CHAPTER II: ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2013 deals with the findings on audit of the State Government units under Economic Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Economic Sector during the year 2012-13 are given in the table below:

Table 2.1.1

(₹ in crore)

Name of the Departments	Total Budget Allocation	Expenditure
Agriculture Department	296.95	143.93
Animal Resource Development Department	61.50	51.41
Co-operation Department	18.69	15.54
Fisheries Department	28.02	23.92
Forest Department	73.65	69.35
Horticulture Department	29.29	27.95
Industries and Commerce (Handloom, Handicrafts and Sericulture) Department	33.22	20.12
Industries and Commerce Department	38.06	38.29
Information, Cultural Affairs and Tourism Department	25.81	22.50
Information Technology Department	3.13	3.85
Power Department	136.13	89.68
Public Works (Roads and Buildings) Department	520.96	466.07
Public Works (Water Resource) Department	196.12	109.44
Science Technology and Environment Department	5.35	5.06
Total number of Departments = 14	**1,466.88**	**1,087.11**

Source: Appropriation Accounts – 2012-13.

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the Implementing agencies under the Economic Sector to different agencies in the State during the year 2012-13. The major transfers (₹ 5 crore and above) for implementation of flagship programmes of the Central Government are detailed below:

Table 2.1.2

(₹ in crore)

Name of the Department	Name of the Scheme/ Programme	Implementing Agency	Amount of funds transferred during the year
Agriculture	Integrated Water Shed Mangement Programme (IWMP)	State Level Nodal Agency Department of Agriculture, Tripura	25.25
Total:			**25.25**

Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Accounts' website

2.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

The audits were conducted during 2012-13 involving test-check of an expenditure of ₹ 444.93 crore (including expenditure pertaining to the previous years audited during the year) of the State Government under Economic Sector. This Sector contains two Performance Audits on "Rashtriya Krishi Vikash Yojana (RKVY)" and "Roads and Bridges Projects funded by NLCPR and NEC" and five Compliance Audit paragraphs.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of those Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for being laid in the State Legislature.

The major observations detected in audit during the year 2012-13 are as detailed in the succeeding paragraphs:

AGRICULTURE DEPARTMENT

2.3 Performance Audit Report on "Rashtriya Krishi Vikas Yojana (RKVY)"

The Rashtriya Krishi Vikas Yojana (RKVY) was launched by Government of India (GOI) as a State Plan Scheme during the year 2007-08 with the objective, inter alia, of stimulating agriculture and allied sectors so that the State could achieve four per cent growth during the XIth plan period. The scheme is fully funded by the GOI and being implemented in the State by Agriculture Department (nodal department) and other departments like Horticulture and Soil Conservation, Animal Resources Development Department, etc. The Performance Audit of the scheme for the period from 2007-08 to 2012-13 was conducted in the nodal department as well as the implementing departments. The audit focus was on assessing the achievements of intended objectives of the projects taken up under the scheme. The Performance Audit of RKVY brought out the following main points

Highlights:

The Department did not prepare Comprehensive State Agricultural Plan in time. The District Agricultural Plans were prepared during 2008-09. However, the bottom-up approach was not followed as Panchayat level Agricultural Planning Units were not involved in planning.

(Paragraph 2.3.9.1)

There was short release of 18.85 crore by the GOI against total allocation of funds approved by it. There was delay in release of funds at all levels from the State Government to the nodal department and the implementing agencies.

{Paragraphs 2.3.9.2(i) and 2.3.9.2(ii)}

There were deficiencies in the implementation of the projects like delayed execution, non-utilisation of completed projects, diversion of assets for other purposes, etc. Six out of 28 projects were completed with delays ranging from 22 to 51 months. Effective steps were not taken to ensure the timely completion and utilisation of the projects.

(Paragraph 2.3.10)

No criteria were prescribed or adopted while selecting the beneficiaries for the projects. In the absence of any laid down criteria, audit could not ascertain whether the selection of beneficiaries were transparent. There was no mechanism to assess the benefit in terms of economic development of the targeted beneficiaries and no impact assessment was done.

(Paragraphs 2.3.10.1 to 2.3.10.7)

Monitoring and Internal control mechanism was weak. Neither the nodal department nor the State Level Sanctioning Committee (SLSC) constituted for project sanctioning, monitoring and evaluation ever reviewed or monitored the progress and implementation of the projects. The SLSC did not meet regularly and whenever it met, that was only for approval of the project proposals.

(Paragraphs 2.3.12.1 and 2.3.12.2)

2.3.1 Introduction

The Planning Commission in its approach paper to the XIth Five Year Plan expressed concern for the Agriculture sector which had witnessed a sharp decline in growth after the mid-1990s despite the fact that the potential for the growth of agriculture was high. A major cause behind the slow growth in agriculture was the consistent decrease in investments in the sector by the State Governments. Concerned by the slow growth in the Agriculture and allied sectors, the National Development Council (NDC), in its meeting (May 2007) resolved that a Special Additional Central Assistance Scheme, namely, Rashtriya Krishi Vikas Yojana (RKVY) be launched with the aim of achieving 4 *per cent* annual growth in the agricultural sector during the XIth Plan period, by ensuring holistic development of Agriculture and allied sectors. Accordingly, the RKVY was launched as a State Plan Scheme during 2007-08.

2.3.2 Objectives of the Scheme

The main objectives of the scheme are:

- To incentivise States so as to increase public investment in agriculture and allied sectors;
- To provide flexibility and autonomy to States in the process of planning and executing Agriculture and allied sector schemes;
- To ensure preparation of Agriculture Plans for districts and States based on agro-climatic conditions, availability of technology and natural resources;
- To achieve the goal of reducing yield gaps in important crops through focussed interventions;
- To maximise returns to farmers in Agriculture and allied sectors;
- To ensure that local needs/crops/priorities are better reflected in agricultural plans of States; and
- To bring about quantifiable changes in production and productivity of various components of Agriculture and allied sectors by addressing them in a holistic manner.

2.3.3 Organisational set up

The State Agriculture Department was the nodal department for the implementation of the scheme. Further, a State Level Sanctioning Committee (SLSC) was constituted (November 2007) for sanctioning of the projects at the State level and for reviewing and monitoring the implementation of the scheme and to ensure that the projects were implemented in accordance with the guidelines laid down by the Central Government. After the projects were approved by the SLSC, the implementing departments

(Agriculture, Horticulture, Fisheries and Animal Resources Development Department), Tripura Tribal Areas Autonomous District Council (TTAADC) and Krishi Vikas Kendra (KVK) implemented them through their district level and sub-divisional level officers.

2.3.4 Financing Pattern

As per RKVY guidelines, each State will become eligible to receive RKVY funds, if the base line[1] share of Agriculture and allied sectors in its total State Plan (excluding RKVY funds) expenditure is maintained and District Agriculture Plans and State Agriculture Plans have been formulated.

Funds under the Scheme are provided to States as 100 *per cent* grant by Central Government. RKVY funds are available to the States in two distinct streams[2]. Under RKVY, 75 *per cent* funds are released under Stream-I for 17 specific components **(Appendix 2.1)** highlighted by the Department of Agriculture and Cooperation (DAC) and the balance 25 *per cent* funds under Stream-II for existing schemes of the State Governments. Depending upon the State's needs, a State may choose to use its entire allocated RKVY funds under the Stream-I only. However, the reverse is not permissible if a State cannot choose to lower its Stream-I allocation below 75 *per cent*.

2.3.5 Audit Objectives

The main objectives of this performance audit were to assess whether:

- Planning process of the implementation of scheme was effective and according to the RKVY guidelines;
- Financial management ensured adequate and timely availability of funds and their effective and economic utilisation;
- Projects were implemented according to the regulatory structure in place and the intended objectives of the projects were achieved and nodal department effectively coordinated with various departments and implementing agencies for implementing various projects;
- Internal control mechanisms were put in place to ensure efficient and effective monitoring and control over implementation; monitoring mechanism at each level was adequate; and
- The objectives of maximising returns to the farmers in Agriculture and allied sectors were achieved and the State could achieve four *per cent* growth in the Agricultural sector during the XIth Plan period.

2.3.6 Audit Criteria

The following sources of audit criteria were adopted for the Performance Audit:

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[1] Base line would be a moving average and the average of the previous three years expenditure would be taken into account for determining the eligibility under the RKVY after excluding the funds already received.
[2] Stream-I and Stream-II

- Guidelines for Rashtriya Krishi Vikas Yojana (RKVY) of Department of Agriculture & Cooperation, Ministry of Agriculture.
- Comprehensive State Agricultural Plan.
- Guidelines for projects under implementation.
- Instructions/guidelines issued at State/District level for implementation of RKVY.
- State general financial and accounts rules.

2.3.7 Scope of Audit

The performance audit was carried out between May and September 2013 covering the period from 2007-08 to 2012-13 and involved scrutiny of records and other evidence in the offices of the State Agriculture (Nodal) Department including directorates of Animal Resources Development Department (ARDD), Fisheries Department, Horticulture & Soil Conservation Department, Executive Engineer (Mechanical), Agriculture Department and Chief Executive Officer (CEO), Tripura Tribal Areas Autonomous District Council (TTAADC) at State level, 16 offices[3] at district level, 26 offices[4] at sub divisional level. Eight sectors detailed below were selected by using Simple Random Sampling. The SLSC approved 148 projects covering 17 sectors (**Appendix 2.1**), of which 12 projects were dropped and 136 projects were taken-up for implementation under Stream-I during 2007-13. Out of 136 projects, 28 projects covering eight sectors as detailed in Table No. 2.3.1 below were selected for test-check by using Probability Proportional to Size With Replacement (PPSWR) method and 4 randomly selected projects of Stream-II were covered in the Performance Audit.

Table No. 2.3.1

(₹in crore)

Name of Sector	Total Projects		Projects selected	
	Nos.	Project cost	Nos.	Project cost
Stream-I				
Animal Husbandry	32	29.30	6	11.38
Horticulture	28	21.13	6	7.54
Micro Irrigation	6	14.40	2	9.07
Marketing	6	12.47	2	8.06
Fisheries	23	8.67	5	3.38
Agriculture Mechanisations	6	7.48	2	5.12
Crop Development	17	87.43	4	69.31
Non-Farming Activity	1	0.16	1	0.16
Sub Total	**119**	**181.04**	**28**	**114.02**
Stream-II	**36**	**37.05**	**4**	**17.13**

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[3] Dy. Director of Agriculture of Dhalai, North, South and West districts, Dy. Director of ARDD of Dhalai, North, South, and West districts, Dy. Director of Horticulture, West, Executive Engineer (Agirulcure) of North, South and West districts and ZDO, Dhalai, North, South and West., KVK, BC Manu.

[4] Agriculture Department: Supdt. of Agriculture, Bishalgarh, Melaghar, Matabari, Rajnagar, Amarpur, Salema, Kadamtala, Panisagar and Kumarghat;
H&SC Department: Supdt. of H&SC, Bishalgarh, Sonamura, Udaipur, Manu, and Kumarghat;
Fisheries Department: Supdt. of Fisheries, Sadar, Santirbazar, Amarpur, Kailashahar and Dharmanagar
ARDD: AD(BL), Bishargarh, Sonamura, Belonia, Sabroom, Salema and Kumarghat

2.3.8 Audit Methodology

The Entry conference was held with the Additional Chief Secretary, Agriculture Department in May 2013 wherein the audit objectives, audit criteria and methodology were discussed.

Joint physical Verification of projects at 51 locations pertaining to 32 selected projects and joint survey including interview of 415 beneficiaries of the projects were also carried out in audit for doing an impact assessment of the Scheme.

The audit findings and recommendations were discussed in the exit conference held with the Principal Secretary, Agriculture Department on 31 December 2013. The audit findings are mentioned in the succeeding paragraphs:

2.3.9 Audit findings

2.3.9.1 Planning Process

Audit Objective 1: Whether planning process of the implementation of scheme was effective and according to the RKVY guidelines

(i) District Agricultural Plans and Comprehensive State Agriculture Plan

The bottom-up approach was not followed as the draft proposals of District Agricultural Plans (DAPs) were not prepared at Panchayat level Agriculture Planning Units as envisaged in the guidelines. Rather, the DAPs were prepared by the District Planning Committee constituted in each district.

The DAC, GOI engaged (January 2008) National Institute of Rural Development (NIRD) for effective monitoring and evaluation of RKVY. As seen from the RKVY website, the NIRD scrutinised the Comprehensive State Agriculture Plan (C-SAP) of the States and pointed out deficiencies noticed in the XIth Five-Year Plan's C-SAP and made recommendations in their evaluation study reports so that the states could improve their next State Agriculture Plan by incorporating the recommendations suggested by the NIRD. However, in respect of Tripura, the preparation of C-SAP was delayed and sent to the DAC in February 2011 as reported by the nodal department. The evaluation report of NIRD in respect of C-SAP of Tripura was not available either with the Nodal Department or in the RKVY website.

Hence, due to non-preparation of C-SAP in time and non-availability of NIRD evaluation report the State Government was deprived of any opportunity to carry out improvements in the planning process of the C-SAP for XIIth Five Year Plan.

The Government while agreeing with the audit observations assured (December 2013) to comply with the requirement during preparation of DAPs for XIIth Five Year Plan.

2.3.9.2 Financial management

Audit Objective 2: Whether financial management ensured adequate and timely availability of funds and their effective and economic utilisation

(i) Receipts of grants and expenditure incurred

The details of funds released by DAC, GOI and expenditure incurred by the State Government during the years from 2007-08 to 2012-13 under RKVY are given in the table below:

Table No. 2.3.2

(₹in crore)

Year	Funds allotted	Project cost of Stream-I	Funds released by DAC, GOI				Expenditure incurred				
			Stream- I	Stream -II	Sub scheme	Total	Stream-I	Stream -II	Sub scheme	Total	Balance
2007-08	4.69	4.40	2.84	1.32	0	4.16	0	0.20	0	0.20	3.96
2008-09	34.02	28.69	12.25	3.83	0	16.08	15.37	3.83	0	19.20	0.84
2009-10	31.28	31.64	23.46	7.82	0	31.28	14.80	0	0	14.80	17.32
2010-11	116.86	111.37	87.26	29.22	0	116.48	63.08	29.22	0	92.30	41.50
2011-12	25.63	18.51	18.51	3.62	3.50	25.63	57.96	3.62	3.50	65.08	2.05
2012-13	56.43	43.58	32.47	10.82	13.14	56.43	39.60	0.18	6.57	46.35	12.13
Total	**268.91**	**238.19**	**176.79**	**56.63**	**16.64**	**250.06**	**190.81**	**37.05**	**10.07**	**237.93**	**12.13**

Note: Total expenditure incurred was as per reconciliation done by the Agriculture (Nodal) department with Accountant General (Accounts &Entitlement), Tripura

The DAC, GOI released ₹ 250.06 crore during 2007-13 against allocation of ₹ 268.91 crore. Out of ₹ 250.06, ₹ 176.79 crore was under Stream-I against approved project cost of ₹ 238.19 crore, and ₹ 56.63 crore was under Stream-II and ₹ 16.64 crore was under Sub scheme. Thus, there was a difference of ₹ 61.40 crore between approved project cost and funds received under Stream-I. Out of ₹ 56.63 crore received under Stream-II, ₹ 19.58 crore was utilised for implementation of projects under Stream-I which was allowed under scheme guidelines and balance of ₹ 37.05 crore was utilised for Stream-II projects. During 2007-13, ₹ 237.93 crore was utilised by the State Government leaving unspent balance of ₹ 12.13 crore.

(ii) Delay in receipt of funds at various levels

There had been significant delays in release of funds by the State Finance and nodal department. Six to nine months delay had been made by the State Finance Department on 6 occasions. In the case of Stream-II funds for the year 2008-09, the State Finance Department released in August 2010 against funds released by the DAC in June 2008. Further, on four occasions, 6 to 10 months delay had been made by the nodal department to release funds to Implementing departments. The details of funds received from GOI and subsequent releases made by the State Finance and nodal department are given in **Appendix 2.2.**

While accepting the facts the Government (December 2013) stated that such delays would be avoided in future.

(iii) Submission of Utilisation Certificates

Year wise funds received, Utilisation Certificates submitted to DAC and amount lying with DDOs are given in the table below:

Table No. 2.3.3

(₹ in crore)

Year	Funds released by GOI	Funds released by State nodal departmentto DDOs	UC submitted to GOI	Date of submission of UC to GOI	Unspent amount lying with DDOs (June 2013)
2007-08	4.16	0.20	4.16	24-11-10	
2008-09	16.08	19.20	16.08	24-11-10	
2009-10	31.28	14.80	31.28	21-09-11	
2010-11	116.48	92.30	116.48	20-01-12	2.02
2011-12	25.63	65.08	25.63	07-11-12	1.96
2012-13	56.43	48.60	20.44	15-03-13	
Total	250.06	**240.18**	214.07		3.98
2013-14			33.22	18-9-13	

The above table shows that:

- Submission of UCs by the nodal department to the GOI had been regularly delayed.
- Though the nodal department submitted UCs for the entire funds received during 2007-12, an amount of ₹ 3.98 crore had been lying unspent (July 2013) with 5 (five) DDOs as detailed in **Appendix 2.3** against funds drawn during the years 2010-11 and 2011-12.

Thus, the Utilisation Certificates sent to the GOI for the years 2010-11 and 2011-12 were incorrect.

The Government stated (December 2013) that UCs were submitted to GoI for entire funds of previous year to get release of funds for the succeeding year.

(iv) Unadjusted amount with Implementing Officers

Scrutiny of records revealed that unadjusted amount of ₹ 0.61 crore was lying with 34 implementing officers since 2010-11 and 2011-12 as detailed in **Appendix 2.4**. But no action had been taken by the implementing departments against the IOs for non-submission of the adjustment vouchers.

The Government stated (December 2013) that immediate steps would be taken to obtain the adjustments from the implementing officers.

2.3.10 Implementation of Projects

Audit Objective 3: Whether projects were implemented according to the regulatory structure in place and the intended objectives of the projects were achieved and nodal department effectively coordinated with various departments and implementing agencies for implementing various projects.

2.3.10.1 Animal Husbandry

For Animal Husbandry sector 36 projects under Stream-I were sanctioned by SLSC during the period from 2007-08 to 2012-13. 32 projects were taken up and 4 projects got dropped due to short release of funds by the GOI. The projects were implemented by four agencies: ARDD-20, TTAADC-7, Tripura Cooperative Milk Production Union Ltd.(TCMPUL)-3, Krishi Vigyan Kendra-2. As of June 2013, out of 32 projects (approved project cost ₹ 30.18 crore), 23 projects were completed at a cost of ₹ 19.81 crore while 9 projects were on going. Six projects were selected for detailed audit scrutiny. Audit findings in respect of four of these projects are detailed in **Appendix 2.5**.

It could be seen from the Appendix that in three out of the six selected projects there were delays in execution of the projects. Besides, the selection of beneficiaries under the projects was also not transparent and bias could not be ruled out.

Joint physical verification of 50 units (beneficiaries) implemented by eight offices[5] of four districts revealed that in five cases the beneficiaries had no pigs, in two cases only one pig and in three cases two pigs as against distribution of five pigs to each beneficiary. About 10 *per cent* (out of 50) of the verified units were found closed.

Further, Joint physical verification of 40 units (beneficiaries) implemented by eight offices[6] of four districts further revealed that in two cases the beneficiaries had no goat, in two cases only two goats were found against the total allocation of one male and five female goats provided to each unit. About 5 *per cent* (out of 40) of the verified units were found closed.

2.3.10.2 Horticulture

For Horticulture sector, the SLCC sanctioned 30 projects during the period 2007-08 to 2012-13. Out of 30 projects, 28 projects had been taken up and two projects had been dropped due to short release of funds by the GOI. The projects were to be implemented by Horticulture Department (21), TTAADC (6) and KVK (1). As of June 2013, out of 28 projects (approved project cost ₹ 21.13 crore), 26 projects had been completed at a cost of ₹ 19.33 crore while two other projects were in progress. Besides, the selection of beneficiaries under the projects was also not transparent and

[5] Dy. Director of ARDD (North and Dhalai), Asstt. Director of ARDD (Bishalgarh, Sonamura, Belonia, Sabroom, Salema and Kumarghat),

[6] Dy. Director of ARDD (North and Dhalai), Asstt. Director of ARDD (Bishalgarh, Sonamura, Belonia, Sabroom, Salema and Kumarghat),

bias could not be ruled out. Audit findings in respect of five selected projects are detailed in the **Appendix 2.6**.

It was noticed from the Appendix that out of total five projects, there was delay in completion of one project for over two years and in respect of four projects no study was carried out to assess the impact of the scheme, particularly the assessment of the increase in productivity/yield and income enhancement of the targeted beneficiaries was done. Therefore, the achievement of the objectives of the project remained un-assessed.

However, during joint physical verification involving 145 beneficiaries, all the beneficiaries stated that they had been benefited from the projects.

2.3.10.3 Micro Irrigation

Under Agriculture (Micro irrigation) sector, 7 projects had been sanctioned by SLSC during the period from 2007-08 to 2012-13. Out of 7 projects, one had been dropped due to short release of funds by the DAC, GOI. Three projects had been implemented by the Agriculture Department through their Engineering Wing and three projects were undertaken by the TTAADC. The projects were mainly for installation of Mini Deep Tube Wells (MDTWs) at the farmers' land to provide irrigation facilities to the farmers. As of June 2013, out of 6 projects (approved project cost ₹ 14.40 crore), 5 projects had been completed at a cost of ₹ 6.93 crore while one project was in progress (utilisation ₹ 6.51 crore against project cost of ₹ 7.47 crore).

The project 'Installation of 80 Small bore tube well with submersible pump' had been completed in August 2011 and the funds released by the nodal department had been fully utilised. During physical verification of projects involving 10 beneficiaries, it was noticed that the MDTWs were working and the beneficiaries also reported that they were getting irrigation facilities from them.

2.3.10.4 Marketing and post harvest management

With the objective of providing better marketing facilities to the farmers, Agriculture Department, Government of Tripura had proposed seven projects at an estimated cost of ₹ 17.47 crore. All the projects were approved by the SLSC and DAC, GOI. However, one project (estimated cost ₹ 5 crore) proposed during 2008-09 had been dropped due to short receipt of funds from DAC, GOI. Two projects Infrastructure Development in Agricultural Markets and Development of village markets were selected for test-check. Under one project development of one Wholesale Assembling Market and 5 Primary Rural Markets were taken up during the period from 2007-08 to 2012-13 at an estimated cost of ₹ 3.39 crore. Out of six markets, five were completed while one was in progress (June 2013).

Further, development of 5 village markets proposed at an estimated cost of ₹ 4.67 crores were completed with delays ranging from 10 to 24 months. Except Killa and Barpathari other markets were either not used or partially used.

The observations relating to deficiencies in implementation of marketing and post harvest management are detailed in **Appendix 2.7**. It can be seen from the Appendix that there were delays in construction of wholesale and rural markets and even where the construction of the markets had been completed, they had not been put to use.

During joint physical verification of Construction of Wholesale Assembling market at Bishramganj, it was noticed that none of the items like Covered Market shed, Wholesale and Retail Shop, Veterinary Dispensary etc., though completed and in usable condition had not been put to use. As a result, the targeted beneficiaries were deprived of getting those facilities.

The construction works of five primary rural markets had been completed at a cost of ₹ 1.09 crore. Though all the markets were completed only three (Moharchhara, Bairagi bazaar and Debdaru) had been put to use. Out of the remaining two markets, one market at Durga Chowmuhani had been completed recently (August 2013), but another one at Anandabazar was lying unutilised since September 2012. No action had been taken by the implementing department to put the markets to use. As a result, the targeted beneficiaries were deprived of getting the facilities.

Scrutiny of records and physical visit revealed that the rural market at Killa was completed in time and was put to use. Four other markets were completed with delays ranging from 10 to 21 months. The market at Ambassa completed in June 2013 and Barpathari completed in March 2013 was put to use, K.K.Nagar completed in March 2012 had been partially used mainly due to absence of power supply connection and Noagaon completed in December 2012 was not used till the date of Audit (June 2013).

In the exit conference, the Principal Secretary assured that steps would be taken to put the markets to use at the earliest.

2.3.10.5 Agriculture Mechanisation sector

With the objective of providing better marketing facilities to the farmers, Agriculture Department, Government of Tripura had proposed six projects under Agriculture Mechanisation sector at an estimated cost of ₹ 7.48 crore for providing subsidy on procurement of power tiller, power sprayer, paddy transplanter, etc. All the projects were approved by the SLSC and DAC, GOI and their implementation had been completed.

It was noticed that there were two projects namely 'Increasing Cropping Intensity by mechanisation through Power Tiller' and 'Productivity increase through subsidy on Power Sprayers'. The subsidy on Power Sprayers had been diverted for grant of subsidy on Power Tillers due to non-availability of demand for Power Sprayers. Besides, the possibility of arbitrariness and bias in recommending the beneficiaries by the PRI bodies for granting Power Tiller Subsidy could not be ruled out. Further, due to the implementation of the project without prescribing any targeted beneficiaries, impact of the implementation of project particularly in socio-economic development of beneficiaries could not be evaluated.

2.3.10.6 Crop Development

Under Crop Development sector, 18 projects had been sanctioned by SLSC during the period from 2007-08 to 2012-13. Out of 18 projects, 17 projects had been taken up and one project had been dropped due to short release of funds by the GOI. Out of 17 projects (approved project cost of ` 87.43 crore), 15 projects had been completed at a cost of ₹ 81.01 crore while two projects were in progress.

It was noticed that in respect of two projects viz., 'Popularising cultivation of Paddy through System of Rice Intensification (SRI)' and 'Providing support for improved method of Jhum cultivation', the impact of implementation of the projects had not been evaluated and documented. Hence, the same could not be ascertained and verified in audit.

During physical verification of projects involving 40 beneficiaries (farmers), the beneficiaries stated that they were benefited from the projects but no data regarding increase in production/productivity was available.

In the exit conference, the Principal Secretary stated that the production of rice had generally increased in the State. However, the impact of implementation would henceforth be evaluated and documented systematically.

2.3.10.7 Fisheries

Under Fisheries sector 23 projects had been sanctioned by SLSC during the period from 2007-08 to 2012-13. Out of 23 projects, 17 projects had been taken up by the Fisheries Department, 5 by TTAADC and 1 by KVK. As of June 2013, out of 23 projects (approved project cost ₹ 8.67 crore), 19 projects had been completed at a cost of ₹ 7.71 crore while 4 were in progress. The details of five projects are shown in **Appendix 2.8**.

It could be seen from the Appendix that there were delays in implementation of the projects due to which the intended beneficiaries were deprived of the benefits of the projects. Besides, due to implementation of the projects without prescribing any targeted beneficiaries/measurable parameters, the impact of the implementation of the projects could not be evaluated.

Further, though the project 'Hi-tech Fish culture through use of Aerator' was to be implemented during 2012-13, no Aerator had been supplied by the firm till June 2013 and therefore, the intended beneficiaries were deprived of getting Aerator at subsidised rate.

2.3.11 Stream-II

The DAC, GOI released ₹ 56.63 core under Stream-II during the period 2007-13 but due to short release of funds under Stream-I, ₹ 19.58 crore had been diverted to Stream-I to mitigate the short release of funds under Stream-I.

It was noticed in audit that construction of cold storage at Ambassa which was scheduled to be completed in June 2011 had not been completed till September 2013 due to delay in approval of drawing and design and further due to slow progress of works. Moreover, no action had been taken by the implementing department against the contractor for non-completion of the project till September 2013.

2.3.12 Monitoring and supervision

Audit Objective 4: Whether internal control mechanisms were put in place to ensure efficient and effective monitoring and control over implementation; monitoring mechanism at each level was adequate.

2.3.12.1 Monitoring and evaluation by Nodal Department

Scrutiny of the records of the Agriculture Department revealed that while allocating the funds to Implementing Agencies, project specific allotment were not being made by the nodal department. The project wise compilation of physical and financial progress reports received from time to time from the district/sub-divisional level offices had not been done either by the nodal department or the implementing department. Further, scrutiny revealed that the monthly progress reports of physical and financial status were also not being submitted regularly by the implementing department/agencies to nodal department. The nodal department had neither undertaken any evaluation studies nor engaged any third party for evaluation of the implementation of the projects.

Audit noticed following further shortcomings in monitoring/control:

(i). The nodal department was to ensure that project wise accounts were maintained by the implementing department/organisation but the same were not maintained by the Animal Resources Development, Horticulture and Fisheries Departments and even by the Agriculture Department itself for its own projects. However on being called for in audit, a statement of physical and financial status of the projects had been furnished by them.

(ii). The details of assets created at District/State level under RKVY as required to be maintained by the nodal/implementing departments were not being done by Agriculture, Horticulture, Fisheries and Animal Resources Development departments.

(iii). As per the amended RKVY guidelines (July 2008), a Committee was to be constituted under the chairmanship of the Agriculture Production Commissioner to review the implementation of RKVY on a monthly basis and submit reports to the SLSC. In Tripura, there was no Agriculture Production Commissioner. However, a Committee was constituted after a lapse of over three years in August 2011 under the Chairmanship of Joint Director (Planning), Directorate of Agriculture. The Committee had to meet at least once a month to look after the implementation of projects and report to the Principal Secretary (Agriculture). But the Committee did not hold any meeting to review the RKVY projects and consequently did not report to the Principal Secretary (Agriculture).

2.3.12.2 Monitoring and evaluation by SLSC

As per RKVY guidelines, the SLSC was to meet at least once in a quarter. In Tripura, the SLSC was constituted in November 2007 and only 9 meetings were held by the SLSC against 21 meetings during the period from 2007-08 to 2012-13. Further, review of the minutes of meetings made available to Audit revealed that the meetings took place mainly for approval of the projects proposed by the nodal department and no monitoring/reviewing of the implementation of the project/scheme's objectives was done. The physical and financial achievements of the projects were not monitored by the SLSC and no evaluation study had been initiated by the SLSC.

2.3.12.3 Submission of quarterly physical and financial reports to Ministry

The quarterly physical and financial progress reports as required to be submitted to the DAC, GOI had not been done by the nodal department except sending of UCs. Only project wise physical and financial progress was being uploaded by the nodal department in GOI's RKVY website.

2.3.12.4. Implementation of Web-based management information system

As per the guidelines, the State Government had to establish effective IT based Management system. But the Government of Tripura did not establish any IT based MIS for RKVY. However, the State's data had been regularly uploaded by the RKVY Cell created by the nodal department in RKVY website of DAC, GOI.

Though regular data entry was done in RKVY, GOI's website, the actual expenditure and completion of projects shown in the website did not match with the documents furnished to audit. Projects on 'Infrastructure Development in Agricultural Markets' (Project code: TR/RKVY-MRKT/2009/076) was shown as completed and expenditure incurred for ₹ 3.39 crore in RKVY website though the project was not completed and unspent amount of ₹ 0.20 crore was lying with the implementing officer till June 2013. Similarly, in the case of project on 'Development of Demonstration Unit on Piggery' (Project code: TR/RKVY-ANHB/2010/049) ₹ 5.21 crore was shown as expenditure incurred in RKVY website but only ₹ 5.15 crore was spent by the implementing department for implementation of the project and ₹ 0.06 crore was lying with implementing officers. Further, during verification of RKVY website data with the actual records (June 2013), it was seen that there were discrepancies between the number and value of projects uploaded in the website and the projects actually sanctioned/implemented. However, on being pointed out by Audit, all the discrepancies had been rectified by the nodal department as re-verified by Audit in November 2013.

2.3.12.5 Internal Audit

Internal Audit of implementation of RKVY had been conducted by the Directorate of Audit, Finance Department, Government of Tripura during August-December 2011 for the period from 2007-08 to 2010-11 only in respect of West Tripura District. The

Internal Audit Reports submitted (April 2012) to the nodal department had been circulated (June 2013) after a lapse of 15 months to the concerned officers for taking corrective action which had not been done (September 2013) by 23 out of 30 offices covered in audit. But no effective steps had been taken by the nodal department to get the deficiencies rectified as pointed out in the Internal Audit Report.

Thus, the internal audit was rendered ineffective first, due to non-covering of all the implementing offices and later not taking corrective action on internal audit reports.

2.3.13 Impact

Audit Objective 5: Whether the objectives of maximising returns to the farmers in Agriculture and allied sectors were achieved and the State could achieve four *per cent* growth in the agricultural sector during the XIth Plan period.

2.3.13.1 Impact evaluation of RKVY

No evaluation was carried out by the nodal department either itself or by engaging any third party as done in many other States to assess the impact of RKVY and to find out as to what extent the objectives of the scheme had been achieved in the State. As per the agreement with DAC, NIRD was required to design and plan to carry out external concurrent monitoring for verification of physical and financial progress as well as concurrent evaluation in the middle of XIth Plan period and at the end of XIth Plan period (two evaluations in 5 years). No records of any such concurrent monitoring and evaluation by NIRD were found in the nodal department.

The Government stated (December 2013) that the Institute for Social and Economic Change (ISEC), Bangalore had been engaged for evaluation studies of RKVY projects implemented during XIth Five Year Plan.

2.3.14 Conclusion

The implementation of RKVY in Tripura produced mixed results with both the achievements and failures in equal measures. The Department did not prepare the overall State comprehensive agricultural plan in time. The District level agricultural plans were prepared without preparing the plan at Panchayat level planning units. Therefore, involvement of the Panchayats in planning process could not be ensured by the Department. There were considerable delays in release of funds at every level and the completion of the projects was delayed in many cases. No criteria for selection of beneficiaries under the scheme were prescribed. Though the beneficiaries interviewed in audit accepted availing benefits of the projects, no mechanism was in place to assess the benefits actually accruing to the beneficiaries in terms of their economic well being. The nodal department as well as SLSC did not monitor and review the progress and implementation/ achievement of the projects. The internal control mechanism was weak and the required records were not maintained. Data reliability was not ensured. No evaluation or impact assessment of RKVY was done by the State Government.

2.3.15 Recommendations

The Department/State Government may consider implementing the following recommendations:

- DAPs as well as SAP should be prepared following bottom-up approach with the active involvement of Panchayats and taking required professional assistance/support/consultation from the Standing consultant, *i.e.* NIRD;
- The Implementing Departments/Officers should be made accountable for undue delays in completion of the projects;
- Criteria should be prescribed for selection of beneficiaries and effective system should be developed to assess the outcome of projects;
- Nodal department and SLSC should closely monitor the implementation of schemes through periodical progress reports and field inspections as well;
- Evaluation should be carried out on priority to assess the achievements of RKVY during 2007-13 and use the inputs for future planning.

PUBLIC WORKS DEPARTMENT
(ROADS AND BUILDINGS)

2.4 Performance Audit of Roads & Bridges Projects funded through Non-Lapsable Central Pool of Resources (NLCPR) and North Eastern Council (NEC)

Government of India (GOI) created the Non-lapsable Central Pool of Resources (NLCPR) and North Eastern Council (NEC) with the aim of speeding up the execution of infrastructure projects in the North Eastern States by increasing the flow of budgetary financing for specific viable infrastructure projects in various sectors and to reduce the critical gaps in basic minimum services. A Performance Audit of Roads and Bridges projects funded through NLCPR and NEC during 2008-13 in the State revealed that projects were taken up without adequate planning and prioritisation. Consequently, out of 24 projects approved by the GOI during 2008-09 to 2012-13 and which were scheduled to be completed by March 2013, only nine projects (38 per cent) were completed in Roads and Bridges sector as of March 2013. The State had neither carried out gap analysis nor evaluated the extent of achievement of the objective of reducing the gap between the required and available infrastructure facilities in the State and its impact on the economy and social fabric of the State.

Highlights:

Project proposals were formulated without carrying out gap analysis of infrastructure requirements and also without adopting District Infrastructure Index method.

(Paragraphs 2.4.7.1 and 2.4.7.3)

Tendering process was not transparent and competitive. The works were awarded to ineligible and inexperienced contractors at unduly high rates, As a result, the Department incurred an extra expenditure of ₹ 23.13 crore besides commitment of extra expenditure of ₹ 42.53 crore.

{Paragraphs 2.4 8.5(A)(ii), 2.4.8.5(A)(iii) and 2.4.8.5(B)(i)}

There were delays in release and utilisation of funds at all levels ranging upto 30 months. Further, there was short release of State share as well as diversion of funds.

(Paragraphs 2.4.9.1, 2.4.9.2 and 2.4.9.3)

Execution of projects suffered due to frequent revisions in DPRs/Technical specifications, slow progress of execution, contractor's lackadaisical approach and lack of monitoring by the divisions.

{Paragraphs 2.4.8.2, 2.4.8.3, 2.4.10.4(v) and 2.4.10.4(ix)}

As of September 2013 there were 15 incomplete projects which had not been completed within the scheduled date. Only 9 out of 24 projects due for completion were actually completed with a time overrun ranging from 15 to 23 months.

(Paragraph 2.4.10.2)

Contractors were given undue benefits in the form of payment of mobilisation advance, non-recovery of interest, non-provision for deposit of security deposit/earnest money, payment against wrong claims, irregular issue of materials and doubtful execution, etc. causing financial loss of ₹14.10 crore.

{Paragraphs 2.4.10.4(i), 2.4.10.4(ii), 2.4.10.4(iii) and 2.4.10.4(viii)}

Prescribed monitoring mechanism was not adequately followed. No evaluation or impact study was conducted to assess the impact of the projects in the State.

(Paragraphs 2.4.11.2 and 2.4.11.3)

2.4.1 Introduction

The North Eastern part of India has essentially depended on central funding for development works. All the States in the North Eastern Region (NER) are Special Category States whose Development Plans are substantially financed by the centre. The North Eastern Council (NEC) constituted in 1971 by an Act of Parliament is the nodal agency for the economic and social development of NER which consists of eight States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The Government of India further created a Non Lapsable Central Pool of Resources (NLCPR) in the Union Budget from the year 1998-99 in the Public Account titled "Central Resource Pool for development of NER" for funding specific programmes for economic and social upliftment of North Eastern States. The funds were meant mainly for ensuring speedy development of Roads and Bridges in NER and also to support development of the physical and social infrastructures.

The NLCPR and NEC schemes are funded and monitored by the Ministry of Development of North Eastern Region at the Centre.

For the State of Tripura, the Government of India sanctioned 26 projects under NLCPR (estimated cost ₹ 122.69 crore) and 1 project (estimated cost ₹ 195 crore) under NEC during 2008-13. Out of 26 projects, the project proposals of 23 projects were sent during 2004-05 by the Government of Tripura. The approved NLCPR projects mainly consisted of replacement of existing Semi-permanent type bridges with Reinforced Cement Concrete bridges (23) and improvement/widening of roads (3).

2.4.2 Organisational Set-up

The organisational set-up for implementation of Roads and Bridges projects in Tripura under NLCPR and NEC scheme of Government of India (GOI) is given below:

The Planning and Co-ordination Department of Government of Tripura was the Nodal Department. The Project implementation was done through State Public Works Department (PWD). The PWD has its Divisions throughout the State and the different works were executed by those Divisions under the overall supervision and control of Chief Engineer (Roads &Buildings).

2.4.3 Audit Objectives

The objectives of the Performance Audit were to assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and that the individual projects were planned appropriately;
- The mechanism in place for approval and commencement of the projects was strictly adhered to and appropriate checks applied at each stage, prior to and post approval and in the tendering process;
- Adequate funds were released in a timely manner and utilised for specific purpose;
- Projects were executed efficiently and economically to achieve the intended objectives; and
- There was a mechanism for adequate and effective monitoring and evaluation of projects.

2.4.4 Audit Criteria

The audit findings have been benchmarked against the following sources of criteria:

- Guidelines of the GOI for NLCPR funded schemes
- Detailed Project Reports
- Conditions and norms for release of funds

- CPWD/Tripura Public Works Manual
- Prescribed monitoring mechanism

2.4.5 Scope of Audit

The Performance Audit was conducted between May and September 2013 and covered the implementation of 'Roads and Bridges' projects under NLCPR and NEC during 2008-09 to 20012-13. Out of total 26 projects sanctioned under NLCPR, 15 projects were selected for detailed examination by Audit based on Probability Proportional to Size without Replacement (PPSWOR) method. The approved cost of 15 projects was ₹ 47.09 crore (Bridge: ₹ 36.41crore, Road: ₹ 10.68 crore) against which ₹ 37.53 crore was released (GOI: ₹ 35.18 crore and Government of Tripura ₹ 2.35 crore) during the period covered by audit. For NEC projects, one project sanctioned by GOI during 2010 and three other projects sanctioned prior to 2008-09 but executed during 2008-2013 were selected by Audit.

2.4.6 Audit methodology

The Performance Audit commenced with an entry conference with the Secretary, Planning and Coordination and State PWD officials on 23 May 2013 wherein the audit objectives, criteria, scope and methodology were discussed. Audit was conducted through examination of records of Planning and Coordination Department, Chief Engineer PWD (R&B) and nine executing Divisions[7] and through issue of questionnaires and audit memos, joint field verification taking photographs of project sites. An exit conference was held with the Additional Chief Secretary, Public Works Department, Government of Tripura on 24 January 2014 to discuss the audit findings and recommendations. The replies furnished by the Government on 22 January 2014 have also been suitably incorporated in the Report.

Audit findings

2.4.7 Planning Process

Audit Objective 1: Whether there was a critical assessment of needs in each of the infrastructural areas and that the individual projects were planned appropriately.

2.4.7.1 Preparation and Submission of Annual Priority List and Concept Paper

In terms of the NLCPR guidelines, the State Government was to prepare a Perspective Plan after a thorough analysis of gaps in infrastructure under various sectors. The projects submitted to the GOI for consideration under NLCPR were to be picked up strictly from the perspective plan and according to the priority assigned therein. This was to be in consonance with the overall planning process within the State covering annual plans and five year plans. Along with Priority list, the 'concept paper' for each project providing detailed analysis of the existing facilities in the sector and full

[7] Bishalgarh, Sonamura, Amarpur, Kamalpur, Khowai, Manu, Kanchanpur, Mohanpur and Jirania

justification for retention of the particular project and cost benefit analysis of the project as per generic structures was also to be prepared and submitted to GOI. Each project proposal or concept paper was to be accompanied by a socio-economic feasibility report and a Detailed Project Report (DPR).

Scrutiny of records revealed that the State Government had neither prepared any Perspective Plan nor carried out gap analysis for infrastructural development of the State. Annual Priority list was submitted by the nodal department during 2008-09 to 2012-13 to the GOI on the basis of project proposals received from the State Public Works Department and was in accordance with the policy decision of the State Government. No criteria or considerations were made available to Audit for assigning the priority ranking of the projects.

It was also noticed that the concept papers submitted with priority list by the State Government were not as per generic structure and did not provide detailed justification for favourable consideration of the projects under NLCPR. Thus, planning process as prescribed by the GOI was not adhered to by the State Government.

In reply, the Government while stating that the priority of projects was finalised on the basis of infrastructural gap, necessity, importance, target beneficiaries etc., did not comment on the audit observation regarding not adhering to GOI guidelines.

2.4.7.2 Delay in submission of annual priority list

The State Government through its Nodal Department was required to submit annual priority list for the next financial year to the GOI by 30 November (earlier 31 December) starting from 2009. From the annual priority list so submitted by the State Government, the GOI retains/approves the projects. Further, the State Government was required to prepare Detailed Project Reports (DPRs) within two months for the projects retained by the GOI. The year-wise details of the project proposals submitted by the Nodal Department, projects retained by GOI and the DPRs submitted by the Department were as below:

Table: 2.4.1

Annual Priority list submitted			Projects Proposed	Projects retained by GOI	Date of retention of the project	Date of submission of DPR	Delay in submission of DPR	Date of approval of projects by GOI
Scheduled Date	**Actual Date**	**Delays**						
Dec’ 2007	27.5.2008	5 months	04	03	08.08.08 08.08.08 20.02.09	24.11.09, 24.2. 09 04.06. 09	13 months 4 months 1 ½ months	25.9.2012 25.9.2012 Not yet approved
Dec’ 2008	9.3.2010	16 months	01	Nil	Nil	Nil	--	
Nov’ 2009	9.3.2010	4 months	03	02	01.11.10 11.1.11	20.04.2011 01.06.2011	3 ½ months 2 ½ months	Not yet approved
Nov’ 2010	NIL	----	----	----	----	----	----	----
Nov’ 2011	NIL	----	----	----	----	----	----	----
Total:			**8**	**5**				**2**

The Department could not submit its annual priority list within the prescribed time frame. The delay in submission ranged between 4 and 16 months. Further, no project proposals of roads and bridges were submitted by the Department for the last two years *i.e*. 2011-12 and 2012-13 but the reasons for the same were not available on record. The submission of DPRs of the retained projects was also delayed by 1.5 to 13 months resulting in further delay in approval of the projects. During 2008-09 to 2012-13, GOI approved only two projects out of the eight submitted by the Department.

In reply, the Government stated that two-month time was not sufficient for preparation of DPR. The reply is not tenable as the time frame was fixed by the GOI.

2.4.7.3 Non- adoption of District Infrastructure Index

The NEC prescribed the method for identification of the districts/projects based on seven indicators *viz*., transport facility, energy and irrigation facility, banking facility, communication infrastructure, educational institutions and health facilities named as District Infrastructure Index (DII). However, no such analysis based on the prescribed indicators was conducted by the State Government while submitting the project proposals to the NEC. Thus, priority and ranking of the project proposals by the State Government was not based on those indicators.

In reply, the Government agreed to consider DII parameters in future.

2.4.8 Approval and award of works

Audit Objective 2: Whether the mechanism in place for approval and commencement of the projects was strictly adhered to and appropriate checks applied at each stage, prior to and post approval and in the tendering process.

2.4.8.1 Deficient Detailed Project Reports

After retention of project under NLCPR by the GOI, the State Government was required to submit detailed project report (DPR) within two months which were delayed as mentioned above in **Paragraph 2.4.7.2**. As prescribed by GOI, the DPRs were to include socio-economic feasibility report and technical and economic viability clearly laying down year-wise phasing of input, project monitoring indicators, quarterly and year-wise physical output to be achieved, CPM and PERT chart, project implementation schedule and all regulatory and statutory clearances.

Scrutiny revealed that none of the DPRs of 15 projects examined by Audit had included the prescribed generic details like, CPM and PERT chart, year-wise phasing of input, project monitoring indicators, quarterly and year-wise physical output to be achieved, project implementation schedule and all regulatory and statutory clearance etc.

Though the NEC did not prescribe any specific guidelines for preparation of DPRs, the planning and monitoring mechanism as prescribed by NLCPR was equally vital for NEC projects also. Audit observed that none of the DPRs of four selected projects of NEC contained those details.

Thus, non-adoption of prescribed generic structure of DPR and frequent change of technical specification by the State Government resulted in revision of DPRs and delayed implementation of the projects which showed poor project monitoring mechanism as discussed in subsequent paragraphs.

In reply, the Government while agreeing with the audit observation stated that the progress of individual project had been monitored on the basis of the detailed work programme submitted by the contractor(s). The fact, however, remained that the monitoring mechanism was not effective as almost all projects had been badly delayed.

2.4.8.2 Revision of Detailed Project Reports

Audit scrutiny revealed that DPRs of 8 out of 15 projects of NLCPR were revised technically leading to increase in the estimated cost by ₹ 6.43 crore (**Appendix 2.9)**. The main reasons which caused the revision of DPRs were non-updating of Tripura Schedule of Rate (TSR) by State PWD and change in drawing & designs, non-providing safe bearing capacity, not incorporating detailed specification for construction of approach roads, etc. The DPRs were prepared based on TSR 2002 with indexation percentage by the Department, which were not accepted by the GOI. Subsequently, the TSR 2002 was updated to TSR 2008 which resulted in revision of estimated cost.

2.4.8.3 Deviations from the approved Detailed Project Reports

The Ministry stipulated the utilisation of funds sanctioned for the purpose indicated in the administrative and financial approval and also directed the State not to divert the funds from the approved projects.

Audit however, observed that the Department changed the technical specifications of approved DPRs -reducing the span of four bridges and changing the type of one bridge from RCC T shape to Box culvert without obtaining approval of GOI. This change resulted in total savings in approved DPR cost by ₹ 3.76 crore (**Appendix 2.10)**.

The State Government however, received the funds of ₹ 3.76 crore from the GoI but diverted the funds for other purposes without seeking/obtaining the approval of GoI.

2.4.8.4 Additional liability due to deviations from the Detailed Project Reports

Scrutiny of four NEC projects selected for audit revealed that the Department while executing the work had revised the DPR specification approved by the GOI for three projects which resulted in upward cost revision. The revised DPRs submitted were subsequently approved by GOI as follows:

Table: 2.4.2

(₹ in crore)

Sl. No.	Name of the work	Approved cost	Revised DPR cost	Revised Cost approved by GOI	State liability	Approved carriage width (metres)	Carriage width (metres) executed
1	Improvement of Agartala Mohanpur-Chebri Road (including 12 bridges)	56.23	120	99.10	Not mentioned by NEC	5.50	7.00 (upto 25 Km)
2	Dharmanagar-Tilthai- Damcherra Road (including 13 RCC bridges)	66.25	97.70	81.67	15.47	5.50	7.00 (upto 19 Km)
3	Balance work of Manu-Chawmanu Gobindobari road (15.3 km)	9.56	14.88	11.59	3.29		
Total:		**122.48**		**180.77**			

The project-wise details of deviation in specifications and revision of cost were as under:

(a). Improvement of Agartala- Mohanpur- Chebri Road (including 12 bridges): The original approved DPR was for ₹ 56.23 crore having carriage width of 5.50 metres for widening of 54 Km road. The work was awarded at 94 *per cent* over the estimated cost. During execution, the Department revised the scope of work of widening of the road from 5.50 metres to 7 metres for almost 28 Km. However, neither detailed justification for change of specification was found on record nor mentioned in the revised DPR. All of these factors resulted in extra cost and revision of DPR to ₹ 120 crore. The Revised DPR was again submitted to GOI for approval. The GOI approved ₹ 99.10 crore only. Thus, additional financial burden was to be borne by the State. The work had been completed but the actual total extra cost borne by the State would be known after the final bill is settled.

(b). Dharmanagar- Tilthai- Damcherra Road (including 13 RCC bridges): The original approved DPR was for ₹ 66.25 crore having carriage width of 5.50 metres for widening of 60 Km. While executing the work, the Department decided to increase the carriage width to 7 metres which resulted in increase in the DPR cost to ₹ 97.70 crore. The carriage width was increased by the Department on the ground of anticipated increase in volume of the traffic. However, audit observed that detailed justification was not mentioned in the revised DPR in this regard. The revised DPR was submitted to GOI for its approval. The GOI approved ₹ 81.67 crore with the direction that balance ₹ 15.47 crore were to be borne by the State. Thus, by changing the specifications at the later stage, the State was burdened with extra cost.

(c). Balance work of Manu-Chawmanu-Gobindobari road (15.3 Km): The Department, while executing the project carried out the special repair work for a stretch of 0-22 Km at an estimated cost of ₹ 1.70 crore. The revised DPR cost of ₹ 14.88 crore was submitted to NEC in April 2009. Initially, DPR was prepared without conducting any detailed survey resulting in huge deviation of work. Out of revised DPR cost of ₹ 14.88 crore, NEC approved ₹ 11.59 crore only leaving the balance of ₹ 3.29 crore to be borne by the State Government due to lapses on their part.

2.4.8.5 Irregularities in tendering process

Scrutiny of tender documents of 19 selected projects revealed that the award of works to contractors was made in different manner as given below:

Table: 2.4.3

Name of the scheme	Type of tender invited	No of works awarded to the contractor
NLCPR(15 projects)	Open tender	05
	Cost Plus contract	10[8]
Total:		**15**
NEC(4 projects)	Open tender	01
	Cost Plus contract	01
	Restricted tender	02
Total:		**4**

Audit scrutiny of tendering process and award of works revealed wide range of deficiencies and irregularities, viz., deviation from approved process, violations of codal provisions, disobeying the instructions and prescribed procedures which are discussed in the succeeding paragraphs.

(A) Cost Plus Contract

The Department put up a proposal (May 2008) before the State Council of Ministers stating that local contractors were overloaded and not capable to take up any more projects for implementation and were also not equipped with modern machinery and technology which were very much essential for speedy implementation of the projects with improved quality. Therefore, the Department may be allowed to award works to the PSUs/Private Sector Agencies at ‘Cost plus basis’ (limited upto 10 *per cent* of the estimated cost) after invitation of Expression of Interest (EOI) and evaluation of experience, technical and financial capabilities. The proposal of the Department was approved by the Council of Ministers in June 2008.

The irregularities/deficiencies noticed under cost plus contract are given below:

(i) Non-compliance of two-bid system

The CPWD manual provided that the works for which technical specification is finalised and defined clearly in NIT the tenderers should be required to submit the bids in two envelopes *i.e.* Envelope 1: documents related to eligibility criteria and Envelope 2: financial bid.

The GOI while approving the DPRs had also prescribed that the State Government was to ensure that tenders were called on competitive basis by giving wide publicity

[8] 2 works withdrawn under Cost Plus and subsequently awarded through open tender

in print media. Since the Department had already conducted all the activities of survey and finalised the technical specifications before getting the DPR approved from the GOI the Department was to invite open tender for seeking competitive rates for award of the work for execution. However, contrary to these provisions and instructions the Department obtained the approval of Council of Minister for seeking Expression of Interest instead of following two-bid envelope system. Moreover, while inviting Expression of Interest from the private agencies, activities like Preliminary Survey, Preparation of preliminary drawing, detailed survey, soil investigation, preparation of DPR etc. were also included in the scope of work. Since these activities had already been done by the Department, their inclusion in scope of work resulted in duplication of above activities. Thus, invitation of the EOI for the activities already performed by the Department was irregular and resulted in duplication of work.

(ii) Award of work to ineligible and inexperienced contractors

The Department invited Expression of Interest in July 2008 from private sector agencies for execution of the approved projects on Cost plus Basis method. In response, 10 agencies submitted the EOI. Audit scrutiny revealed that none of the bidders except one had fulfilled the eligibility criteria and also did not possess required working experience. Thus, only one bidder was technically qualified to be considered for further processing. However, by diluting the requirement of prescribed work experience, the Department selected six bidders for inviting the financial bid. All the shortlisted bidders submitted their financial bid.

Scrutiny revealed that the contractors to whom the works were awarded were not qualified and competent in the respective field of work as per terms and conditions of EOI since they did not have past experience of construction of similar bridge and road works that ultimately resulted in either cancellation of contract, suspension of work or delayed execution. It was evident from the fact that two works were withdrawn from the contractors for non-execution, one work was suspended by the contractor and eight works were delayed substantially. Out of total nine selected works awarded under Cost Plus basis, only two were completed till September 2013. Thus, the State had suffered due to award of works to ineligible and inexperienced contractors as discussed in succeeding paragraphs.

(iii) Award of work at exorbitant rates

The Council of Ministers had approved (June 2008) the award of work at the maximum of 10 *per cent* above the estimated cost.

Scrutiny of records revealed that based on the financial bids submitted by the six short-listed bidders as discussed above in sub-paragraph (ii), the Department awarded (between January 2009 and June 2010) nine works at 42 to 51.50 *per cent* above for bridges and 29 *per cent* above for roads over the estimated cost at current SOR 2008 which was much higher than the limit of 10 *per cent* above the estimated cost set by the Council of ministers as detailed below:

Table: 2.4.4

(₹ in crore)

Sl. No.	Name of the project	To whom work awarded	Estimated cost at SOR 2008	Awarded cost plus percent-age	Awarded value	Total Value of work done	Actual extra expenditure incurred on work done	Status
NLCPR Projects								
01	Construction of RCC bridge over Baradupatacherra at Ch.2.80 Km	Energy Development Project Ltd	3.84	46.50%	5.63	2.01	0.50	In progress
02	Construction of RCC bridge over Burima river near Golaghati Market on Bishalgarh-Golaghati-Takarjala road	Simplex Projects Ltd.	2.54	48%	3.76	3.56	0.91	Completed
03	Construction of RCC bridge over Ghoramaracherra	GPT Infraprojects Ltd.	2.16	42%	3.07	3.01	0.68	In progress
04	Cons. of RCC bridge over UjanMachmaracherra at Ch.9.00 Km on Kanchanpur-Jalabassa road (ODR)	Energy Development Pvt. Td.	3.55	46.50%	5.20	1.14	0.28	In progress
05	Const of RCC bridge over Lohar on Berimura-Taltala Road	Simplex projects Ltd.	1.93	48%	2.86	1.74	0.45	Work suspended
06	Construction of RCC bridge over river Surmacherra at Ch.30.10 KM on Mohanpur-Simna Road	Simplex projects Ltd.	1.03	48%	1.52	1.33	0.34	Completed
07	Construction of RCC bridge near causeway at Krishnapur over Balucherra at Ch.6.05 Km on Maharani-Talashikhar road	GPT Infraprojects Ltd.	2.29	51.5%	3.46	3.29	0.90	In progress
08	Improvement of road Mailak-Gamukabari via Burbaria (7.50 Km) including 1 RCC bridge	GPT Infraprojects Ltd.	Road - 6.56 Bridge- 2.29	Road-29%, bridge- 51.50%	Road = 8.46 Bridge = 3.47	Road = 5.47 Bridge= 3.27	Road = 0.81 Bridge= 0.89	In progress
NEC Projects								
09	Construction & Improvement of Bishalgarh – Boxanagar – Sonamura – Belonia Road including 7 bridges	1. Ramky Infrastructure Ltd. 2. Coal Mines Associated Traders	Road = 148.94 Bridge = 14.77	Road = 29% Bridge = 48%	Road =192.13 Bridge = 21.86	Ramky = 55.34 and Coal Mines = 42.09 including Bridge work = 3.12 and Extra item= 4.72	Road = 69.44 x (29-10)% = 13.19 Bridge work = 2.11 x (48-10)= ₹ 0.80	In progress
Total :			**189.90**[9]		**251.42**[10]	**122.25**[11]	**19.75**	

[9] DPR cost for road work = ₹ 155.50 crore and bridge work = ₹34.40 crore

[10] Awarded cost for road work =₹ 200.59 crore and bridge work = ₹ 50.83 crore

[11] Tender were accepted in between December 2008 to June 2010

Further, it was also noticed in audit that the Executive Engineer, Planning Division-I had also recorded that the rates quoted by the lowest bidders were abnormally high in comparison with prevalent market rates.

Thus, by accepting the tenders at higher rates in violation of the approval of Council of Ministers, the Department committed extra expenditure of ₹ 42.53 crore (₹ 251.42 crore- ₹ 208.89[12] crore) and had already incurred extra expenditure of ₹ 19.75 crore on the works executed till September 2013. In fact, the Department subsequently awarded road/bridge works at much lower rates as discussed in sub-paragraph (vi) below.

In reply, the Government stated that the tenders were approved by the Works Advisory Board (WAB) headed by the Chief Secretary.

The reply was not tenable as the Council of Ministers had prescribed the upper limit of 10 *per cent* above the estimated cost.

In the Exit Conference, the Additional Chief Secretary also agreed that the Council of Ministers should have been kept informed.

(iv) Sub-contracting of work

The Department had obtained the approval of Council of Ministers for not following the open tender system on the ground of overloading and incapability of the local contractors. However, audit scrutiny revealed that the Contractors to whom the works were awarded under this pretext had sub-contracted their work to the local contractors with the full knowledge of the Department. It was noticed that 62 *per cent* of the work "Improvement/Upgradation of Bishalgarh–Boxanagar–Sonamura–Belonia Road" awarded (December 2008) under Cost plus basis to M/s Ramky Infrastructure Ltd. from Sonamura to Belonia (45.50 Km) under NEC scheme was sub-contracted (28.50 Km) to four local contractors as documented in the minutes of the meeting held on 10 March 2011 between Principal Secretary (PWD) and the Contractor.

In reply, the Government stated that there was no sub-contracting. The fact however, remained that the matter of sub-contracting was clearly mentioned in the minutes of the meeting held on 10 March 2011 between Principal Secretary (PWD) and the Contractor.

(v) Non-achievement of the objectives of speedy development

The Department had avoided open tender system on the ground of speedy implementation of infrastructure projects which did not materialise. The work "Improvement/Upgradation of Bishalgarh–Boxanagar–Sonamura–Belonia Road" awarded to M/s. Ramky Infrastructure Ltd. was scheduled to be completed by December 2012. However, as of May 2013; only 11.5 Km. road had got completed (25 *per cent*) out of total 45.50 Km (43-87.50 Km). Further, another contractor "Coal Mines Associated Traders Ltd." which was awarded construction of 42 Km road (0 to

[12] Awarded cost as per Council of Minister = Estimated cost of ₹ 189.90 crore + 10 *per cent* (₹ 18.99 crore) = ₹ 208.89 crore.

42 Km) had completed only one Km as of May 2013 against the scheduled date of completion of the whole work in December 2012.The work was delayed due to slow progress of work by the contractors. Similarly, the NLCPR projects for construction of bridges were also delayed and only two bridges out of eight awarded on cost plus basis had been completed. The reason for slow progress was mainly due to award of work to the inexperienced agencies as mentioned in sub-paragraph (ii). Besides, there was improper work plan and monitoring lapses on the part of the Department.

As of September 2013 the overall status of completion of 15 NLCPR projects selected for detailed audit was as under:

Table: 2.4.5

Completed and put to use	Completed before GOI approval	Cancelled/suspended	In-progress	Delay
3	2	1	9	7 to 23 months

In reply, the Government stated that delay was due to prolonged monsoon in the State. The reply was not tenable as all constraints were to be taken into consideration while finalising the work schedule in the DPR.

(vi) Cancelled works awarded to local contractors at much lower rates

Two works, namely "Construction of RCC bridge over river Dhanai at Ch. 6.60 Km on Champaknagar- Mandai Road and construction of RCC bridge over river Surmacherra at Ch. 34.53 Km on Mohanpur–Simna road" awarded to M/s Simplex Infrastructure Pvt. Ltd. (March 2009) under Cost plus basis @ 48 *per cent* above the SOR 2008 were cancelled due to non-commencement of work even after lapse of two years from the date of work order. The same work was re-tendered under 'open tender' system and awarded (July 2012) to the lowest bidder (local) at 32.78 *per cent* and 34.15 *per cent* over SOR 2008 that too after a lapse of three years of original award of work. Further, a similar work of construction of bridge was awarded through open tender in October 2010 (after one and a-half year of award of work @ 48 *per cent* above rates) at 18.63 *per cent* above the estimated cost based on the same SOR 2008. Thus, the much lower rates than 48 *per cent* even after a period of three years of award of work received through open tender confirmed some serious lapse in acceptance of 48 *per cent* higher rates under Cost plus basis method by the Department.

(B) Restricted Tender

CPWD Manual provided that the restricted tender of any value may be called for in certain circumstances. The manual further provides that variation up to 10 *per cent* above the justified rate might be allowed while accepting the tender after placing the reasons on record. Tenders above this limit should not be accepted.

The details of irregularities noticed under 'restricted tender' are given below:-

(i) Award of work under 'Restricted tender'

Scrutiny of records of NEC works revealed that two works were awarded on the basis of 'Restricted tender.' For the work- "Construction of 12 RCC bridges on Mohanpur–Chebri Road" with estimated cost of ₹ 17.26 crore based on TSR 2002- the NIT was issued (11 July 2007) to seven agencies (4 companies and 3 individuals) for the financial bid. The basis of selection of those seven agencies could not be made available to Audit. In response, only two agencies submitted the financial bid and the work was awarded to lower of the two at ₹ 33.54 crore which was as high as 94.35 *per cent* over the estimated cost. Total upto date value of work done was ₹ 33.34 crore including extra item of ₹ 7.61 crore and escalation of ₹ 0.82 crore. Therefore, total value of work done against agreement items was ₹ 24.91 crore.

It was noticed that justified rates worked out in September 2007 by the Executive Engineer, Planning Division-I was 58 *per cent* above the estimated cost based on TSR 2002. Therefore, if 10 *per cent* variation was applied as per Manualised provision, the accepted tender value would not be beyond 67.82 *per cent* (57.82 *per cent* + 10 *per cent* variation) i.e. 68 *per cent* above the estimated cost. However, the Department awarded on 18 December 2007 the above works at 94.35 *per cent* above the estimated cost. Records also disclosed that rates accepted by the Department for other RCC bridge works between May 2006 and April 2007 varied from 44.99 *per cent* to 63.60 *per cent* above the estimated cost based on TSR 2002 which also indicated that the higher rates accepted for the above work was not justified.

Thus, due to acceptance of tender at much higher rate in violation of the manualised provision the Department incurred extra expenditure of ₹ 3.38[13] crore.

2.4.9 Fund management

Audit Objective 3: Whether adequate funds were released in timely manner and utilised for specific purpose.

The funding pattern for NLCPR/NEC projects in Tripura was 90:10 by GOI and Government of Tripura (GOT) respectively. The total funds released by the GOI as well as the State Finance Department during the period 2008-09 to 2012-13 were as under:

Table: 2.4.6

(₹ in crore)

Year	Amounts released by GOI to State Government		Release of funds by State Government	
	NLCPR	NEC	NLCPR	NEC
2008-09	Nil	32	Nil	36.37
2009-10	19.42	44.20	4.73	21.00
2010-11	14.08	30.12	22.37	61.71
2011-12	6.47	39.00	15.59	46.91
2012-13	29.22	30.00	19.58	30.00
Total	**69.19**	**175.32**	**62.27**	**195.99**

[13] Total value of work done against Agreement item = ₹ 24.91 crore
Value of work done without contractor's profit as per estimated cost = ₹12.81 crore
Extra expenditure = ₹ 12.81 x (94.35 – 68)% =₹ 3.38 crore

2.4.9.1 Delay in release and utilisation of funds

As per GOI guidelines prescribed for NLCPR projects, the State was to release the funds to executing agencies within 15 days from the date of receipt of funds from GOI. Scrutiny of records of test-checked projects revealed that there were delays in release of funds by the State Finance Department[14] to the Chief Engineer and further delay ranging from 25 days to 895 days from Chief Engineer to executing Divisions in 24 cases out of 27 as detailed in **Appendix 2.11.**

Further, in terms of the guidelines funds released by the Government of India were to be utilised within 12 months. Audit found that there were delays in utilisation of funds by the State and the delay ranged upto 31 months **(Appendix 2.12)** from the permissible period. Moreover, the funds were not utilised in time and utilisation certificates were pending. The position of pending Utilisation Certificates (UCs) under NLCPR as of March 2013 was as under:

Table: 2.4.7

(₹ in crore)

Total NLCPR projects	Total Approved cost	Amount released	Amount spent & UC submitted	Amount of UC pending
26[15]	122.68	50.64[16]	42.81	7.83

In reply, the Government stated that delay in release of funds was necessitated by the delayed commencement/slow progress of the works.

2.4.9.2 Short release of State share

As per financing pattern prescribed by the GOI, the State was to bear 10 *per cent* of the approved project cost. For the 19 projects (NLCPR: 15 and NEC: 4) selected for detailed audit, the GOI released ₹ 210.50 crore for the period 2008-09 to 2012-13. The State contributed only ₹ 18.04 crore as against its share of ₹ 21.05 crore. Hence, there was a short release of ₹ 3.01 crore by the State as detailed below:-

Table: 2.4.8

(₹ in crore)

Year	Release of Central share		Contribution due from State (10%)		Actual amount contributed by the State		Short release of State share	
	NLCPR	NEC	NLCPR	NEC	NLCPR	NEC	NLCPR	NEC
2008-09	Nil	32.00	Nil	3.20	Nil	Nil	Nil	-3.2
2009-10	13.66	44.20	1.37	4.42	Nil	6.72	-1.36	+2.3
2010-11	10.97	30.12	1.09	3.00	Nil	Nil	-1.09	-3.00
2011-12	2.67	39.00	0.27	3.90	2.16	5.06	+1.89	+1.16
2012-13	7.88	30.00	0.79	3.00	0.19	3.91	-0.6	+0.91
Total:	**35.18**	**175.32**	**3.52**	**17.52**	**2.35**	**15.69**	**(-) 1.16**	**(-) 1.85**

[14] Time taken in release of funds by State Finance Department : min 10 days to max 518 days
Time taken in release of funds by Chief Engineer : min 2 days to 850 days

[15] 2 new projects sanctioned in Sept 2012 at cost of ₹ 53 crore of which ₹ 19.08 crore was released in 2012-13

[16] Total fund released during 2008-09 to 2012-13 = ₹ 69.19 crore
Fund released ₹ 19.08 crore in respect of two new projects for which utilisation date not yet over
₹ 69.72 – ₹ 19.08 = ₹ 50.64 crore

In reply, the Government assured to make up the short-fall in the release of State share.

2.4.9.3 Expenditure incurred on inadmissible items

In terms of scheme guidelines, the NLCPR and NEC funds were not to be used for land acquisition. Audit however, observed that ₹ 37.25 lakh and ₹ 9.26 lakh were incurred towards land acquisition by the Mohanpur Division and Kanchanpur Division in May 2007 and October 2012 respectively in violation of the prescribed guidelines. Further, Kanchanpur Division diverted an amount of ₹ 99 lakh from the NEC funds for Maintenance and Improvement of a Road not related to any NEC project.

Thus, the diversion of funds provided for NEC project without approval from GOI was not only unauthorised but also reduced the availability of funds for implementation of NEC projects.

In reply, the Government assured (January 2014) to take corrective action by adjusting the amount from the State Plan.

2.4.10 Project execution

Audit Objective 4: Whether projects were executed efficiently and economically to achieve intended objectives.

2.4.10.1 Status of pre-2008-09 projects

The status of completion of projects sanctioned prior to April 2008 under NLCPR and NEC was as under:

Status of Projects sanctioned prior to April 2008

Table: 2.4.9

Scheme	Total No. of projects sanctioned	Total approved cost (₹ in crore)	Projects due for completion as of March 2008	Projects completed as of March 2008	Projects completed after March 2008	Projects in progress
NLCPR	03	36.40	03	01	2	---
NEC	08	196.09	06	01	4	1
Total:	**11**	**232.49**	**09**	**02**	**6**	**1**

The above table shows that only two out of a total of nine projects due for completion were completed by March 2008 reflecting poor progress of work. One project was still in progress even after a lapse of 6 years from the scheduled date of completion.

In reply, the Government stated that the remaining project was likely to be completed by March 2014.

2.4.10.2 Status of projects sanctioned during 2008-13

The status of projects (August 2013) approved during 2008-09 to 2012-13 was as under:

Table: 2.4.10

Scheme	No. of projects approved	No. of projects due for completion as of March 2013	No. of projects completed till August 2013	Achievement (In *per cent*)
NLCPR	26[17]	24	09	38
NEC	1	--	In progress	----

As of September 2013 there were 15 incomplete projects which had not been completed within the scheduled date. Only 9 out of 24 projects due for completion were actually completed with a time overrun ranging from 15 to 23 months. The State Government failed to complete the projects timely which ultimately deprived the State from obtaining further funding from the GoI. The reasons for failure to complete the projects in time were not monitored and analysed by the Department. However, it was seen in audit that the delays occurred due to preparation of DPRs without proper survey, frequent change in designs, award of work to ineligible and inexperienced contractors causing suspension or surrender of works as well as re-tendering, poor control and monitoring.

2.4.10.3 Projects completed with time overrun

The status of 15 selected projects (August 2013) were as under:

Table: 2.4.11

Name of the scheme	No of projects completed	Projects completed on time	Projects completed with time overrun
NLCPR	05*	01	02 (14 months)
NEC	Nil	Nil	Nil

* 2 projects were completed before submission/ approval of the DPRs by GOI.

From the above table, it could be seen that only one project was completed on time and two were completed with time overrun of 14 months and remaining projects were in progress with substantial time overrun as compared to the scheduled date of completion.

In reply, Government agreed that most of the projects were delayed but mentioned the reasons like non-responsive tenders, prolonged rainy season, non-availability of materials, labour problems etc. The fact, however, remained that projects were required to be completed as per the schedule fixed after considering all relevant factors.

2.4.10.4 Project wise Observations

Out of 19 selected projects, joint physical verification of nine projects (3 NEC projects sanctioned prior to 2008 but implemented during 2008-13, 1 NEC and 5 NLCPR projects sanctioned and implemented during the period 2008-13) was conducted by Audit. The shortcomings and irregularities noticed in the implementation of the nine reviewed projects are discussed in succeeding paragraphs:

[17] Out of 26 projects, proposals for 24 projects were sent by the State Government in 2004-05 and proposals for the remaining two projects were sent in 2008-09

(i) Project– 1

Improvement/Upgradation of Dharmanagar-Tilthai-Damcherra-Khedacherra Road (60 Km)

The NEC approved the project for ₹ 66.25 crore in September 2006 for widening of 60 Km Road and construction of 13 bridges. The Department awarded the contract through restricted tender method to M/s. Coalmines Associated Traders in December, 2007 at ₹ 89.65 crore with stipulation to complete in three years from the date of signing of the agreement. However, the Department rescinded the contract in April 2013 after completion of 60 *per cent* (value of work ₹ 53.24 crore) work by the contractor due to slow progress of work by the contractor on account of inadequate deployment of labour and also suspension of work for long time without assigning any reason.

(a) Status of construction of 13 bridges

The contractor did not commence the work at all for 10 bridges till the rescission of contract in April 2013 *i.e.* for about six years. Technical specification for one bridge was changed from RCC T-shape to Box-culvert which was completed. Work for two bridges had commenced (28 December 2007) and remained incomplete till September 2013. The Department had paid ₹ 5.41 crore against the value of work done. However, the expenditure incurred had been unfruitful without achieving the objective of the project due to non-completion of work. The status of the two bridges is shown in the photographs (taken on 8 August 2013) below:

A. RCC Bridge at Rowa

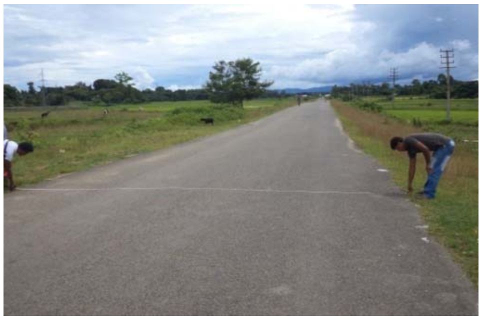
B. RCC Bridge at Deocherra

(b) Non -completion of work resulting in damage of partially executed items

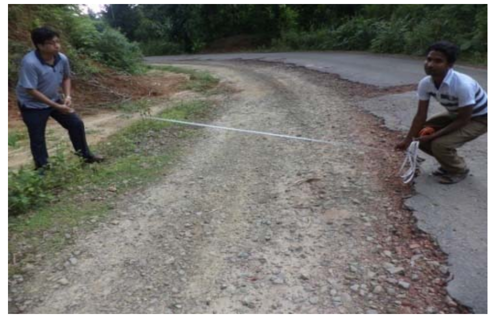
Scrutiny of records revealed that out of 60 Km length of roads, only 16.40 Km road was completed in all respects and for the remaining road, partial work was done for which 90 *per cent* payment was also made to the contractor.

During joint physical verification of the incomplete road, it was found that the partial work done upto top layer (WBM level without BM and pre-mix carpeting) was damaged and the loss assessed by Audit was ₹ 1.67 crore as detailed in

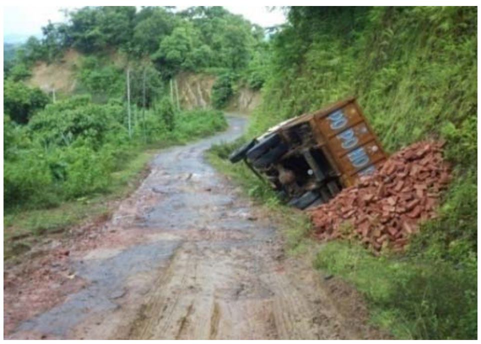
Appendix 2.13. The status of the damaged roads on different chainages is shown in the photographs (taken on 20 August 2013) below:



Ch at 12.32 Km



Ch at 23.65 Km



Ch at 36.2 Km

Ch at 21.15 Km

(c). Undue benefit of ₹ 1.02 crore to the contractor

As per the agreement, the items of Granular Sub Base (GSB) work were to be executed with the bricks aggregates chargeable @ ₹ 1650 per cum. The contractor requested the Department that because of heavy shortage of bricks, he might be permitted to continue his work with stone aggregates till the shortage of bricks is over at no extra cost to the Department which was agreed by the Department.

The contractor executed a total quantity of 14365.610 cum with stone aggregates and charged at the rate of ₹ 2359.50 per cum in breach of the approval given by the Department. In contravention of terms, the Department also paid the higher rate and incurred unwarranted and unjustified extra expenditure of ₹ 1.02 crore {(₹ 2359.50- ₹ 1650) x 14365.610}.

(d). Excess payment of ₹ 84.69 lakh on extra consumption of material

As per items of work in the agreement, 1.43 cum bricks was required for execution of one cum GSB and Water Bound Macadam (WBM) work. Audit scrutiny revealed that the contractor consumed 11446.058 cum and 10676.078 cum for GSB and WBM respectively against the specified requirement of 9283.65 cum and 7952.97 cum

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resulting in excess consumption of 4885.51[18] cum valued at ₹ 84.69 lakh which was paid incorrectly by the Department (**Appendix 2.14).**

(e). Payment against wrong claims for felling of trees- ₹ 50.22 lakh

Scrutiny of records revealed that the contractor was paid ₹ 50.22 lakh for felling of 1953 trees of various girths during execution of the above work. The details are as under:

Table : 2.4.12

Girth	Bill of Quantity (in Nos.)	Actual Quantity charged (in Nos.)	Rate (in ₹)	Amount paid (₹)
0-60 cm	122	1099	1000	1099000
60-120 cm	65	196	3000	588000
Upto 240 cm	14	649	5000	3245000
Beyond 240 cm	2	9	10000	90000
Total:	**203**	**1953**		**50,22,000**

The above table shows that against the bill of quantity of 203, the contractor claimed and the Department paid for the felling of 1953 trees. The reasons for such heavy deviations in the quantity were found not on record. The records of handing over of felled trees by the contractor to the Forest Department were also not made available to Audit. Further, cross check by Audit with the DFO, Kanchanpur revealed that no trees were felled by the contractor. Rather felling of trees was done by the Forest Department for which the EE, Kanchanpur paid them ₹ 12.20 lakh. Therefore, the payment of ₹ 50.22 lakh to the contractor against felling of trees was not correct.

(f). Non-recovery of material cost–₹ 32.62 lakh

As per agreement, the contractor was to arrange for Tor Steel and other materials required for the work. Scrutiny of records of the EE, Kanchanpur Division revealed that in June 2009, the Division sent a proposal to the CE for issue of Tor Steel to the contractor which was rejected by the CE. It was however seen that the Division had already issued Tor Steel (60.857 MT) valuing ₹ 32.62 lakh to the contractor in May 2009. The Division had not recovered the amount from the contractor as of August 2013. Since the contract was rescinded, the chances of recovery of the amount were remote and thus, the Division by violating the contractual terms caused loss of ₹ 32.62 lakh to the State.

(g). Non imposition of penalty for slow progress of work

Para 12.1 and 12.2 of General Terms and conditions of contract provide that if a contractor fails to maintain the required progress in terms of agreed time and progress chart or to complete the work, he shall be liable to be penalised by liquidated damages

[18] For GSB : (volume consumed) 11446.058 cum – (estimated volume) 9283.65 cum = 2162.408 cum
For WBM : (volume consumed) 10676.078 cum – (estimated volume) 7952.97 cum = 2723.108 cum
Total excess volume consumed for GSB and WBM: 2162.408 cum + 2723.108 cum= 4885.516 cum

@ one half *per cent* of the contract price per week of delay. The aggregate of such damages shall not exceed 10 *per cent* of the total contract price. The agreement was signed in January 2008 with stipulation to complete the work by January 2011.

Scrutiny of records revealed that work commenced in December 2008 (delay of 11 months) and the value of work done upto April 2013 was only ₹ 53.24 crore (60 *per cent*) as against the total contract value of ₹ 89.65 crore. Therefore, the contractor was liable to be charged the liquidated damages of maximum amount (10 *per cent* of contract value) of ₹ 8.97 crore. However, the Department had not levied any such damages and the contract was rescinded. Thus, the Department failed to penalise and recover the penalty of ₹ 8.97 crore from the contractor.

(h) Interest-free Mobilisation advance and failure of its recovery and interest

Para 32.5 of CPWD Works Manual 2007 provides that in case of tender value of ₹ 2.00 crore and above, mobilisation advance may be given limited to 10 per cent of tendered amount at 10 *per cent* simple interest on specific request from the contractor. The mobilisation advance shall be released only after obtaining a bank Guarantee bond from a schedule bank for the amount of advance to be released and valid for the contract period.

Scrutiny of Records revealed that the Department had paid interest-free mobilisation advance of ₹ 8.90 crore (10 *per cent* of contract value) to the contractor in April 2008. The Department could recover only ₹ 6.41 crore from the RA bills paid to the contractor. Since the contract was rescinded, balance amount of ₹ 2.49 crore remained unrecovered. The Department also suffered loss of interest of ₹ 2.79 crore on the mobilisation advance paid in contravention of the Manualised Provisions. The bank guarantee of ₹ 4.48 crore submitted by the contractor had also expired in December 2012. Details of payment, recovery and interest calculations are given in **Appendix 2.15.**

In reply, the Government agreed to investigate the issues of overpayments/undue benefit to the contractor and take corrective action. As regards, non-imposition of penalty for slow progress of work, the Government considered the rescission of contract as a major penalty which was not tenable as per the terms and conditions of the contract. No reply was furnished for payment of interest-free advance to the contractor.

(ii) Project- 2

Improvement/Upgradation of Agartala – Mohanpur – Chebri Road including 12 RCC bridges

GOI approved (November 2005) the project of Improvement/Upgradation of Agartala –Mohanpur- Chebri Road (54 Km) including 12 RCC Bridges under NEC at an estimated cost of ₹ 56.23 crore. The work was divided into two parts viz. road work and bridges construction work and awarded to the same contractor. The work awarded for construction of road was 45 *per cent* higher and bridge 94 *per cent* above the estimated cost.

(a) Undue benefit to the contractor led to loss of ₹ 40.29 lakh

The bridge construction work had one item under Super structure and Sub structure namely “Steel reinforcement for RCC work including bending, cranking, and binding with 20 gm lying wire and position, etc. completed as directed (deformed bars)”.The total agreed bill of quantity for those items was 17121 quintal @ ₹ 45,000/- per MT. The rate was inclusive of material and labour charges. The actual quantity executed by the contractor was 12,449 quintal and ₹ 5.60 crore was paid to the contractor at the agreed rate.

Scrutiny of records revealed that the Agreement provided that only 20 mm dia and above tor steel would be supplied by the Department and ₹ 32,819 per MT was to be recovered from the contractor for the steel supplied. However due to price hike of the steel, the Department issued 496.792 MT below 20 mm dia tor steel (8 mm dia to 16 mm dia) to the contractor as per Government order for which recovery @ ₹ 33,951/- per MT was fixed. The contractor consumed 469.08 MT of below 20 mm dia tor steel and the Department was required to pay only the labour charges as the material was supplied by the Department. The labour charges arrived at by Audit was ₹ 2370 per MT. Therefore, it resulted in over-payment to the contractor of ₹ 40.66[19] lakh and thereby unwarranted loss was incurred by the State.

In reply, the Government agreed that material was issued to the contractor but no specific reason for non-recovery of the cost was stated.

(b) Extra expenditure of ₹ 1.11 crore

Both the work of road and bridge construction of the same project was awarded to one contractor at different rates as mentioned above. Audit scrutiny revealed that the items charged as extra items under the bridge construction work by the contractor and paid by the Department were actually to be classified under the road construction work. Therefore, the contractor got over paid by ₹ 1.11 crore as the agreed rates were different for bridge and road construction work as mentioned above and detailed in **Appendix 2.16.**

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Agreement Item no.6 s& 15	Rate as per TSR 2002	₹ 2535 per quintal
-do-	Contractor offered rate	₹ 4500 per quintal
	Overall % of the TSR 2002	78% above
Labour charges at the time dropping of tender		₹ 133 per quintal
Add: Contractor’s profit @ 78% above the TSR 2002 in respect of labour charge for the item No. 6 and 15		₹ 104 per quintal
Total labour charge per quintal		₹ 237 per quintal

Cost of steel = ₹ (4500 – 237) per quintal= ₹ 4262/- per quintal = ₹ 42620 per MT
Material supplied till 14th RA = 496.793 MT
Material consumed till 14th RA =469.08 MT
Recovery fixed for supply of below 20 mm dia = ₹ 33,951/- including VAT
Difference in recovery for cost of departmental materials supplied= ₹ (42620 – 33,951) MT = ₹ 8,669/- per MT
Undue benefit given to the contractor = 469.08 MT x ₹ 8,669/- = ₹ 40,66,455

In reply, the Government agreed that the items shown in the **Appendix 2.16** were related to the road works but had to be executed under RCC bridge since the approach road and the bridge proper were reciprocal from technical point of view.

The reply was not tenable as the road and bridge work were awarded to the same contractor and the necessary work was to be executed under the 'Road' work only.

(c) Doubtful execution of work of ₹ 0.95 crore

(i) In the bill of quantity of the revised DPR, the area of Water Bound Macadam (WBM) for the work was 3,56,294 sqm and correspondingly, the Dense Bituminous Macadam (DBM) area was also to be same. The DBM was to be laid upon the WBM only. However, audit scrutiny revealed that as per the final bill of the contractor, the quantity executed for WBM was 3,73,758 sqm. but the quantity claimed and paid for the DBM area was 3,85,758 sqm which was practically inexplicable. Therefore, the payment made for extra area of 12,012 sqm for DBM amounting to ₹ 0.44 crore was doubtful.

(ii) Further, the pre-mix carpeting is laid over the DBM and therefore, the quantity for pre-mix work would also be same. However for pre-mix work, the actual quantity paid for was 4,10,733 sqm. Therefore, it resulted in doubtful expenditure of ₹ 0.51 crore.

The details of quantity as per DPR, executed quantity and calculation of over-payment of ₹ 0.95 crore are given in **Appendix 2.17.**

In reply, the Government agreed to adjust the amount of overpayment at the time of final settlement.

(iii) Project - 3

Improvement/Upgradation of Bishalgarh- Boxanagar- Sonamura – Belonia Road

The project for improvement/widening of road for 87.50 Km including 7 RCC bridges on the road for ₹ 195 crore was approved by the GOI in June 2010 under NEC. Audit scrutiny revealed that the Department had already completed the tendering process between May and December 2008 and made agreements with two contractors (January 2009)- M/s Ramky Infrastructure Ltd and M/s Coal mines (I) Ltd - with stipulation to complete the work within 2 years (December 2012) from the date of approval of DPR (December 2010) by the Department. Thus, the Department had finalised and entered into agreement much before the approval of the GOI to the project. The work commenced in December 2010 and was in progress (September 2013).

(a) Interest free mobilisation advance- Loss of Interest ₹ 1.82 crore

Scrutiny of records revealed that interest free mobilisation advances amounting to ₹ 10.73 crore (Ramky Infrastructure Pvt. Ltd.:₹ 5.78 crore and Coal Mines Associated Traders: ₹ 4.95 crore) was paid to the two contractors during January - March 2011 of which ₹ 5.30 crore was only recovered till March 2013 as shown in **Appendix 2.18.**

Thus, the Department allowed interest free mobilisation advance to the contractors in violation of Manualised provision and caused a loss of interest of ₹ 1.82 crore till March 2013.

In reply, the Government stated that there was no provision in the contract for charging interest. The reply is not tenable as the contract itself was entered in violation of the Codal Provisions.

(b) Short-deduction of Security Deposit in violation of manualised provision

As per provisions of CPWD Works Manual, security deposit for the defect liability period was to be deducted @ 5 *per cent* from the RA Bills paid to the Contractor. The Department agreed in the contract to deduct the security deposit @ 5 *per cent* but mentioned it as "subject to maximum of ₹ 25 lakh only".

Scrutiny of records revealed that the Department while making payment to the contractors for the work executed till May 2013 had deducted security deposit as under:

Table: 2.4.13

(₹ in crore)

Name of Contractor	Total Payment made till date	Security Deposit to be deducted (5%)	Security deposit deducted till date	Short Deduction
Coal Mines Associated Traders	41.96	2.09	0.25	1.84
Ramky Infrastructure Ltd.	55.34	2.76	0.37	2.39
Total:	**97.30**	**4.85**	**0.62**	**4.23**

Thus, due to short deduction of security deposit of ₹ 4.23 crore from the contractors, the Department had allowed undue advantage to the contractors as well as caused insecurity to the Government in case of detection of defects, if any, or breach of terms and conditions of the agreement by the contractor.

In reply, the Government stated that there was no provision in the contract for charging five *per cent* security deposit. The reply is not tenable as the contract itself was entered in violation of the Codal Provisions.

(c) Deviation from approved specification

The DPR submitted by the Department to the GOI had projected the road thickness of 375 mm (GSB: 150 mm, WBM Grade III: 100 mm, WBM Grade II: 75 mm and DBM: 50 mm). While conveying approval, NEC prescribed that DBM should not be laid directly on WBM. Instead, it should be laid on Wet Mix Macadam (WMM) in view of commercial and international importance of the road.

Scrutiny of records revealed that contrary to the directions of the GOI, the contractors constructed the road of 350 mm thickness (GSB: 125 mm, WBM: 75 mm, WMM: 100 mm and DBM: 50 mm) and the Department had allowed the use of WBM instead of WMM with reduced thickness indicating compromise with quality.

In reply, the Government stated that work was being executed as per the DPR maintaining thickness of 350 mm with WBM. The reply was not tenable since the technical specifications approved by GOI had provided for 375 mm with WMM.

(d) Time overrun

The work was scheduled to be completed by December 2012. As of May 2013, only 15 *per cent* road was completed in all respects and none of the bridges were completed. Though the contractors failed to adhere to the time schedule, the Department did not penalise the contractors and take any concrete action to get the work done in time.

(iv) Project-4

Construction of RCC bridge over Dhuraicherra at Ch. 0.90 km on Kamalpur – Bilascherra Road (ODR)

The Department submitted the DPR to the GOI in August 2006 for construction of the bridge. Scrutiny of records of the EE, Kamalpur Division revealed that the bridge was already constructed and completed in April 2006. The GOI approved the project in February 2010 and released the funds of ₹ 2.62 crore. Since the bridge was already constructed, the Department without any information to the GOI diverted all the funds to different purposes and submitted the bridge completion and utilisation certificate to the GOI in April 2013. Thus, the Department not only submitted the DPR to the GOI for the work already existed but also misreported utilisation and completion of the project to the GOI.

(v) Project- 5

Construction of RCC bridge over Lohar on Berimura – Taltala Road

The GOI sanctioned construction of RCC bridge under NLCPR funds for ` 2.29 crore in March 2010 over Lohar on Berimura – Taltala Road. The Department had already awarded the work to M/s Simplex Project Ltd. in July 2009 under cost plus contract method. The Department allowed 24 months for completion of work (February 2012) to be reckoned from the date of approval of DPR (March 2010) by the GOI.

The contractor commenced the work in August 2010 *i.e.* after a lapse of one year from the date of issue of work order (July 2009) and suspended it in March 2012 after execution of work of ₹ 1.73 crore (60 *per cent*) against the contract value of ₹ 2.85 crore.

The minutes of meeting held in June 2012 revealed that the Government had directed the Department to cancel the contract at the risk and cost of the contractor. However, the Department had not finalised the process till July 2013. Thus, the work had remained suspended for more than one and a half year and the expenditure incurred remained unfruitful.

(vi) Project -6

Construction of RCC bridge over local stream at Ch. 4.40 Km on Jogendranagar to Jamapaijala Road

Government of India approved (September 2009) RCC bridge over local stream at Ch. 4.40 Km on Jogendranagar to Jamapaijala Road at a cost of ₹ 1.84 crore. The agreement was entered into with the contractor in October 2010 The work commenced in October 2010 and was completed in November 2012 at a total cost of ₹ 3.01 crore.

The contract included supply and erection of Bailey bridge of 90 feet for ₹ 80.66 lakh. Audit scrutiny revealed that the Department had procured one Bailey bridge of 120 feet span from M/s Bridge & Roof (I) Pvt. Ltd., Howrah in April 2010. The Bailey bridge could have been utilised while constructing the above RCC bridge. Therefore, the provision of one more Bailey bridge at the cost of ₹ 80.66 lakh in the contract was unwarranted and it resulted in avoidable expenditure as the Bailey bridge procured in 2010 was lying unutilised as of June 2013.

(vii) Project - 7

Construction of Manu- Chamanu- Gobindabari Road/Portion Ch. 43.46Km to Ch. 58.78 Km (15.30 Km)

With the approval obtained from NEC, the above work was awarded (June 2005) to a contractor at a tendered value of ₹ 3.47 crore with stipulation to complete the work within 6 months. The work commenced in February 2006 and was suspended by the contractor in April 2009. The Department did not take any action and it was closed only in July 2013 after four years of abandonment of work by the contractor. Total value of work done by the contractor till June 2009 was ₹ 5.12 crore including deviations of ₹ 1.90 crore. The contractor was paid ₹ 4.83 crore. The contractor performed the formation of road which had not been carpeted till August 2013. Since formation was lying uncarpeted for last 4-5 years, the work done by the contractor had become unfruitful and subject to deterioration in the work done and paid for by the Department. Thus, it did not achieve the objective of the connectivity of the remote tribal area and also resulted in financial loss to the State.

In reply, the Government stated that work re-awarded to another contractor was in progress.

(viii) Project - 8

Construction of RCC bridge over Barduptacherra at Ch. 2.8 Km and Ujan Machmaracherra at Chainage 9.00 Km

Undue benefit given to the contractor-₹ 10.50 lakh

The scope of work under cost plus contract included DPR preparation and related activities such as the preliminary survey, preparation of preliminary drawings(s), detailed survey and sub-soil investigation, preparation of detailed drawing along with structural drawings etc.

The above work was awarded on 30 June 2010 to M/s Energy Development Company Ltd., Kolkata at 46.50 *per cent* above the SOR 2008. The preparation of DPR and related activities were to be carried out by the Energy Development Company Ltd. However, it was got done from STUP Consultants and for the purpose, the Department was to deduct ₹ 10.50 lakh from the amount to be paid to M/s. Energy Development Company Ltd. which was not done causing undue benefit to the contractor. The Department in a similar other case had deducted the amount for performing such activities from Coal Mines Associated Traders.

In reply, the Government agreed with the audit observation and assured to recover the excess payment.

(ix) Project - 9

Construction of RCC bridge over Dhanai at Ch. 6.60 Km Champaknagar – Mandai Road

The GOI approved (February 2010) the project of RCC T-shape bridge over river Dhanai at Ch. 6.60 Km on Champaknagar – Mandai Road (ODR) for ₹ 3.21 crore with stipulation to complete the work within 36 months from the date of sanction of the project.

Box Cell Culvert at Dhumticherra

Scrutiny of records revealed that above work was initially awarded (July2009) on cost plus basis to M/s. Simplex Ltd. The contractor did not start work till June 2011. Thus, after lapse of more than two years, the Department withdrew the work from the contractor (June 2011). Since the earnest money had not been obtained for the cost plus basis contract, the Department could not take any penal action against the contractor.

After that, the Government decided (July 2011) that instead of T-shaped RCC bridge, two RCC box cell culverts (3x7 metres) would be constructed on the same road against the existing work and the administrative and technical sanction of detailed

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estimate of ₹ 1.54 crore was accorded. Such change in the scope of work was not reported to GOI. The work was awarded (June 2012) at ₹ 2.03 crore (32 *per cent* higher than estimated cost) with stipulated completion time of nine months (March 2013). Though, the work commenced in July 2012, it was incomplete (September 2013) and the value of work done was ₹ 0.65 crore (32 *per cent*). The payment made to contractor was ₹ 0.60 crore. However, the EE, Jirania Division submitted utilisation certificate for ₹ 1.16 core to the CE, PWD (R&B) in January 2013.

Thus, by changing the type of bridge, the Department had either compromised with the quality/strength of bridge or it had made an incorrect assessment of the type of bridge required on the road while sending the proposal to GOI. Further, the completion of work was also not monitored as it was incomplete despite lapse of six months from the scheduled date of completion.

In reply, though the Government stated that the quality/strength of bridge was not compromised due to change, no reason was furnished for changing the specifications approved by the GOI.

2.4.11 Monitoring and evaluation

Audit Objective 5: Whether there was a mechanism for adequate and effective monitoring and evaluation of projects.

2.4.11.1 Quality control mechanism

As per NEC guidelines for maintaining quality and specifications, a third level quality control was to be done by the State by engaging consultants. For this purpose, one *per cent* of the estimated cost of each work was to be earmarked to meet the expenditure for conducting various tests under NEC Projects.

Scrutiny of records revealed that neither any earmarked funds were created for quality monitoring nor was any consultant appointed by the State Government to ensure the quality control of the works. The checks for quality control were conducted by the respective implementing Divisions in respect of the NEC projects without involving any independent agency.

In reply, the Government stated that an MOU had since been signed with CSIR-NEIST Laboratory, Jorhat for upgradation of State Quality Testing Laboratory of PWD.

2.4.11.2 Monitoring by the State Government

NLCPR guidelines prescribed the following measures for monitoring and evaluation of various projects sanctioned under NLCPR scheme:

- submission of Quarterly Progress Report (QPR) by the States by the third week from the end of the quarter; and
- holding of quarterly meetings by the Chief Secretary to review the progress of implementation of the ongoing projects.

Audit examination revealed that those measures were not adequately followed by the State Government:

- The submission of QPRs in case of selected projects was not properly documented. As such audit could not assess the irregularity in submission of QPRs.
- The quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR by the Chief Secretary were not held regularly. Against the required 20 meetings, only 10 were held during 2008-09 to 2012-13.

2.4.11.3 Impact evaluation

NLCPR projects mainly consisted of replacement of SPT bridges. Nine out of 24 sanctioned and due to be completed during 2008-13 were completed till September 2013. Under NEC scheme, one road of 54 Km including 13 RCC bridges were completed. The importance of those projects was due to the fact that they had been undertaken with the objective of improving inter/intra State connectivity and increased volume of traffic signifying socio-economic development of the State and the region. However, the Government had not designed any system/undertaken any study to evaluate the impact of those projects. The Government had also not created any separate maintenance funds for those projects.

In reply, the Government agreed to consider engaging an agency for evaluation/ impact study of those projects.

2.4.12 Conclusion

Government of India had created NLCPR and NEC for the speedy infrastructure development of NER. The success of the projects funded through the NLCPR and NEC essentially depended on efficient planning, effective implementation of project activities and regular monitoring. There were inadequacies in all these key aspects as has been brought out in this report.

The nodal department did not assess the infrastructure gap and prepare the overall perspective plan with the required concept papers. The PWD prepared the projects on an *ad-hoc* manner which were endorsed by the nodal department to the GOI. The priority ranking was also assigned arbitrarily. The State did not submit any project proposal for the last three years.

The process for awarding works as adopted by the Department was not transparent and it was largely based on assumptions with regard to technical and financial capability of local contractors and in violation of codal provisions as well as the principles of financial propriety. The works were awarded to ineligible and inexperienced contractors at unduly high rates, at times without ensuring competitive rates which caused extra cost to the State exchequer. The DPRs were revised frequently, technical specifications changed and diversions made in the approved projects.

Execution of projects under NLCPR and NEC was also not satisfactory given that only 9 out of a total 24 projects sanctioned during 2008-13 and due for completion by March 2013 had actually been completed by August 2013. There was delay due to slow progress of works by the contractors and the contractors' lackadaisical approach. The monitoring of the execution of work was very poor and the Department did not take required measures to ensure the timely execution of works by the contractors. The Department did not collect earnest money or adequate security deposit in violation of codal provisions, rather it extended interest-free mobilisation advance to the full extent permissible and in the cases of abandonment of work by the contractors, even the recovery of mobilisation advance was doubtful.

Thus, the Department had not been able to avail full benefits of the NLCPR and NEC funds depriving the State of the improved infrastructure.

2.4.13 Recommendations

- State Government should conduct gap analysis of Basic Minimum Service and infrastructure gap required for socio-economic development of the State and prioritise the work in accordance with importance.
- Tendering process should be made transparent, competitive and fully compliant with the codal provisions.
- Revised timelines may be drawn up for completion of projects which are overdue and holding the contractors as well as implementing Divisions accountable for any slippage.
- The State Government should strengthen controls as well as the inspection and monitoring mechanism at all levels for effective implementation of the projects and ensure quality in work execution.
- Impact studies/evaluation should be undertaken especially with reference to achievement of outcomes.

AGRICULTURE DEPARTMENT

2.5 Suspected misappropriation

Violation of provision of financial rules pertaining to handling of Government money and poor maintenance of Cash Book led to suspected misappropriation of ₹ 12,23,061.

Rule 77-A of the Central Treasury Rule (CTR) (Volume-I) states that all Government Officers who receive Government dues and handle cash and perform the functions of Drawing and Disbursing Officer (DDO) should observe that all monetary transactions are entered in the Cash Book as soon as they occur and attested as a token of check; the Cash Book is closed regularly after verifying the total at the end of each month; cash balance in the Cash Book is verified and a certificate recorded to satisfy that money paid into treasury/bank are actually credited through checking of treasury/bank receipts. Rule 3 and GOI decision below Rule 6 of General Financial Rules also requires strict enforcement of financial rules/orders while managing public money.

Further, cheques issued by the DDO which are encashable in his capacity as DDO (self-cheque) alone need to be entered in the Cash Book. The DDO who signs the endorsement on the reverse of the self-cheque is responsible to ensure that the item is entered promptly on the receipt side of the Cash Book. He should insist that the self-cheque is submitted to him for signature along with the Cash Book with the relevant entry. If this is not possible, he should ensure recording in a separate register and watch the entry in the Cash Book when it is put up for signature.

Scrutiny of records (March-April 2013) of the Executive Engineer, Agriculture Department, Agartala for the period from December 2010 to February 2013 revealed that the above financial rules/orders regarding handling of Government moneys were not followed by the DDO (Executive Engineer). Transactions were not recorded in the Cash Book regularly and the Cash Book was not closed on daily basis. Entries in the Cash Book were made intermittently combining transactions of a number of days together. Self-cheques issued and drawn by the DDO were also not entered in the Cash Book which led to suspected misappropriation of Government money as detailed below:

- The DDO (Executive Engineer) withdrew ₹ 12,23,061 by issuing self-cheques (60 nos.) between 27 December 2010 and 23 February 2013 from Bank accounts. But none of the aforesaid drawals had either been reflected in the receipt side of the Cash Book or in the payment side as a mark of disbursement till date of audit (April 2013). As a result, the entire amount of ₹ 12,23,061 so withdrawn from bank remained outside the Government account.
- In response to an audit query, the DDO furnished (9 April 2013) a bunch of cash memos (pertaining to the period November 2011 to March 2013) amounting to ₹ 6,68,648, mostly obtained from local petrol pumps against purchase of oil and lubricants. However, he failed to justify the genuineness of those cash memos as

the relevant sanction orders, bills against such purchases, evidence of payments and their stock and disposal records could not be made available to audit. Besides, whereabouts of the balance amount of ₹ 5,54,413[20] could neither be produced nor be explained. Hence, the entire amount of ₹ 12,23,061 is suspected to have been misappropriated.

Thus, violation of provision of financial rules pertaining to handling of Government money and improper maintenance of Cash Book led to suspected misappropriation of ₹ 12,23,061.

The matter was reported to the Government in September 2013; reply had not been received (January 2014).

PUBLIC WORKS DEPARTMENT (ROADS AND BUILDINGS)

2.6 Infructous expenditure

Faulty planning and arbitrary decision of the Government to abandon the work after completing up to plinth level for "Construction of Recreation Hall cum Library for Cultural Activities" at the Central Prison, Bishalgarh resulted in infructuos expenditure of ₹ 1.01 crore.

The Home (Jail) Department accorded (December 2007) administrative approval for ₹ 62.55 crore and expenditure sanction of ₹ 15.00 crore for construction of 1000 intake capacity Model Central Prison at Bishalgarh. The work was awarded (October 2007) on turnkey basis to the lowest tenderer, M/s Engineering Projects India Ltd (EPIL), Kolkata[21], with the approval (October 2007) of the Work Advisory Board at the negotiated value of ₹ 62.55 crore with the stipulation to complete the work within two years.

One of the components of the Central Prison was construction of "Recreation Hall cum Library for Cultural Activities", covering 600 square metre (sqm) areas[22]. The work of the component commenced in May 2009 and was completed up to the plinth level (including raising RCC columns up to a reasonable height). Against the value of work done, EPIL was paid (March 2010) ₹ 1.01 crore (from 8th to 24th RA bills) and thereafter the work remained suspended.

Scrutiny (March - April 2013) of records of the Executive Engineer, PWD, Bishalgarh Division (R&B) revealed that in a review meeting[23] held in September 2010 at the Prison Complex it was decided not to take up the construction of the Recreation Hall and to convert one prisoner complex into recreation hall.

[20] ₹ 12,23,061 - ₹ 6,68,648
[21] A Government of India Enterprise
[22] At the rate of ₹ 21,000 per sqm, valuing ₹ 1.26 crore
[23] Chaired by Hon'ble Minister, Public Works Department in presence of Hon'ble Minister, Home (Jail) Department; Commissioner & Secretary, Home (Jail) Department; CE, PWD (R&B), IG Prisons and others

It was further seen that the CE, PWD (R&B) during his visit to the work site in October 2011 opined that discarding the work at that stage was not justified and decided to execute the work up to ground floor since it was relevant and essential. But no further work after the plinth level was taken up and subsequently in January 2012, the CE, PWD (R&B) had dropped the idea for construction of the building up to the ground floor.

Thus, due to indecisiveness on the part of the Department and arbitrary decision to abandon the work of Recreation Hall cum Library for Cultural Activities after completing up to plinth level and subsequently eliminating the work from the scope of the project resulted in infructuous expenditure of ₹ 1.01 crore.

The Government stated (December 2013) that the work of the Recreation Hall cum Library for Cultural Activities had been temporarily suspended due to funds constraints of the Home (Jail) Department and would be taken up at any time as soon as all other components are completed and funds position of the said Department is slightly improved.

The reply was not acceptable as funds for construction of the Central Prison was provided from Modernisation Scheme and TFC grants. Further, there was no decision to take up the abandoned work, revisiting the decision of the review meeting held in September 2010.

2.7 Extra expenditure

In violation of the contractual provisions under turnkey contract for construction of the Central Prison at Bishalgarh, payment by the Department towards land/site development as an additional item, which fell well within the scope of work of turnkey contract. This rendered the expenditure of ₹ 1.56 crore extra, of which ₹ 84.40 lakh had already been paid to M/s Engineering Projects India Ltd.

With the approval (October 2007) of the Works Advisory Board (WAB), the work "Planning, designing, detailed engineering and execution of Central Prison at Bishalgarh[24]" was awarded on turnkey basis to the lowest tenderer[25], M/s Engineering Projects India Ltd (EPIL), Kolkata[26] at the negotiated value of ₹ 62.55 crore with the stipulation to complete the work within 24 months. The work commenced in November 2008 and was in progress (June 2013). Against the value of work done (₹ 55.92 crore) EPIL was paid (July 2013) ₹ 53.83 crore (upto 61st RA bill). The said amount included additional item of work of ₹ 84.40 lakh[27] towards land/site development.

[24] Administrative approval for ₹ 62.55 crore and expenditure sanction of ₹ 15.00 crore was accorded by Home (Jail) Department for construction of 1000 intake capacity Model Central Prison at Bishalgarh in December 2007

[25] Out of two received (from six short listed firms)

[26] A Government of India Enterprise

[27] Against the value of work done for ₹ 1.56 crore

Scrutiny (March-April 2013) of records of the Executive Engineer (EE), Bishalgarh Division PWD (R&B) revealed the following:

Section 7 of the Draft NIT of the said work provided *inter alia* that (i) the bidders were to study the data supplied to them for site selection, visit the site, study the physical parameters, etc. and if required get clarification on any issue regarding the same before submitting their offers; and (ii) upon submission of their offers all the bidders would be considered to have gone through the above mentioned process of drawing study, site visit and allied formalities. Even if they had not done the same physically no excuse whatsoever in this regard was to be entertained at any stage of processing the offers, evaluation of bids or contract implementation.

Further, while submitting the technical bid, which formed part of agreement, EPIL had declared that any modification, if required according to Jail Code/site condition would be done by it without any extra cost to the client.

Despite the above, in December 2009 (*i.e.* after almost one year of commencement of the work) EPIL informed the EE that in order to bring the entire site to required formation for construction of various buildings, structures, perimeter walls, roads etc. it had executed heavy quantities of clearance of jungles, clearance of top organic soil, earth cutting/filling, compaction and carriage, retaining slopes with sand bags etc., which were mandatory for the project. EPIL added that the huge amount involved in the above activities were not covered under the contractual provision and hence it requested to consider for amendment of those items (as additional work of land/site development) for reimbursement of the same.

The EE had rejected the issue of re-imbursement towards the cost of land/site development twice (January and February 2010), informing EPIL *inter alia* that any activity already found/to be found further as mandatory for land development for construction of any structure within the scope of the work also fall well within the scope of contract according to its terms and conditions.

It was however, seen that against land/site development works (as additional item) the EE had paid EPIL (at provisional rates subject to approval of higher authority) ₹ 62.58 lakh in February 2012 (44th RA bill) and ₹ 3.54 lakh in June 2012 (45th RA bill), which was beyond the terms of the turnkey contract. It was further observed that as per decision of the Chief Engineer, PWD (R&B), the EE asked EPIL (July 2012) to take up all the additional works for which payment would be made on the basis of TSR 2008 adding 40 *per cent* cost enhancement charge.

Thereafter EPIL was paid ₹ 11.01 lakh in August 2012 (50th RA bill) and ₹ 7.27 lakh in July 2013 (61st RA bill). Against total value of work done for ₹ 1.56 crore (upto 9th RA bill) as additional item towards area development by cutting/ transportation/filling of earth EPIL was paid ₹ 84.40 lakh[28] (upto 61st RA bill) for which no justification was available. As per the terms and conditions, the required quantity of excavated

[28] ₹ 62.58 lakh + ₹ 3.54 lakh + ₹ 11.01 lakh + ₹ 7.27 lakh

earth would be stacked in the nearby area for back filling the same after casting of the structure was completed and the surplus excavated earth would be loaded manually/mechanically into tippers and disposed in the designated places.

Thus, in violation of the contractual provisions under turnkey contract for construction of various buildings, structures, perimeter walls, etc. of the Central Prison at Bishalgarh, payment by the Department towards land/site development as additional item, which fell well within the scope of work of turnkey contract rendered the expenditure of ₹ 1.56 crore extra of which ₹ 84.40 lakh had already been paid to M/s Engineering Projects India Ltd.

The EE stated (July 2013) that the bidders provided sealed rates and amount for different items of work and their respective quantities along with item specification under various work groups (1 to 4[29]). But site development and landscaping were not included in the price bid and the accepted rates were plinth area rates. He further stated that the work of site development was mandatory but was not included in the scope of the agency and the work was therefore carried out as extra item and payment had been made on provisional rates approved by the competent authority.

The reply was not acceptable since land/site development for construction of any structure is mandatory which fell well within the scope of work of the turnkey contract. Execution of such a basic work as “extra item” was not only unrealistic but also unreasonable.

The Government stated (December 2013) that the landscape selected for the project was a undulated/uneven one where all the different units were set in different elevation. But the unoccupied/uncovered area of the entire complex was required to be placed at a comfortable level with respect to the plinth height of the different buildings which was beyond the provision of the agreement of turnkey project.

The reply was also not acceptable since the aspect of the undulated/uneven landscape was a known fact and in the Draft NIT the bidders were specifically asked to study the data supplied to them for site selection, visit the site, study the physical parameters, etc. before submitting their offers which indicated that area development was an integral part of the turnkey project. Thereby rendering an expenditure of ₹ 1.56 crore extra.

[29] (1) Work Group-1: Survey, Soil testing and Design & Engineering; (2) Work Group-2: Civil Works; (3) Work Group-3: Public Health Works; and (4) Work Group-4: Electrical Works

2.8 Idle and extra expenditure

Award of works for construction of bridges in violation of the decision of the Council of Ministers to the inexperienced and unqualified agencies at higher than the approved rates, coupled with inaction on the part of the Department, not only resulted in unauthorised and irregular expenditure of ₹ 3.57 crore, but also rendered the expenditure of ₹ 7.93 crore incurred on six suspended works idle for 12 to 36 months which, in turn, resulted in failure in achieving the objective of speedy and smooth implementation of infrastructural development projects in the State.

Based on the decision of the Cabinet (June 2008) on a proposal of the Public Works Department to award infrastructure development projects to Central and State Public Sector Undertakings (PSUs)/Private sector Construction agencies (Agencies) at cost plus basis (limited upto 10 *per cent* of the estimated cost based on the current State Schedule of Rates), the Department invited (July 2008) Expression of Interest (EOI) from PSUs and agencies with a view to short-listing on the basis, *inter alia*, of evaluation of their technical and financial capabilities, and then asking the short-listed bidders for offering financial bids for a few specific packages of works and awarding the works/packages to the lowest bidder on cost plus percentage basis.

Scrutiny of records (March-April 2013) of the Executive Engineer, PWD (R&B), Bishalgarh Division and information/documents collected from the Chief Engineer, PWD (R&B) revealed that though the Department invited EOI separately from the PSUs and the agencies on the same date (30 July 2008) with the same opening date (21 August 2008), the financial bids from PSUs and agencies were invited and opened on different dates (11 and 22 September 2008; 24 September and 17 October 2008). Thus, the rates of PSUs were already known to all much before the bids of agencies were opened and hence, the risk of influencing their financial bids could not be ruled out. This was also reflected from the fact that the lowest offer of the PSU for Bridge projects was 49 *per cent* above cost, whereas the same stood at cost plus 48 *per cent* for the agencies. It was seen that two Kolkata based agencies-Ramky Infrastructure Ltd. and Coal Mines Associated Traders ('A' and 'B') were awarded (January 2009) with the work for Bridge Project Package No.-1(comprising 12 bridges) - six bridge projects each at 48 *per cent* above the estimated cost. The action of the Department was clearly in violation of the Cabinet approval that allowed the Department to award the works at cost plus percentage to be limited upto 10 *per cent* of the estimated cost.

While according approval to the rates of 48 *per cent* above the estimated cost, the Chief Secretary had also observed (December 2008) that Council of Ministers be briefed accordingly by the Principal Secretary (PWD). However, when the Principal Secretary, PWD was asked (August 2012) as to how the works were awarded at the rates much higher than the rates approved by the Cabinet and whether the approval of the Cabinet was taken before issuing work orders, the Chief Engineer not only stated (October 2012) that the works were in no way to be treated as 'cost plus', but also rejected the very basis of 10 *per cent* over TSR 2008 stating that the same was unreasonable. The reply of the Chief Engineer was contradictory to the proposal submitted by the Department and approved by the Cabinet, and further confirmed that the decision of the Cabinet was purposely given a go away in the entire process. This not only resulted in extra expenditure of ₹ 3.57 crore **(Appendix 2.19)**, but also in the expenditure being unauthorised and irregular.

Further, as per the approval of the Cabinet the works were to be awarded to the well reputed agencies to be short listed after evaluation of their technical and financial capabilities, experience in the respective fields, etc. The proposal submitted by the Department also emphasised that the new system was required for smooth and speedy implementation of the projects with improved quality and finishing which the local contractors were not capable of. Audit scrutiny, however, revealed that of the nine agencies that had responded to the EOI, only one had previous experience in similar nature of works and met the criteria fixed for short listing in the EOI. The Department, despite noting that most of the agencies were not eligible as per their requirement, short listed six (including five unqualified) of them for inviting financial bids diluting their EOI requirements. Four agencies (who were to be disqualified) submitted their financial bids and two of them were awarded with the works. Thus, evidently, here again the decision of the Cabinet was violated and the works were awarded to those who were inexperienced, ineligible and technically unqualified.

It was, however, observed in audit that the same Division had awarded three similar RCC bridges to a local contractor in October 2010 (2 Nos.) and September 2011 (1 No), i.e. even 1-2 years later at much lower rates varying from below 7.13 *per cent* to over 18.63 *per cent* on the estimated cost based on same Schedule of Rates as were used for the above mentioned works **(Appendix 2.20).**

Audit scrutiny of the execution of the 12 bridge projects revealed that the work orders were issued to the two selected agencies for six bridges each in February 2009 with the direction to start the works 'at once' to be completed by February 2011. As against this stipulation, the agencies could neither commence the work in time **(Appendix 2.21) (**only nine works were commenced between March 2009 and March 2010 while three works were withdrawn from the scope of 'B' in July 2010) nor maintained the required progress of the works to complete them within the stipulated period. None of the nine works had been completed even after the time overrun of 28 months till July 2013. Not only this, seven of those nine works were actually found to have been suspended by the agencies midway between July 2010 and July 2012 against which payment of ₹ 9.07 crore **(Appendix 2.21)** had already been made to them and only two works – one under each agency- were in progress with 56 *per cent* and 64 *per cent* completion.

The Department did not take any action to get those works completed except withdrawing one of the seven suspended works from 'A' and awarding the balance portion to a local contractor in November 2012 which was in progress. In March 2013, 'A' requested the EE, Bishalgarh Division to withdraw the four suspended works from them on 'as is where is' basis without levying any liquidated damages. The matter was intimated by the EE to the SE, PWD (R&B) in April 2013 for further decision which was still awaited (July 2013). Thus, work on six bridges remained suspended for the last 12 to 36 months and expenditure of ₹ 7.93 crore **(Appendix 2.21)** incurred on them remained idle.

Thus, awarding the works of construction of bridges in violation of the approval of the Council of Ministers to the inexperienced and unqualified agencies at higher than the approved rates coupled with inaction on the part of the Department not only resulted in unauthorised and irregular expenditure of ₹ 3.57 crore but also rendered the expenditure of ₹ 7.93 crore incurred on six suspended works idle for 12 to 36 months which in turn resulted in failure in achieving the objective of speedy and smooth implementation of infrastructural development projects in the State.

The Government stated (December 2013) that the agencies were selected through EOI with a set of pre-requisite stringent criteria. The reply was not acceptable since records indicated that the Department shortlisted the agencies diluting their EOI requirements.

As regards not adhering to the Council of Ministers' approval of cost plus percentage limited to 10, it was stated that Works Advisory Board (the highest body in the State to decide the tender) approved the negotiated rates. The reply was not acceptable as the decision of the Council of Ministers cannot be overruled by the WAB.

PUBLIC WORKS DEPARTMENT (WATER RESOURCES)

2.9 Unfruitful expenditure

Lack of adequate planning and timely decision on agreement related issues by the Public Works Department (Water Resources) coupled with non-initiating timely action for rescinding the agreement and getting the remaining work executed by another contractor at the risk and cost of erring contractor resulted in unfruitful expenditure of ₹ 2.17 crore. The partially constructed canal also meant that the farmers were deprived of the intended benefits of the irrigation project.

The Executive Engineer (EE), Water Resource Division No. VI, Kailashahar executed (October 2005) an agreement for ₹ 8.32 crore against the estimated cost of ₹ 6.82 crore for construction of Left bank Manu Canal (Main Canal) from ch 20,030 m to ch 21,700 m under Manu Irrigation Project with a stipulation that the work was to be completed by November 2006. Subsequently (November 2007), the completion time was extended to March 2010 by a supplementary agreement.

Scrutiny (February-March 2010 and August 2013) of records of the Division revealed that the contractor suspended the work on this project in April 2008 citing dispute over/non-settlement of various long pending issues like release of security deposit, approval/payment of extra item for dewatering from tunnel and cut and cover, excess excavation due to modification of approved drawing, mechanical transportation of huge quantity of earth for disposal and back filling, price escalation etc. It was observed that these issues, some of which could have been taken care of at the planning/DPR stage were left pending for long (May 2006/August 2007/November 2007) by the Division/Department without taking timely decision to resolve them. Even after the contractor indicated his intention to suspend the work in April 2008, the EE did not take any concrete action except occasionally making correspondence with the contractor either refuting his statements or requesting him to resume the work. The EE requested the contractor to recommence the work as late as November 2010 i.e, even after the expiry of revised completion period (March 2010).

Though the work was stopped by the contractor in April 2008, the Department did not initiate any action for three years (April 2011) against the contractor by imposing penalty as per the provisions of the agreement or rescinding the work invoking clause 3(i) (ii) (iii) and clause 3 (a) (b) and (c) of the agreement and getting the remaining work executed at the risk and cost of the contractor by any other agency. Meanwhile, the contractor was paid (November 2009) ₹ 2.17 crore (upto 4th RA bill prepared in July 2008) against the total value of work done for ₹ 2.20 crore. It was only after the contractor sought for arbitration in January 2011 (which was in hearing stage as of August 2013), that the EE exercising the powers of Engineer-in-Charge rescinded (May 2011) the contract on the ground of contractor's failure to complete the work by the extended date of completion. The EE rescinded (May 2011) the agreement but no action was taken to get the remaining work executed at the risk and cost of the erring contractor even though more than 28 months have since elapsed (August 2013).

Thus, lack of adequate planning and timely decision on agreement-related issues by the Department coupled with non-initiating timely action for rescinding the agreement and getting the remaining work executed by another contractor at the risk and cost of erring contractor resulted in unfruitful expenditure of ₹ 2.17 crore. The partially constructed canal also meant that the farmers were deprived of the intended benefits of the irrigation project.

The matter was reported to the Government in September 2013; reply had not been received (January 2014).