

## CHAPTER XII : MINISTRY OF TEXTILES

### 12.1 Inordinate delay in purchase of ready built flats resulted in blockade of funds

**Delay in construction of residential flats in Guwahati resulted in blockade of ₹ 2.38 crore for more than seven years besides escalation of cost and loss of interest of ₹ 1.67 crore.**

The Development Commissioner (Handicraft) {DC(H)}, New Delhi received a proposal (February 2006) from their North Eastern Region Office (NERO), Guwahati for purchase of 40 ready built flats for residential quarters for officers and staff of NER office and Regional Design & Technical Development Centre (RDTDC), Guwahati at a total cost of ₹ 5.36 crore. The flats were to be built by Assam State Co-operative Housing Federation Ltd. (HOUSEFED), a State Government organization at Beltola, Guwahati. The work was to be completed and flats were to be handed over to NERO within 24 months. The proposal was approved by the Standing Finance Committee (SFC) of Ministry of Textiles in March 2006 after revision in the number of flats, from 40 to 24, at a total project cost of ₹ 3.54 crore. The approval included land cost at ₹ 1.23 crore and construction cost of ₹ 2.31 crore for constructing 24 assorted flats. Out of the above, an advance of ₹ 2.38 crore (₹ 1.23 crore as 100 *per cent* cost of land *plus* ₹ 1.15 crore as 50% of construction cost) was released to HOUSEFED in March 2006.

A scrutiny of the relevant records/ files revealed the following facts:

1. The Deed of Agreement for taking up the work was not signed between HOUSEFED and NERO, Guwahati *inter alia* to ensure the safety of government funds.
2. As against targeted completion in 24 months, the work was completed marginally (only boundary wall, foundation work of the building, installation of deep tube well), after a lapse of 7 years (April 2013).
3. NERO was required to monitor the physical and financial progress of the work and submit monthly report to DCH, New Delhi. As no reports of physical and financial progress of the work were received, office of DCH, New Delhi asked HOUSEFED (June 2009) to furnish the reasons for non-completion/delay in project and why the amount of ₹ 2.38 crore should not be recovered with *penal interest*. In its reply, HOUSEFED

informed that the delay was on account of objections raised by a local MLA. Expenditure was already incurred on purchase of land, construction of boundary wall and foundation work of the building. The dispute with MLA was stated to have been settled in August 2009.

4. HOUSEFED informed (October 2009) NERO that approach culvert at the work site had been dismantled by Guwahati Municipal Corporation (GMC) and another culvert would have to be constructed to carry building materials to the work site.
5. HOUSEFED informed (November 2010) NERO, Guwahati that it would not be possible to continue the work at the earlier/original sanctioned cost and submitted revised construction cost estimate at ₹ 4.47 crore (up from estimate of ₹ 2.31 crore) with an escalation of 93 *per cent*. One of the reasons furnished by HOUSEFED for increase in costs was non-incorporation of items such as lifts, generator, transformer, motor pump, steel gate etc. in the original proposal.
6. Revised estimates submitted by HOUSEFED (November 2010) were not approved by office of DCH till May 2013 for want of verification of the same by PWD.
7. No correspondence with HOUSEFED was found on record since November 2011.

Proper scrutiny of initial proposal submitted by the HOUSEFED by the office of the NERO while sanctioning/approving the project would have prevented exclusion of items mentioned above. DCH, New Delhi accepted that the same was inadvertently not noticed by the Department while approving the estimates. Thus, deficiency and negligence in processing the proposal by NERO and inefficient monitoring thereafter, led to an amount of ₹ 2.38 crore remaining blocked for a period of 7 years (April 2013) with consequential loss of interest of ₹ 1.67 crore (calculated at the rate of 10<sup>1</sup> *per cent*). Besides, the objective of providing housing to the staff of NER office and Regional Design and Technical Development Centre (RDTDC), Guwahati, remained unfulfilled.

The matter was reported to the Ministry in January 2013; their reply was awaited as of June 2013.

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<sup>1</sup> Rate as prescribed in GFR Rule 209 for recovery of Grants in case of failure by grantee to comply with prescribed conditions.