1.0 Reduction in service charges payable to MSTC towards conduct of e-auction

1.1 Brief Introduction:

During scrutiny of a scrap disposal case, it was observed that the GSL has been paying same services charges for last 13 years inspite of increase in saleable scrap quantity and value. Concerned dept. was advised to make an effort to bring the payable service charges by way of negotiation or otherwise.

1.2 Background:

GSL has entered into a Sole Selling Agency Agreement with a PSU organization on nomination basis for sale of scrap through public e-Auction. Since then, agreement has been extended on several times at same terms and conditions except for payable service charges.

Initially, during the year 2001, the service charges payable was 3% of the sales proceeds actually realized which was subsequently revised to 2.5% in the Year 2007. It was observed that after the expiry of contract in the year 2010, GSL did not make any effort to explore the possibility (either through negotiations or otherwise) to bring down the service charges being paid to e-auction conducting agency.

1.3 Implementation:

Vigilance department observed that some efforts should have been made by GSL to bring down the service charges being paid to the e-auction conducting agency over the years. Thus, a systemic improvement was suggested to bring down the service charges applicable for scrap disposal, keeping in view the charges applicable for other PSUs.

1.4 Impact and Benefits:

The concerned department held negotiation with the e-Auction conducting agency and the service charges has been brought down from existing 2.5% to 2.3%.