

Objections To Deals With Patnaik-Mitra Firms

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A SPECIAL audit made by the Comptroller and Auditor-General of India into the Orissa Government's transactions with the three firms with which Mr. Biju Patnaik and Mr. Biren Mitra, former Chief Ministers, were associated, shows that the total value of Government purchases from the firms was Rs. 1.39 crores.

In addition, the Orissa State Electricity Board had placed orders worth Rs. 12.32 lakhs with them.

Though the deals were made between 1959-60 (when Dr. Mahtab's coalition Ministry was in office) and 1962-63, the bulk of them was during the tenure of Mr. Biju Patnaik and Mr. Biren Mitra as Chief Ministers.

The three firms which benefited from the Government and the Electricity Board orders were: Kalinga Industries (orders worth Rs. 68.38 lakhs), Kalinga Tubes (Rs. 13.87 lakhs) and Orissa Agents (Rs. 69.52 lakhs).

IN EXCESS OF NEEDS

The audit report contains a number of objections to these transactions. Quantities of tubes and structurals were found to be far in excess of immediate requirements, quotations had not been invited and, in some cases, higher rates were paid to Orissa Agents than were shown in Kalinga Tubes price lists, resulting in a loss to the exchequer.

The special report, which has been made at the instance of Mr. Biju Patnaik, forms part of the audit report for 1965, which was placed before the Orissa Assembly today by the Chief Minister, Mr. Sadasiba Tripathy.

He sought to place along with it a printed note seeking to clarify "certain points" raised by the Auditor-General.

The preamble to the Government's note said: "Some of the main points made by the Government departments have not been fully taken into account in the audit report."

OBJECTION TO NOTE

Both the leader of the opposition, Mr. R. N. Singhdeo, and his deputy objected to the placing of the note, which was not only "unusual and extraordinary," but also cast "aspersions on the Auditor-General."

Amid the ensuing flutter, the Chair reserved his ruling on the point of order raised by them till tomorrow.

In regard to orders valued at Rs. 16.00 lakhs with Kalinga Industries for tubular trusses, the audit found no quotations had been invited from other firms, an advance of Rs. 14.5 lakhs had been paid and that, though the Government had ordered 2,500 structurals on grounds of urgency of the Paradip project, about one-third of them were lying unutilised even in April last year.

A similar finding has been given in regard to the purchase of trusses worth Rs. 3.3 lakhs for the expressway project.

It was also found that nearly 46 per cent. of the orders worth Rs. 11 lakhs placed with the Kalinga Tubes by July 1963 remained unutilised till March 1964.

The audit report observed that

there appeared to be no justification for the Government to make all purchases of poles and tubes only through Orissa Agents who quoted rates in excess of those specified in the price circulars of the manufacturers (Kalinga Tubes).

The total excess of expenditure incurred by the Government in deals worth Rs. 69.00 lakh with Orissa Agents amounted to Rs. 18.00 lakhs.

The Auditor-General noted that, though the purchases in several cases without calling for tenders had been justified on grounds of urgency, purchase orders did not generally contain a clause to enable the Government to impose a penalty for delay in supplying goods.

The Government's explanation was that the penalty clause could not be incorporated unless the supplier agreed to it.

The manufacturers were reluctant to agree to the penalty clause in view of the probable shortage of raw materials which might delay supplies.

The audit report will go to the Public Accounts Committee.