

Chapter-3

Road Development Policy and Planning

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3.1 Road Development Policy

The State Government issued Uttar Pradesh Road Development Policy in 1998 enumerating policy objectives and strategies for development of road network in the State. The emphasis of the policy was on construction of village roads, proper maintenance of roads and highways, improving quality of construction and introducing organisational and procedural reforms to ensure connectivity of all the habitations and promote all round development of the State. The policy mainly provided that PWD would be the nodal agency for road works and all funds for road construction would be transferred to it, Research Institute would be strengthened, widening & strengthening would be carried out on the basis of traffic density and existing road condition, computerised data bank of every road would be established and to ensure financial discipline sanctions and funds would be released in the first quarter of the financial year. Audit, however, observed that most of the Road Development Policy directives were not implemented/adhered to during 2011-16. Similarly, planning was absent in the department and it was noticed that individual works were sanctioned without fixing priorities and was done in an *ad-hoc* manner. Further, enlistment of contractors was also noticed deficient and contractors were registered without adhering to prescribed norms/instructions.

It was further noticed that though the performance budgets of the department (2011-16) stated that a revision in the Policy (1998) has been proposed (2010), it was noticed that revision of the policy was pending till date. In view of new emerging techniques in the field of road construction and to cope with current problems in road sector, revision of Road Development Policy, 1998 was essential which was still pending (September 2016).

Audit observed investments worth ₹ 40,854.63 crore by the government during 2011-16 for expansion of road network in the State. However, major objectives of Road Development Policy, 1998 still remain unachieved as discussed below:

In reply, the Government stated (June 2017) that the Road Development Policy is under consideration.

3.1.1 Strengthening of Research Institute: The policy envisaged strengthening of the Research Institute in the PWD and signing of Memorandum of Understanding by the Institute with the Central Road Research Institute, New Delhi to work more effectively and achieve the desired quality in road construction and maintenance. However, it was seen in audit that this was still to be done. Audit further observed that the Research Institute of PWD has not been strengthened and the institute lacked both

equipment and manpower. The institute was also not getting enough samples for testing from the divisions (paragraph 10.1.2). It was also noticed that despite considerable increase in construction of roads in the State, the number of samples received by the Institute substantially declined (paragraph 10.1.4). The public works divisions were not sending samples to the Research Institute for quality testing despite repeated instruction of the Government/E-in-C. Hence, quality of road construction was largely not verified/ensured in the State.

3.1.2 Nodal agency: Policy stated that PWD would be the nodal department for all the works related to roads in the State. Construction of roads would be the responsibility of only PWD and Rural Engineering Department. Road Development Policy also provided that funds available for construction of roads with *Mandi Parishad*, Cane Development Department, District Rural Development Agency and *Zila Panchayats* would be transferred to PWD for which necessary amendment in rules would be made. Further, PWD was to be entrusted with the work of maintenance of all the roads in the State. Audit, however, observed that no such amendment was carried out and these agencies were engaged in construction and maintenance of road works in the State during 2011-16.

3.1.3 Widening and strengthening of roads: The policy stated that widening and strengthening of roads would be undertaken on the basis of traffic density and present condition of roads. This work would be carried out in accordance with the norms. Audit, however, observed that in 38 *per cent* of the test-checked cases in 17 selected districts, the proposals for widening and strengthening of roads were not supported by traffic census reports (paragraph 5.1.2). Hence, widening and strengthening of large number of roads was conducted without proper need assessment.

3.1.4 Organisational and procedural reforms

3.1.4.1 Computerised MIS: Policy stated that a computerised data bank consisting of details of every road, its width, crust thickness, CVPD, PCU, number of road accidents etc. would be created to implement the construction and maintenance works in a planned manner. Further, computerised Management Information System (MIS) would be developed at Division, Circle, Zonal Chief Engineer, E-in-C and at Government level to facilitate development of data bank and help monitor expenditure progress etc. Audit observed that neither the data bank of roads nor MIS at the divisional and higher levels have been developed and implemented as of September 2016.

3.1.4.2 Funds release: Policy stated that with a view to implement the road development policy and ensuring financial discipline, sanctions and funds would be issued in the first quarter of the financial year.

Audit observed that there were considerable delays in release of funds and also rush of expenditure at the end of financial year as discussed in paragraph 4.1.1. Audit further observed that large numbers of projects were delayed and reasons for delay could be attributed mostly to not releasing or delayed

releasing of funds (paragraph 4.1.2). Hence, the procedural reforms envisaged in the policy of 1998 have still not been implemented.

3.1.5 Protection of Environment: Policy envisaged that while taking up new road construction projects particular attention will be paid to environment. It articulated extensive plantation alongside the roads through social forestry. Audit, however, noticed that in 17 test-checked districts no provision was made in estimate for tree plantation along roads despite E-in-C instructions of 2008 to make provision of one *per cent* (of the total cost of the project costing more than ₹ one crore) in the project estimates for such work. Thus, provision of ₹ 47.87 crore for tree plantation was not made in the estimates of 168, out of 170 test-checked works, during 2011-16 as discussed in Paragraph 5.1.6. Audit further observed that E-in-C also did not ensure compliance of the 2008 instructions at the time of approval of estimates.

Thus, the aims and objectives of Uttar Pradesh Road Development Policy, 1998 remained largely unachieved even after 17 years of issue of the policy declaration.

In reply, the Government stated that the proposal is under consideration.

Recommendation: Government should prepare a clear road map to achieve the policy objectives enumerated in its Road Development Policy, 1998.

3.2 Planning

A comprehensive planning for expansion and upgradation of road network is essential for speedy development of road infrastructure and for providing connectivity to all habitations. It stipulates assessment of future requirement of roads in the State keeping in view the growth of traffic and existing status of different categories of roads.

3.2.1 Absence of Planning: For providing adequate road infrastructure in the State especially in rural sector, it was imperative that the department prepares long term, medium and short term plans to achieve the goals of providing connectivity to all habitations as per declared policy of the government. Scrutiny of records revealed the absence of systematic and comprehensive planning for construction of roads under the State plan budget. Neither any long, medium or short term plans were prepared nor any Core Network developed to comprehensively identify road connectivity and upgradation requirements. Works Manual of the Government of Kerala¹ specifically includes provisions of preparing 20 Year Master Plan, 5 Year Plan and Annual Plans for construction of roads. However, in the State of Uttar Pradesh, Audit did not find even Annual Plans for any of the years during 2011-16. Audit observed that the proposals for road construction and upgradation were sanctioned by the Government in an *ad-hoc* manner on a case to case basis. Neither any prioritisation of roads was carried out nor traffic surveys conducted periodically in majority of cases to support project proposals. The

¹ Paragraph 702 of Kerala Public Works Department Manual, 2012.

department also did not have any complete database of roads to facilitate systematic and objective planning. Hence, in the absence of a proper planning process the entire system of submission of proposals by divisional officers and sanction of road works by the government lacked transparency.

3.2.2 Habitation connectivity: Uttar Pradesh Road Development Policy, 1998 mandates that all the villages having a population of more than 1000 would be connected by road by the year 2005 and all villages having population less than 1000 would be connected by link roads by the year 2010. Audit noticed that the department did not prepare plans to achieve the policy objectives envisaged in Road Development Policy, 1998. At the time of declaration of Policy in 1998, 54,228 habitations were unconnected in the State. Despite introduction of *Pradhan Mantri Gram Sadak Yojana* (PMGSY) in December, 2000 and substantial amount of spending by both central and State governments to improve rural connectivity, 40,024 habitations in the State still remain unconnected as of March 2016.

Position of unconnected habitations during 2011-16 was as given in the Table-3.1 below:

Table 3.1: Position of unconnected habitations during 2011-16

Sl. No.	Total number of habitation	Year	Unconnected habitations			Total Unconnected habitations
			500-999	250-499	Zero-249	
1	2,15,097	2011-12	Information not available with E-in-C			
2	2,15,097	2012-13	29	17,815	25,206	43,050
3	2,15,097	2013-14	9	16,804	25,203	42,016
4	2,15,097	2014-15	9	15,814	25,203	41,026
5	2,15,097	2015-16	9	14,812	25,203	40,024

(Source: Information furnished by E-in-C)

Thus, during 2012-16, the department could connect only 3,026 habitations. The rate of providing connectivity was only 1.76 per cent per year during last four years. At this rate, it would take another 50 years to connect the remaining unconnected habitations.

The Government in its reply stated that proposal for preparation of comprehensive Five Year and Annual Plans are under consideration.

Recommendation: *The government should ensure preparation of comprehensive Five Year and Annual Plans for road development to achieve desired objective of providing habitation connectivity, improved maintenance and upgradation of different types of roads and enhance road safety and environmental protection.*

3.2.3 Identification of habitations: The total number of habitations in the State as per the information provided by the E-in-C was 2,15,097 during 2011-16. Audit, however, observed that as per Project Management Information System of *Sarva Shiksha Abhiyan* (SSA), number of total habitations in the State was 2, 27,404; 2, 27,444; 2, 27,952 and 2, 28,894 during 2012-13, 2013-14, 2014-15 and 2015-16 respectively. Thus, there was

a difference of around 12,000 to 13,000 habitations between figures of PWD and SSA. This implied that Department was not totally aware of the number of habitations in the State and if all of these had been connected so far.

E-in-C stated (August 2016) that budget provision was being made according to requirement for current works and lump sum provision was made in the budget for new works. This confirmed that no plans were prepared during 2011-16 by the department.

3.3 Enlistment of contractors

For participating in bidding process in PWD, it is essential that the contractor is registered with the department. Registration of contractors in the State is governed by UP Classification and Enlistment of Contractors Rule, 1982 (Rule). Contractors in the State are registered under five categories-‘A’, ‘B’, ‘C’, ‘D’ and ‘E’ on the basis of tender limit.

For registration, contractors are required to apply to the concerned officers and have to furnish valid solvency and character certificate issued by District Magistrate and experience certificate issued by Executive Engineer and affidavit regarding proof of possession of required plant and machinery along with their application. Further, as per check-list issued by Chief Engineer (Headquarter-2), solvency certificate, character certificate, general security, experience certificate should be verified from the issuing authority. In addition, it should be ensured that the property mentioned in solvency certificate is free from mortgage and no dues certificate from trade tax department is enclosed.

Scrutiny of 328 registration cases pertaining to 2011-16 in E-in-C/CE/SE offices and test-checked districts revealed that authorities registered contractors without adhering to the norms/check-list (*Appendix 3.1*) prescribed by the Government/department as discussed below:

- In 174 cases, security furnished by contractors was not verified from issuing authorities while in four cases, securities were not pledged in favour of concerned authorities. In two cases, short securities were accepted by the registering authorities.
- Verification of 185 solvency certificates furnished by contractors were not ensured by registering authorities while nine verification certificates relating to solvency certificates had no seal of the office of district magistrates.
- Similarly, verification of 162 character certificates furnished by contractors were not ensured by registering authorities while four verification certificates relating to character certificates had no seal of the office of district magistrates.
- Experience certificates were not furnished by 225 contractors while verification of 16 experience certificates was not carried out. Further, 10 contractors submitted experience certificates of other contractors and

experience certificates of last five years were not furnished by three contractors.

- Balance sheets were not submitted by 17 contractors along with application forms.
- Twenty one contractors did not furnish required PAN cards while six firms did not submit PAN cards in the name of the firm.
- Similarly, 25 contractors did not furnish clearance certificates from trade tax department while in 20 cases, contractors did not submit TIN.
- In cases of firms, eight contractors did not submit power of attorney while three contractors did not provide partnership deeds.
- CEs failed to forward four cases of registration of contractors to E-in-C within stipulated one month's time.

Thus, the registering authorities in test-checked districts did not ensure adherence with prescribed norms and check-list issued by the E-in-C which could result in registration of ineligible contractors.

Solvency certificate in case of firms: Inspector General, Registration ordered (February 2003) that property of partners cannot be treated as the property of the firm unless that property has been transferred in the name of the firm. Similarly, Officer on Special duty, Office of Commissioner and Secretary, Revenue Board also instructed (July 2012)² that property of partner would be treated as the property of the firm only when a legal bond is registered in favour of the firm by the partner. In view of the above facts, E-in-C (Project/Planning) ordered (June 2013) to ensure, before registration of partnership firms, that the solvency certificate enclosed by the firm is in the name of the firm and if the solvency certificate is not in the name of the firm, such firm should not be registered. If such registrations have been done in the past, it should be ensured during opening of bids that the solvency certificate is in the name of the firm. If the solvency certificate is in the name of the partner of the firm, his bid should not be accepted. However, this order was cancelled (July 2013) by E-in-C (Project/Planning) with retrospective effect from June 2013 without giving any reason.

Audit observed that, out of 166 test-checked contract bonds executed with the firms costing ₹ 3517.48 crore, only six firms³ furnished solvency certificates in the name of the firm for 20 contract bonds costing ₹ 497.05 crore during 2011-16. Thus, only six firms submitted solvency certificates in the name of the firms.

² Number: 664/4-77A/2012 dated 25.07.2012.

³ RCC Developers Ltd, Meerut; S & P Infrastructure Developers Pvt Ltd, New Delhi; M/s A K Chhabra Constructions Pvt Ltd, New Delhi, M/s Sobti Infratech Ltd., M/s GS Express Pvt. Ltd. and M/S Valecha Engineering Ltd, Mumbai.

Further, during scrutiny of records in PD, Gonda, it was observed that a contractor⁴ furnished a solvency certificate issued (December 2014) by DM, Bahraich which specifically stated that the certificate was issued with reference to the order of Revenue Board dated July 25, 2012 on the basis of individual solvency and was not permissible for calculation of the solvency of the firm. This clearly indicated that the order of the Revenue Board, mentioned in the beginning of the paragraph, was still effective. In view of this, order of E-in-C regarding cancellation of previous order, was not proper and was against the interest of the department/Government.

The Government stated that committee would be formed to give suitable recommendations in this respect.

Recommendation: Keeping in view the instructions of Inspector General, Registration and Revenue Board, the Government should issue specific guidelines for submission of proper solvency certificates by firms to safeguard the interest of the department.

3.4 Lack of database of contractors

The road works in the State are being executed through contractors and issues of solvency of contractors, availability of required technical staff and plant and machinery, experience of works executed in last five years, etc. are assessed during technical evaluation. It is imperative that a database of contractors is maintained at the State level to verify the correctness of various certificates furnished by the contractors.

Audit, however, noticed that no such database was maintained during 2011-16 which resulted in wrong calculation of bid capacity, same technical staff found executing works for many contractors, contractors furnishing documents of machinery pertaining to other contractors, etc. as discussed in paragraph 7.3.1.

In reply, the Government stated that process to evolve a system of online registration is in process. Government also stated that complete online database would be subsequently prepared.

Recommendation: Complete database of registered contractors including registration status of firms, partnership deed, solvency limit, and character certificates, detail of available equipment & technical staff, balance sheets, works executed, etc. should be maintained by the department.

⁴ Sri Nazmul Hasan, S/O Sri Safaqt Ali, Bahraich.

