since June, 1994.

Recommendations of the Committee -

4.1 The Committee recommends that sale of Exercise Books to the students at controlled rates be taken up again by the Corporation.

4.2 That because of the inadequate manpower analysis a number of vacancies remained unfilled specially in Finance and Accounts Departments of the Corporation. Even the RRs for the different posts were not in line with the manpower requirements. A detailed report on the manpower management is required to be submitted after assessing the requirement of staff and taking into account the activities in hand with the Corporation.

6.4.11 Internal Audit

The Board decided in May 1986 to constitute an Internal Audit Division which would submit quarterly reports to the Board. The Internal Audit was conducted by different firms of Chartered Accountants appointed for different periods.

Though 46 Internal Audit Reports had been submitted to the management upto 1992-93, no records were shown to indicate the action taken on the recommendations made by them.

No Internal Audit Manual defining the scope and periodicity of internal audit has been prepared so far. The statutory Auditors observed in July, 1994 that the internal control procedure was defective with regard to purchase of

stores, raw material including components, plant and machinery, other assets and the sale of goods and that the internal audit required to be strengthened in proportion to the size of the Company.

Reply furnished before the Committee -

It was intimated to the Committee that due to Administrative reasons the decision of the Board to constitute the Internal Audit division could not be implemented. As such the work was entrusted to the firms of Chartered Accountants. So far upto 92-93 only 15 reports have been received and the recoveries actions are being taken on them wherever necessary. Internal Audit for the first quarter of 96-97 has already commenced.

Observations of the Committee -

It was observed by the Committee that the broad suggestions made in the Internal Audit Reports such as -

- (i) Non-completion of Cash Books and Ledgers
- (ii) Non-preparation of Bank Reconciliation Statement and Stock Reconciliation.
- (iii) Late deposition of sale proceeds into the Bank
- (iv) Making entries in the sale register on the basis of sales statement instead of cash memos.
- (v) Unadjusted advances in the absence of bills.
- (vi) Short recovery of cartage in some cases.
- (vii) Change of Head of Account in few cases.

are not being followed strictly.

Recommendations of the Committee

5.1 The Committee recommends that the Corporation should evolve its own internal audit system and the internal audit should be carried out in the various units of the Corporation on Quarterly basis to obviate the wasteful expenditure and losses.

5.2 That an Internal Audit Manual consisting of complete instructions/directions of the audit as per requirements of the Corporation should be prepared and followed strictly.

6.4.12 Performance of Public Distribution System -

Specified food articles are transported from the godowns of FCI to the Fair Price Shops by the Transport Contractors appointed by the Company. The Company is liable to ensure that the allocated quantity of food articles reach the shops for their further distribution to the card holders.

Transportation charges are reimbursed by the Fair Price Shops at the rates fixed by the Government of NCT of Delhi which are uniform for all the shops. Actual cost of transportation, however, varies with the location of the shops with respect to the godowns of FCI and hence there were losses during the years 1989-90 and 1991-92. The management had not analysed the circle-wise losses during these years in order to make claims from the Government of NCT of Delhi.

Non-recovery of Rs.13.2 lakhs from F.C.I

It was decided in the meeting held with the Government of India in November, 1989 that under circumstances of non-availability of stock and in case of emergency, the Company may lift the food articles from FCI Godowns other than those linked to the particular Fair Price Shop. Additional expenditure

on this account was to be borne by FCI.

Atta Cell -

In February, 1992 the Company took up the activity of sale of Agmark atta to the ration card holders through the Fair Price Shops, Bazar on Wheels and the Apurti Bhandars. Wheat was purchased from FCI at control price and converted into atta and packed into 10 Kg bags and supplied on a 100 percent advance payment basis.

Defective tendering in conversion contract-

The work of transportation of wheat from FCI Godowns to the mills, its grinding and packaging of atta to the Fair Price Shops was done on a contractual basis. Sealed tenders were invited by the Company in November, 1991 for grinding and packing of wheat in 5 Kg and 10 Kg bags. The lowest rates were offered by firm 'A' at Rs.81/- per quintal for 5 Kg bags and Rs.65/- per quintal for 10 Kg bags. The next lowest tender by firm 'B' for 10 Kg bags was Rs. 76/- per quintal.

Short recovery from Fair Price Shops -

The rate of 10 Kg bag was increased from Rs.36.94 per bag to Rs.41.94 per bag by the Government of NCT of Delhi with effect from 1 January, 1993. It was seen in Audit that the Company continued to sell atta bags at the old rates i.e. Rs.34.94 per bag uptill 30 January 1993 which resulted in short recovery of Rs.7.16 lakhs from the Fair Price Shops. This amount was neither recovered nor reconciled with the Fair Price Shops as of September, 1994.

Loss due to Non-recovery of empty bags -

The cost of packing material was included in the conversion rates which entitled the company to reclaim the empty gunny bags in which wheat was supplied. It was seen in Audit that the empty bags were neither received back from the miller nor was their cost recovered (March, 1994).

Thus Rs.84.33 lakhs remained unrecovered from the miller on 6,74,626 bags supplied to the miller during the period from February 1992 to September, 1993.

Reply furnished by the Corporation -

I. As regards the cartage for sugar, the same is fixed by the Government of India, while it is fixed by Government of Delhi State, so far as wheat and rice are concerned. The Corporation incurred losses mainly in transportation of sugar. However, it is incorrect to say that management did not analyse circle-wise losses during these years. The losses were analysed by the Corporation from time to time. The matter was taken up with the Delhi Government for revision of cartage. The rates of cartage in respect of wheat and rice were revised in September, 1992. Whereas in respect of sugar, it was revised in December, 1994 with retrospective effect from 1-4-94. The revised rates of cartage for wheat is Rs.8.92, rice Rs.9.60 and sugar Rs.10.32 respectively.

II. As regards non-recovery of Rs.13.2 lacs from FCI, the matter is being pursued at the level of Commissioner, Food & Supplies, Chief Secretary, Delhi, Govt of NCT of Delhi, Chairman FCI and Officers of the Ministry of Food, Government of India.

III. The observation is not correct. Firm 'A' changed their offer after opening the tender but before starting of negotiations. Tenders could not be considered as it is violation of the tender procedure. It is accepted practice of all agencies/organisation including those of Central Government to negotiate further reduction in rates offered and this practice has also been adopted by the Corporation in public interest. Finance Department of Delhi Administration had also advised this Corporation that the revised offer of lowest tenderer who has backed out cannot be considered and that negotiations may be held with other tenderers. Hence the issue of awarding the contract to the Firm 'A' and thereby saving Rs.60.72 lacs does not arise. Moreover, the rates finally agreed with Firm 'B' is the same as that offered by Firm 'A' as per their revised offer. It is incorrect to say that three extensions of contract were given to firm 'B' in the year 1993-94. Actually only one extension for 2 years was granted at the time of the expiring of initial contract. The issue of granting extension to Firm 'B' was carefully considered by the Management and it was the consensus opinion that inviting fresh tenders would lead to increase and not decrease in the rates and, therefore, it was considered that extension of the contract would be in the best interest of the Corporation and decision was taken accordingly. The terms and conditions of the agreement also provide for such extensions. Since the work has been carried out at the lowest rate of Rs.74/- hence there is no loss.

IV. That Atta bags were supplied to FPS holders against the advances received at old rates as per instructions of Commissioner, Food & Supplies. However, after revision of rates

total amount recoverable from FPS on this account was Rs.11.50 lakhs. Out of the same Rs.11,09,115/- have already been recovered/adjusted from FPS holders and the matter is being pursued vigorously to recover the remaining amount.

V. The tentative cost analysis for supplying atta was given by Association of Millers in October, 1991. As per this analysis additional cost of DHDPE bags is Rs.28/- The basis of arriving at additional cost of HDPE bags was also indicated by them wherein the cost of HDPE bags was arrived at after deducting the cost of empty gunny bags. The rates were finalised for the millers taking all these factors into consideration and agreement was signed with the miller, wherein no provision for recovery of empty gunny bags has been made. Hence the question of loss/recovery of Rs.84.33 lakhs does not arise.

Recommendations of the Committee -

- 6.1 The Committee recommends that year-wise details of bags auctioned by the Corporation specifying therein the 'good' and 'bad' category bags should be maintained. This should be checked and reviewed by the senior officers frequently.
- 6.2 That responsibility should be fixed for the non-recovery of Rs.13.2 lakhs from the FCI on account of non-submission of pre-receipted bills.
- 6.3 That the amount of Rs.7.16 lakhs from the retailers should either be recovered or it be reconciled.

6.4.13 Marketing Division -

The Marketing Division coordinates the following activities:-

Bazar on Wheels

Apurti Bhandars

Institutional Supplies

Supplies to Jammu & Kashmir Migrants

(a) Working Results -

Combined purchases were made for all these activities from open market but these were booked against Bazar on Wheels. Prices of the commodities were fixed at the level of Manager (Marketing) on the basis of a comparative analysis of rates in Super Bazar and Kendriya Bhandar.

The net losses accumulated to Rs.2.2 crores during the last five years. The management had not analysed activity-wise losses and identified the areas which needed to be strengthened.

The Company did not have an approved purchase policy and there was no practice of preparing sales and purchase budgets. However, following purchase procedure was being followed in the Company:-

There was a purchase committee for procurement of pulses, rice and spices from registered suppliers.

(b) Insufficient Inventory Control

(c) Bazar on Wheels

This scheme was started in October, 1983 with five mobile vans to sell onions and potatoes in Delhi, 67 vans were in operation selling grocery items, fruits and vegetables as of March, 1993.

Separate accounts for each van were not being maintained by the Company and Audit could not conduct van-wise analysis.

Non-realisation of penalty from the transporters.

Terms and conditions of the contract with the transporters lay down that the company would provide the salesmen for the vehicles provided by the transporters under the scheme, and Rs.35/- per day vehicle would be paid to the transporter, if the Company failed to provide a salesman. On the other hand hiring charges of two days would be charged from the transporter if a vehicle was not provided.

A test check of the records for the year 1992-93 showed that Rs. 0.61 lakh was paid to the transporter due to non-availability of salesmen. On the other hand, no penalty was recovered for 1135 vehicle days when the vehicles were not made available by the transporters. A sum of Rs.4.54 lakhs which was to be realised from the transporters on this account in the year 1992-93 remained unclaimed (September, 1994).

(d) Apurti Bhandars

The Company was operating 12 Apurti Bhandars (retail out-lets) as on 31 March 1993 to sell toileteries and grocery items. Outlet-wise analysis could not be attempted in Audit in

Observations -6.4.13 (b) Insufficient inventory control

Reasons for not fixing minimum, maximum and re-order level of purchased ? In the absence of the norms, how are purchases being monitored ? Have they been fixed now ? What are the reasons for accumulating slow moving and non-moving stores ?

Why were the slow moving and non-moving items not reviewed regularly ? What corrective action has the management taken in this regard ?

6.4.13 (c) (iii) Non-realisation of penalty from the transporters.

Why was no penalty realised from the transporters ? Have these penalties been adjusted in their subsequent bills ?

6.4.13 (d) Apurti Bhandars -

Were the reasons for increase in net losses from 1988-89 onwards ever analysed? Has the management taken any corrective steps to stop this drain on its resources ?

Reply furnished by the Corporation -

It was informed to the Committee that there is a Committee which recommends, everything, like purchase of rice, pulses, stationeries articles like getting printing, execution of minor civil works. For everything we are giving system. In everything we are involving people from Finance and Accounts which has helped and they give us advice that this thing is allowed and that thing is not allowed. If there are possibilities of wasteful expenditure

they are lessened. Similarly, Transportation Committee has been constituted. Although there was resistance to some extent from the Government of Delhi, but Corporation insisted that they must have somebody from the Department of Finance or the Department of Food & Supplies because they have larger over-view of things. It is not so only our members recommend purchases. The results are in front of the Committee. The rates on which we are operating now, inspite of the hike in diesel prices, i.e. 25% less than last year.

As per current practice there is no question of any FPS Account lying in rotation for a long time. It is absolutely immediate in transaction. Now the Corporation like any other good organisation has its current account through which the working capital which is needed for day to day management and routine payments are channelised. Rest of the money invariably goes into the banks, i.e. two different banks either in short term FD or long term FD. So the Corporation is getting good interests on such deposits. There is no question of keeping large balance in the current accounts.

Observations of the Committee -

The Committee observed that the Corporation should have submitted the exact details in respect of expenses on the storage of rice, establishment expenditure thereon, the cost of advertisement published by the Corporation and other incidental charges. The loss due to this has not been calculated. The Committee was not satisfied with the circumstances and the compulsions under which Basmati Rice was purchased on higher

rates despite the fact that at the outlets of DSCSC situated at various places, the people were not in a position to purchase such high quality rice. No codal formalities or best judgment was applied while procuring the rice. The Purchase Committee has not even recorded the firms contacted and the prevalent market price of the rice. It seems that rice has only been purchased from one M/s Sachdeva Traders, Naya Bazar, Delhi. The Committee was, however, informed that the entire quantity of 200 quintals of Basmati rice has since been sold for a sum of Rs.3.30 lacs.

Since there was a likelihood of loss of about Rs.2.00 lacs with respect to the difference regarding the actual purchase price and the sale price of the rice, the Committee was very much distressed over the transaction.

Recommendations Of the Committee -

7.1 The Committee recommends that strict action against the Officers responsible for the loss suffered by the Corporation in the transaction of 200 quintals of rice be taken.

7.2 That proper inventory control system should be followed for effective control over all the items of stores.

6.4.14 Sale of Indian Made Foreign Liquor -

Consequent upon decision of the Government in June, 1981 to hand over the retail trade of IMFL and Beer to Government establishments, the Company took up the activity and as of March, 1993 it was operating through 39 shops licensed by the Excise Department.

Reply given by the Department -

It was intimated to the Committee that during 95-96 a record sale of Rs.108 crores of liquor has been made and it is likely to go up to Rs.125 crores by the close of current year.

Observations/Recommendations of the Committee -

The Committee observed that number of liquor shops have been opened through various agencies namely DSIDC, DTDC, DSCSC and DCCW&S at public places. The Committee feels that these shops are being opened due to lack of coordination between these agencies. Thus, due care should be taken while opening liquor shops in public places keeping in mind other norms laid down in this regard.

6.4.15 Other topics of interest ?

Blocking of Funds on purchase of plots.

In March, 1989 DSIDC allotted a plot measuring 8000 Sq. Mtrs. in Narela Complex to the Corporation on perpetual lease basis for construction of Godown and an Office. Although possession of the land was not handed over to the Company Rs.34.10 lacs was paid in April, 1990. Subsequently an additional sum of Rs.20.5 lakhs was demanded by DSIDC on account of revision of rates by the Government. Demand for additional payment by the Company in September, 1991 was rejected by the Government on the ground that no feasibility reports had been prepared by the Company. In December, 1991 the Company approached the Government with another proposal for installing an Atta Flour Mill in this Complex. The Government while

rejecting the proposal stated that the spare capacity of flour mills available in the private sector could be hired instead.

Reply furnished by the Corporation -

The amount of Rs.34.10 lacs deposited by the Company with the DSIDC for the purchase of land in April, 1990 in Narela. This amount was later on utilised by the DSIDC for the construction of which was started in April, 1991. Hence, the Company has not suffered any loss on account of interest.

Recommendation of the Committee -

8.1 The Committee recommends that responsibility may be fixed for the lapse of blocking the amount of Rs.34.10 lakhs with DSIDC for four years, thereby losing the interest @ 18%.

Old Secretariat,

Delhi 110054

DATED: _____

(KM. PURNIMA SETHI)
CHAIRPERSON
COMMITTEE ON PUBLIC ACCOUNTS

DELHI VIDHAN SABHA