

## **CHAPTER II: ECONOMIC SECTOR**



## CHAPTER II: ECONOMIC SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings of audit on the State Government units under Economic Sector.

The names of the State Government departments and the break-up of the total budget allocation and expenditure of the State Government under Economic Sector during the year 2015-16 are given in the table below:

**Table No. 2.1.1**

(₹ in crore)

Name of the departments	Total budget allocation	Expenditure
Agriculture Department	380.76	210.62
Animal Resource Development Department	78.57	67.53
Co-operation Department	29.47	25.93
Fisheries Department	46.26	39.61
Forest Department	104.02	88.80
Horticulture Department	104.62	68.08
Industries and Commerce (Handloom, Handicrafts and Sericulture) Department	35.03	21.47
Industries and Commerce Department	66.29	62.96
Information, Cultural Affairs and Tourism Department	28.05	22.52
Information Technology Department	15.77	3.72
Power Department	175.76	135.14
Public Works (Roads and Buildings) Department	958.99	820.99
Public Works (Water Resource) Department	215.24	104.12
Science Technology and Environment Department	17.52	11.28
<b>Total number of departments = 14</b>	<b>2,256.35</b>	<b>1,682.77</b>

**Source:** Appropriation Accounts – 2015-16.

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 2015-16. The major transfers of funds (₹ 5 crore and above) to the State Implementing Agencies for implementation of flagship programmes of the Central Government are detailed in the table below:

**Table No. 2.1.2**

**Funds transferred to State Implementing Agencies during 2015-16**

(₹ 5 crore and above)

(₹ in crore)

Name of the department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Science, Technology & Environment Department	Digital India Programme	Tripura State Computerisation Agency	12.29

**Table No. 2.1.2 (contd.)**  
**Funds transferred to State Implementing Agencies during 2015-16**  
**(₹ 5 crore and above)**

*(₹ in crore)*

Name of the department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Tourism Department	Swadesh Darshan Integrated Development of Theme Based Tourist Circuits	Tripura Tourism Development Corporation Limited	19.92
Industry and Commerce Department	NER Textile Promotion Scheme	Directorate of Handloom, Handicrafts & Sericulture	15.15
<b>Total</b>			<b>47.36</b>

**Source:** 'Public Financial Management 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.

After completion of audit of each unit, Inspection Reports (IRs) 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 IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of those IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of Tripura under Article 151 of the Constitution of India for being laid in the State Legislature.

The audits were conducted during 2015-16 involving test-check of an expenditure of ₹ 1,721.70 crore (including expenditure pertaining to the previous years audited during the year) of the State Government under Economic Sector. This Sector contains one Performance Audit on "Pradhan Mantri Gram Sadak Yojana" relating to the Public Works (Roads & Buildings) Department and six Compliance Audit paragraphs.

## PUBLIC WORKS DEPARTMENT (Roads and Buildings)

### 2.3 Pradhan Mantri Gram Sadak Yojana

*Rural road connectivity is a key component of rural development as it provides access to economic and social services thereby generating increased agricultural income and productive employment opportunities leading to poverty alleviation. The Government of India (GoI), Ministry of Rural Development (MoRD) launched (December 2000) the Pradhan Mantri Gram Sadak Yojana (PMGSY) with the objective to provide all weather roads to all unconnected habitations having a population of above 1000 by the year 2003 and those having population between 500- 999 (250 -999 for North East States except Assam) by the year 2007. Besides, upgradation of existing rural roads was also to be carried out under PMGSY.*

*Since inception of this project, 2,813 Km of new road length was completed against a sanctioned length of 3,469 Km i.e. 81 per cent was achieved. In addition, 1,098 Km road length was upgraded against a sanctioned length of 1,779 Km. However, out of a total of 4,590 eligible habitations in Tripura, 1,050 (22.87 per cent) remained unconnected by all weather roads as of March 2016.*

*Not achieving of full objectives and coverage of all habitations even after lapse of 16 years since inception of PMGSY was indicative of slow progress. Apart from that, there were gaps in planning, inadequate Transect walks, non-availability of land, deficiencies in financial management, irregular execution of works in contravention of Rural Road Manual, delay in finalisation of tenders, non-maintenance of roads, inadequate monitoring and lack of quality control.*

#### Highlights

Planning for implementation of PMGSY in the State was deficient as District Rural Road Plans were not prepared which led to 40 priority habitations remaining unconnected as of March 2016.

*(Paragraph 2.3.4.1)*

A walk along the proposed road to decide the alignment was not carried out in many works comprehensively which resulted in non-availability of land and eventually led to changes in alignment and delay in completion of works.

*{Paragraph 2.3.6.1(iii)}*

Project management was weak. Contracts were awarded with delays ranging from six to nine months thus adversely affecting the schedule of construction of PMGSY roads.

*{Paragraph 2.3.6.2(B)}*

Cases of departure from the prescribed design/specification/norms in execution of works were noticed.

*{Paragraphs 2.3.6.1(iv) and 2.3.7.1}*

**Cases of undue benefit, excess/fraudulent payment to the contractors, doubtful execution of works involving ₹ 5.10 crore were also noticed.**

*(Paragraph 2.3.7.5)*

**PMGSY roads were lacking proper maintenance. Concerned authorities did not carry out periodic inspection of roads for prompt rectification by the contractors. 26 per cent of the selected completed roads were not covered under maintenance contracts for periods upto 60 months.**

*{Paragraph 2.3.7.8(ii)}*

### 2.3.1 Introduction

Rural road connectivity and its sustained availability, is a key component of rural development as it assures continuing access to economic and social services and thereby generates sustained increase in agricultural income and productive employment opportunities. It is a vital component in ensuring sustainable poverty reduction and demands a permanent rural connectivity, encompassing a high level of quality of road construction followed by continuous post-construction maintenance of the road assets and of the entire network.

Pradhan Mantri Gram Sadak Yojana (PMGSY), announced on 25<sup>th</sup> December 2000, to provide all-weather access to eligible unconnected habitations as a prime strategy for poverty alleviation, is a 100 per cent centrally funded/sponsored programme. Up-gradation works are to be shared in 60:40 ratio by the Centre and the State. In addition, cost of maintenance works is to be borne entirely by the State.

PMGSY envisaged providing all-weather roads to all unconnected habitations by the end of 2007. However even after lapse of more than eight years after the target year, the desired objectives could not be achieved in Tripura. The status of connectivity of habitations along with coverage of road length during audit period is given below:

**Table No. 2.3.1: Status of habitation coverage during 2011-16**

<b>Total eligible habitations as of March 2001</b>	<b>Total connected habitations as on 01.04.2011</b>	<b>Total eligible (unconnected) habitations as on 01.04.2011</b>	<b>Habitations provided connectivity during 2011-16</b>	<b>Habitations remaining unconnected as of 01.04.16</b>
4,590	2,264	2,326	1,276	1,050

**Source :**Information furnished by Tripura Rural Road Development Agency

Chart No. 2.3.1

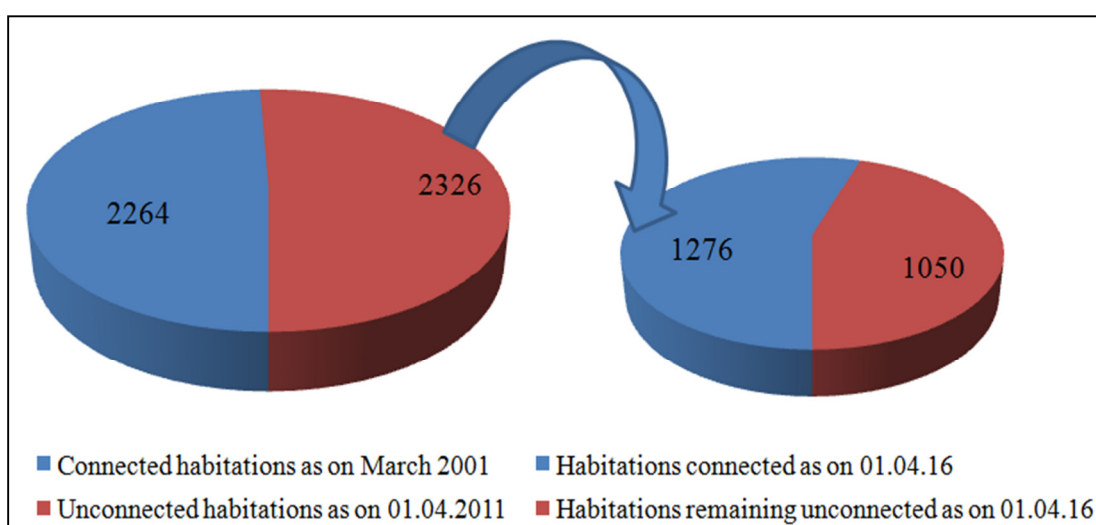
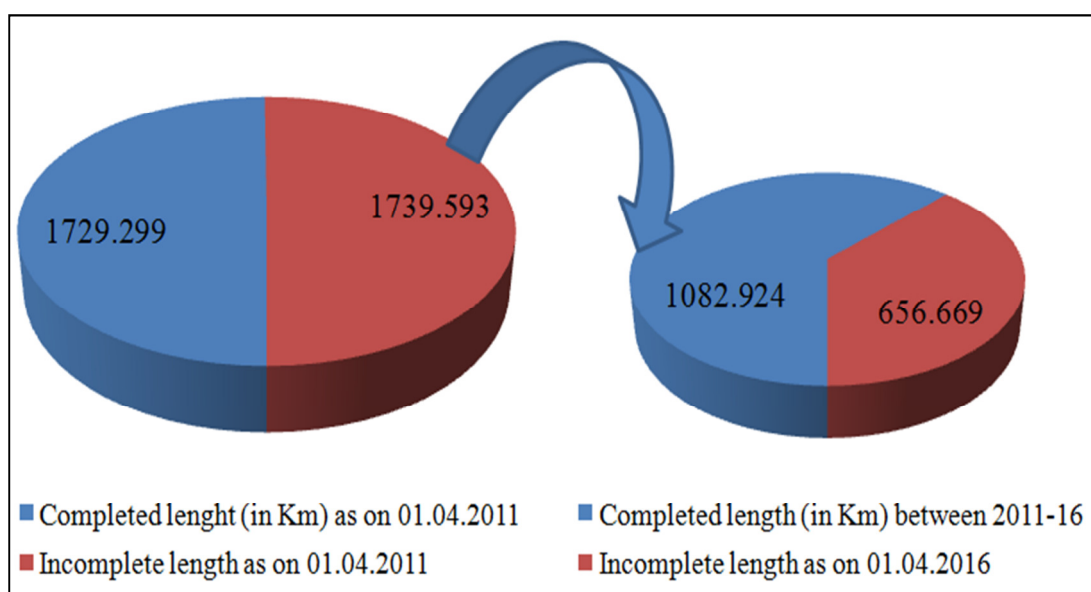


Table No. 2.3.2: Status of road length (New connectivity) coverage during 2011-16

New connectivity road length sanctioned (Km) till 01.04.2016	Total length covered as on 01.04.2011 (Km)	Total length covered during 2011-16 (Km)	Length not covered out of sanctioned length (Km)
3,468.892	1,729.299	1,082.924	656.669

Source : Utilisation Certificates submitted by Tripura Rural Road Development Agency

Chart No. 2.3.2



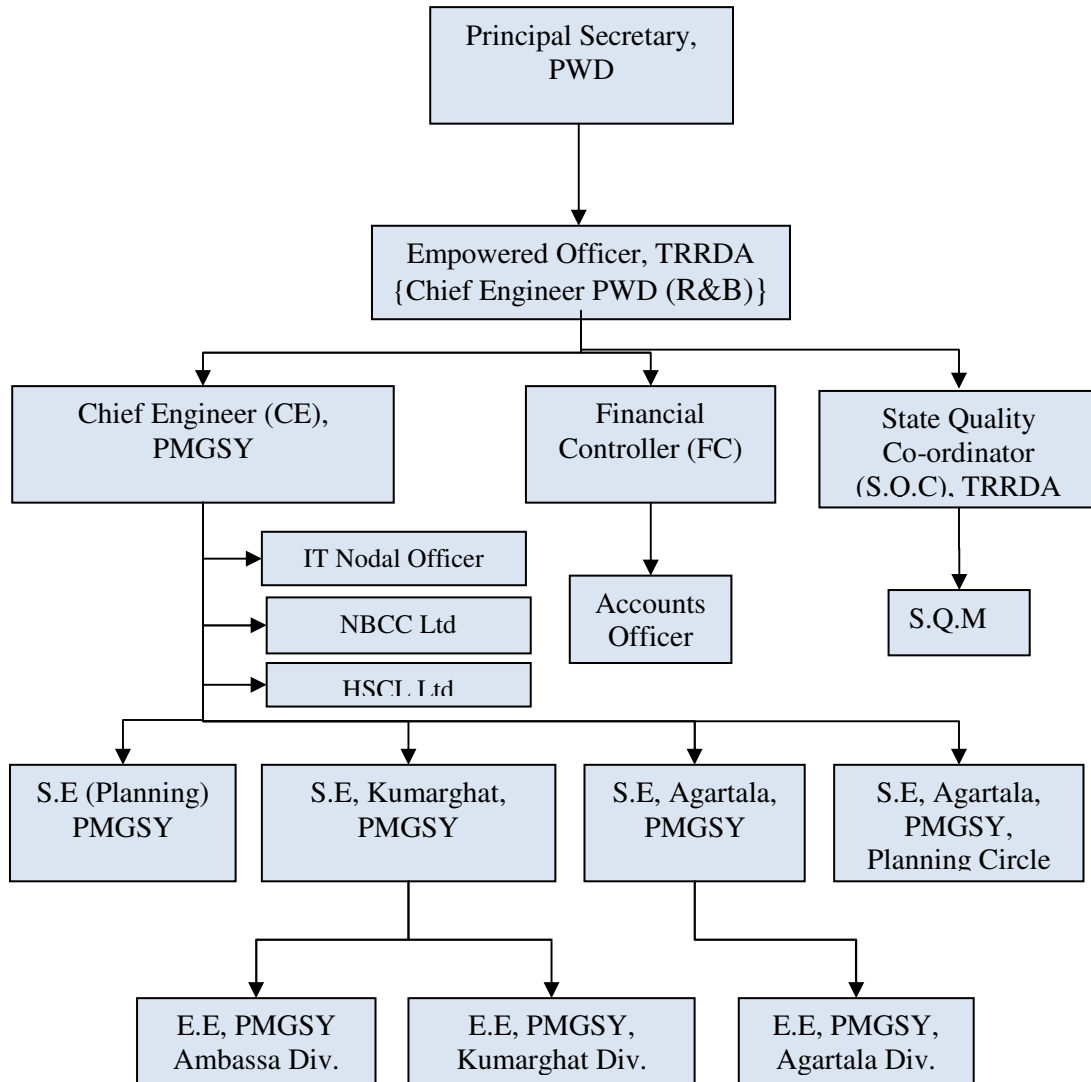
It can be seen from above that 22.88 *per cent* habitations as well as 18.93 *per cent* of the total length sanctioned for new connectivity remained to be covered under PMGSY at the end of March 2016.

### 2.3.2 Organisational set up

The Principal Secretary of Public Works Department (PWD) is responsible for implementation of the PMGSY in the State. The State Government formed Tripura Rural Road Development Agency (TRRDA), a body registered under the Cooperative Societies Act, 1860 in August 2003 to oversee and monitor the progress of works under the control of the PWD. The Chief Engineer, PWD (Roads and Buildings) is vested with executive responsibilities as the Empowered Officer for overseeing the TRRDA. The executing Public Works Divisions along with two Central Public Sector Undertakings (CPSUs) *i.e.* National Building Construction Corporation Limited (NBCCCL) (in West and South Tripura District) and Hindustan Steel Works Construction Limited (HSCL) (in Dhalai and North Tripura District) are the Programme Implementation Units (PIUs) in Tripura.

The organisational set up for implementation of PMGSY programme in Tripura is given below:

#### Organogram for implementation of PMGSY programme





### 2.3.3 Audit approach

#### 2.3.3.1 Audit objectives

The objectives of the Performance Audit were to ascertain whether:

- The systems and procedures in place for identification/preparation of Core Network (CNW) as well as District Rural Road Plan (DRRP) were adequate and conform to the programme guidelines;
- The allocation and release of funds under PMGSY were made in a timely manner to ensure optimum utilisation of funds;
- The road works were executed economically, efficiently and effectively;
- The existing monitoring system and quality control mechanism was adequate and effective for achieving the desired objectives.

#### 2.3.3.2 Audit criteria

The criteria for the Performance Audit were obtained from the following sources:

- Guidelines of PMGSY and subsequent amendments issued by the MoRD.
- Operations Manual, Accounts Manual, Rural Road Manual, etc. of PMGSY
- Annual Reports/Instructions/Guidelines issued by National Rural Roads Development Agency (NRRDA);
- Periodical Reports/Returns prescribed by State Government;
- Circulars/Instructions issued by the Union Ministry, Rural Development;
- Reports of National and State Quality Monitors and National Level Monitors;

#### 2.3.3.3 Audit sample

In Tripura, there were four districts which were further bifurcated in 2012 into eight districts. For the purpose of Performance Audit, three districts out of the undivided four districts were selected on the basis of expenditure based stratified sampling; which correspond to five districts out of eight new districts formed in 2012.

A total of 310 packages were executed in selected districts during 2011-16, out of which 107 packages were selected randomly for audit scrutiny. Further, 71 packages out of 279 maintenance works were also selected.

Apart from scrutiny of records, physical inspection of roads along-with Departmental representatives were also conducted and photographic evidence taken where necessary to substantiate audit findings.

#### 2.3.3.4 Audit scope and methodology

Performance Audit of PMGSY was carried out during April – June 2016 and covered assessment of rural road works undertaken during 2011-16. Audit methodology involved examination of records of Empowered Officer, TRRDA and

nine PIUs<sup>1</sup> including two CPSUs. An entry conference was held on 4<sup>th</sup> April 2016 with the Principal Secretary, PWD wherein audit scope, objectives, criteria, methodology including conduct of joint site inspections were discussed and their inputs obtained. The draft Report was issued to the State Government on 1 September 2016. The replies were not received till October 2016. An exit conference was also held on 7<sup>th</sup> October 2016 with the Principal Secretary PWD wherein the audit findings were discussed and comments and replies were incorporated appropriately.

#### **2.3.3.5 Acknowledgement**

The office of the Accountant General (Audit), Tripura acknowledges the cooperation and assistance rendered by the State Government, TRRDA, NBCCL, HSCL and the officials of PWD in conducting the Performance Audit.

#### **Audit findings**

The audit findings are discussed in the following paragraphs

### **2.3.4 Planning: Identification and preparation of Core Network**

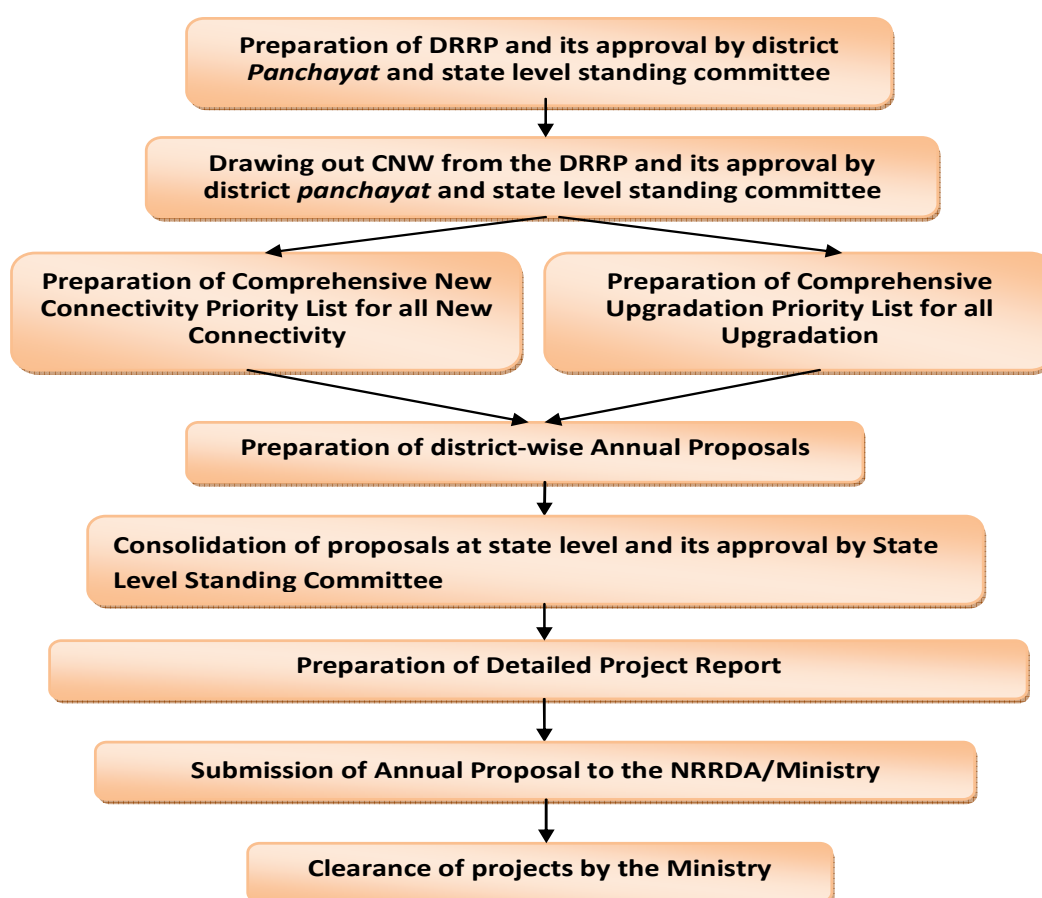
#### **2.3.4.1 Introduction**

Proper planning is imperative to achieve the objectives of the programme in a systematic and cost effective manner. The programme had been implemented in the model of decentralised network planning for rural roads. States, after conducting a detailed survey were required to prepare a master plan for the rural roads called the DRRP. Based on the position of connectivity of habitations in the DRRP, the CNW indicating the shortest single connectivity was to be prepared. Comprehensive New Connectivity Priority List (CNCPL) for all new connectivity and a Comprehensive Upgradation Priority List (CUPL) for all upgradation works were to be drawn out from CNW. This planning exercise was to be carried out with full involvement of the public representatives. The DRRP and CNW were the basis for all planning exercise under the PMGSY. Identification and preparation of CNW is shown in **Chart No. 2.3.3.**

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<sup>1</sup> NBCCL, HSCL, EE North, EE Udaipur, EE Sabroom, EE Santirbazar, EE Belonia, EE, Longtharai Valley and EE, Ambassa.

Chart No. 2.3.3



The DRRP was envisaged to be a compendium of the existing and proposed road network system in the district. The plan was supposed to clearly identify the proposed roads for connecting the habitations not connected with all weather roads in an economic and efficient manner.

It was also envisaged that the DRRP shall be prepared at two levels –block and district. Block-wise road plans shall be based on the priorities spelt out by the District Panchayat. After the block-wise master plans were approved by the Intermediate Level (block) Panchayat, they were to be forwarded to the District Planning Committee (DPC) for integration into the DRRP. This would be placed before the District Panchayat (or District Rural Development Agency-DRDA where the District Panchayats did not exist) for consideration and approval. The approved DRRP, thereafter was to be submitted to Nodal Department/TRRDA for the approval of the State Level Standing Committee (SLSC). The approved DRRP would form the basis for selection of road works under the PMGSY through the CNW.

### District Rural Road Plans not prepared

Scrutiny of records of TRRDA revealed that DRRPs were not prepared in any of the four districts (later bifurcated into eight districts). Instead of that, CNW was prepared at the block level and programme was being implemented on the basis of

CNW. Based on the CNW, the CNCPL and CUPL were prepared for work implementation. Thus, in absence of DRRP, prioritisation amongst all the unconnected habitations in the respective districts could not take place. Instead, prioritisation happened at the block level only. As a result, the mechanism for prioritisation of unconnected habitations was not holistic as prioritisation would have been more effective if it covered wider geographical area *i.e.* at district level instead of block level. In the absence of DRRP, six priority habitations in the State with population of more than 1000 and 34 habitations in the State with population of more than 500 (500-999) remained unconnected at the end of March 2016 even though habitations with much lesser population were provided connectivity.

The Empowered Officer, TRRDA stated (April 2016) that instead of DRRP, block wise rural road plan named as ‘Core Network Plan’ was prepared. However, the fact remained that the TRRDA did not adhere to the guidelines and failed to prepare a comprehensive database in the form of DRRPs which led to gaps in prioritisation in taking up road works and leaving out 40 priority habitations as pointed out above.

#### **2.3.4.2 Core Network**

A CNW is a set of roads, extracted from DRRP to cover target habitation with single all-weather road connectivity. In the identification of the CNW, the priorities of elected public representatives are to be given full consideration. The CNW shall be approved by all levels *viz.* Intermediate Panchayat, District Panchayat and SLSC.

#### **Not approving of Core Network by Intermediate Panchayat**

Test check of records of CNWs revealed that during preparation of CNWs bottom-up approach was missing *i.e.* CNWs were prepared and approved by the concerned Sub Divisional Officers and Executive Engineers of PWD, while the major stakeholders such as Intermediate Panchayats were left out from the process. This resulted in number of road works being held up due to non-availability of land as discussed in **Paragraph Nos. 2.3.7.2 and 2.3.7.7.**

#### **2.3.4.3 Preparation of Comprehensive New Connectivity Priority List/ Comprehensive Upgradation Priority List**

Once the CNW was ready, the State was required to prepare CNCPL at block and district level of all proposed road links, grouping them in the order of priority based on population size *i.e.*, 1000+ habitations first, 500+ habitations second and 250+ habitations last. Likewise, a CUPL was prepared for prioritising the upgradation of roads.

In order to manage the rural road network for upgradation and maintenance planning, the State had to carry out, every two years, a pavement condition survey of all through routes<sup>2</sup>. In case through routes are not part of the rural roads, survey of the next lower category of main rural links was to be carried out. The survey would yield

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<sup>2</sup> Through routes are the ones which collect traffic from several link roads or a long chain of habitations and lead to marketing centres either directly or through higher category roads.

a Pavement Condition Index (PCI) on a scale of one to five. Based on the PCI, a CUPL would be prepared. CUPL would be prepared in respect of those districts which were likely to complete new connectivity to eligible habitations within the next one year. The CUPL would be verified on sample basis through the State Technical Agencies (STA)<sup>3</sup> and the National Quality Monitor (NQM).

The CNCPL/CUPL was to be placed before the District Panchayat for its approval. The Members of Parliament (MP)/Member of Legislative Assembly (MLA) were to be given a copy of the CNCPL/CUPL and their suggestions and suggestions of lower level Panchayati Raj Institutions would be given the fullest consideration by the District Panchayat while according its approval.

### Deficiencies in preparation of CUPL

The guidelines provide that the CUPL was to be prepared only in those districts where no new connectivity is required to be taken up in view of existing connectivity of the habitations.

However, audit observed that in violation of the provisions, 109 roads in test checked districts were sanctioned as of March 2016 for upgradation despite having 561 unconnected habitations in those test checked districts. Further, it was also noticed that no PCI survey was conducted either by TRRDA or by any of the PIUs. The PCI register was not maintained at all by TRRDA or PIUs. Therefore, in absence of PCI survey, the CUPL was prepared without assessing the actual status of the existing roads.

Thus, non-adoption of bottoms up approach for identification of CNW resulted in 40 priority habitations remaining unconnected as of March 2016. Further, upgradation works were undertaken without PCI survey.

## 2.3.5 Fund Management

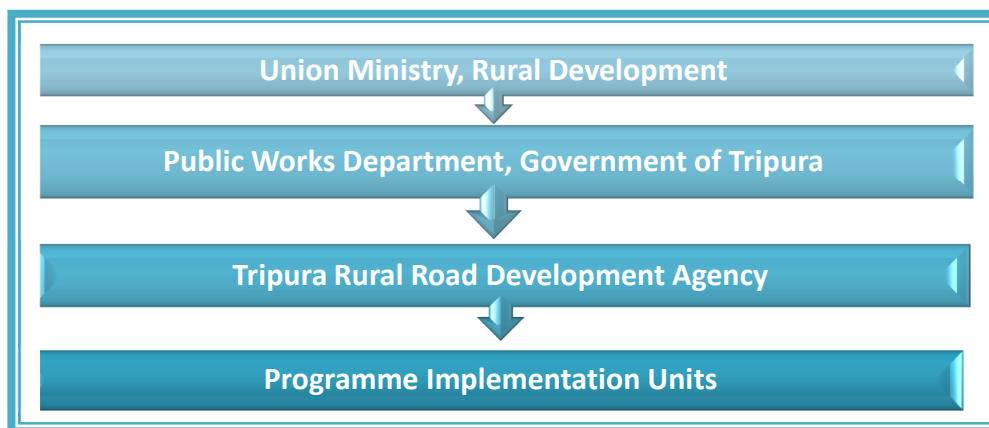
### 2.3.5.1 Introduction

The PMGSY is a 100 *per cent* Centrally Sponsored Scheme for providing new connectivity except that State Government was supposed to bear the tender premium over the cost estimate based on schedule of rates and for construction of long span bridges. In case of upgradation work, 60 *per cent* cost of work was funded by GoI and the balance 40 *per cent* was to be borne by State Government. The State Government was required to transfer the funds to TRRDA within three working days after the receipt of funds.

<sup>3</sup> National Institute of Technology, Agartala.

The fund flow under PMGSY is given below:

**Fund Flow**



The TRRDA maintained three separate accounts for meeting programme expenditure, administrative expenditure and maintenance expenditure under PMGSY as detailed below:

- **Programme fund account:**

The programme expenses related to construction of new connectivity and upgradation works were met through this account.

- **Administrative fund account:**

The administrative and travel expenses of PIUs and TRRDA costs are met from this fund.

- **Maintenance Fund Account:**

Maintenance fund for service contracts was budgeted by the State Government and placed at the disposal of the TRDDA under Maintenance Account within the stipulated time *i.e.* 50 *per cent* by 31 May and remaining 50 *per cent* by 30 November of each financial year.

During 2011-16, a total of ₹ 1,645.68 crore including interest and other receipts were received by TRRDA for implementation of PMGSY. Against that, TRRDA spent ₹ 1,580.13 crore *i.e.* 96 *per cent* funds were utilised.

**Table No. 2.3.3: Financial performance under PMGSY (Programme fund) for the period 2011-16**

(₹ in crore)

Financial year	Opening balance	Central share under PMGSY	State share released for long span bridge + State burden	State release for upgradation (40 per cent) work	Misc. receipts (Interest & Other)	Total funds available (2+3+4+5+6)	Expenditure incurred	Closing balance	Utilisation against available funds (in per cent)
1	2	3	4	5	6	7	8	9	10
2011-12	-21.54	206.39	0.00	13.43	0.41	198.69	211.94	-13.25	106.67
2012-13	-13.25	323.16	0.00	23.00	86.56	419.47	229.25	190.22	54.65
2013-14	190.22	73.83	20.00	40.00	49.53	373.58	305.62	67.96	81.81
2014-15	67.96	185.73	20.00	47.00	93.10	413.79	405.50	8.29	98.00
2015-16	8.29	264.54	26.00	35.00	138.00	471.83	427.82	44.01	90.67
<b>Total</b>		<b>1053.65</b>	<b>66.00</b>	<b>158.43</b>	<b>367.60</b>		<b>1580.13</b>		

(Source: Information furnished by TRRDA and bank account ledgers)

(Note: Negative opening balances in 2011-12 and 2012-13 were on account of excess expenditure in previous years which was met from security deposits from contractors)

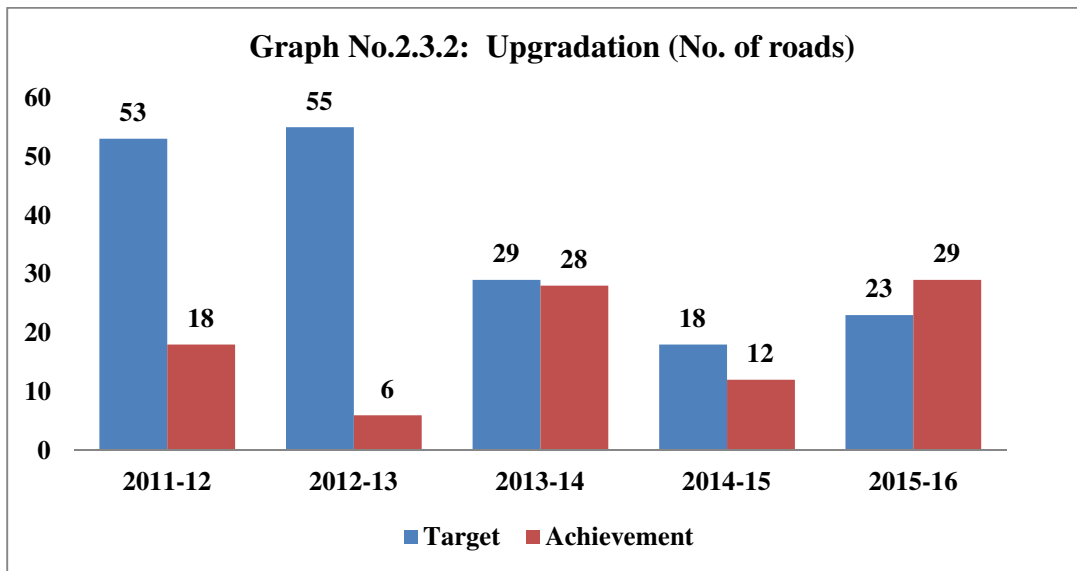
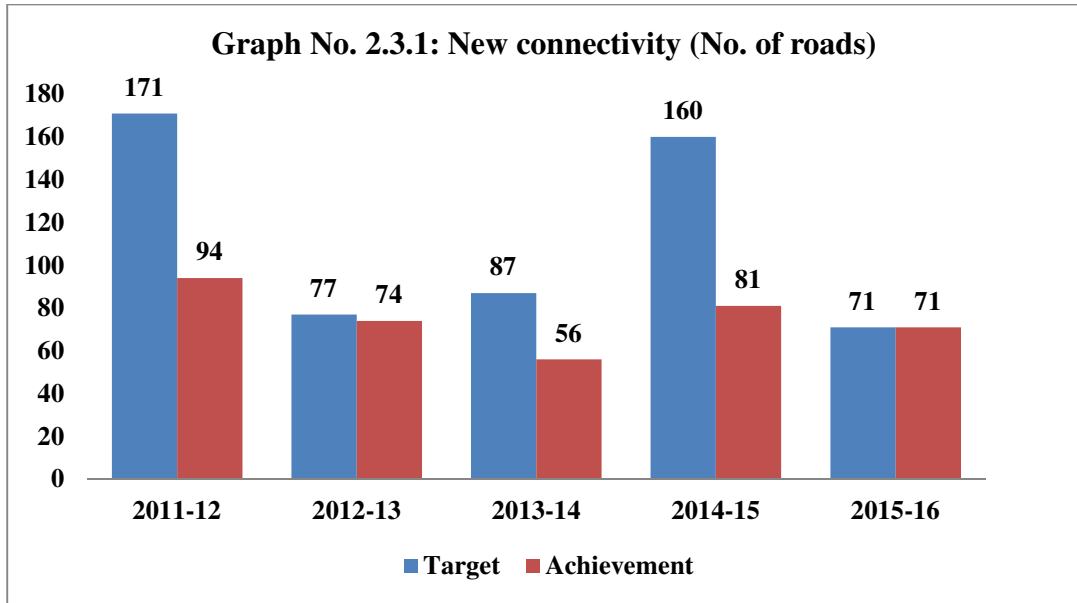
From the table above, it can be seen that during 2011-16, the utilisation of funds as shown by TRRDA ranged between 55 and 107<sup>4</sup> per cent of the total funds available under the programme. It was also observed that against the total receipt of ₹ 1,645.68 crore during 2011-16, an expenditure of ₹ 1,580.13 crore was incurred leaving an unspent balance of ₹ 44.01 crore as of March 2016. Although utilisation against available funds was more than 80 per cent in all the years except for 2012-13, the physical achievement during 2011-16 lagged behind the targets fixed. The details are discussed in **Paragraph No. 2.3.5.2**.

During exit conference (October 2016), the Principal Secretary stated that the funds were utilised for both completed as well as in-progress works.

### 2.3.5.2 Achievement during the last five years

At the end of March 2016, 1,198 roads covering 3,900.94 Km was completed against targeted 1,470 roads (length 5,247.94 Km) during the last 16 years (2,000-16). With coverage of 81 per cent in completion of road works, there was a shortfall of 272 roads (length 1347 Km). During 2011-16, against a target of 566 roads for new connectivity and 178 roads for upgradation, 376 new roads (66 per cent) were constructed and 93 (52 per cent) roads were upgraded by spending ₹ 1580.13 crore. A pictorial representation of physical progress vis-à-vis targets during 2011-16 is given in **Graph Nos. 2.3.1 and 2.3.2** below:

<sup>4</sup> The excess expenditure was incurred from the security deposits.



The physical outcome of the programme from 2011-12 to 2015-16 is as under:

**Table No. 2.3.4: Physical achievement**

Year	Number of habitations		Length (in Km) (New connectivity and upgradation)		Percentage of achievement	
	Target	Achievement	Target	Achievement	Habitation coverage	Length completed
2011-12	665	48	1062.78	451.23	67	42
2012-13	403	214	708.38	269.95	53	38
2013-14	364	204	660.13	413.82	56	63
2014-15	473	236	708.58	300.76	50	42
2015-16	244	174	504.97	387.18	71	77

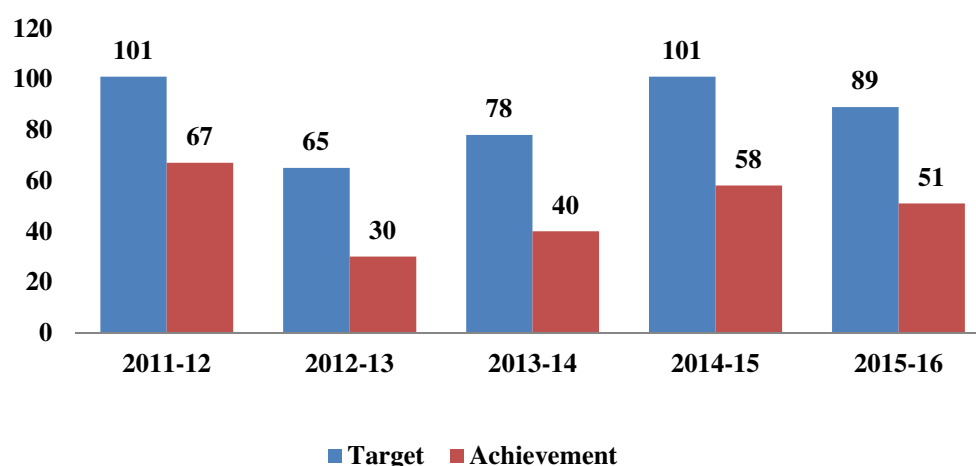
(Source: Information furnished by TRRDA)



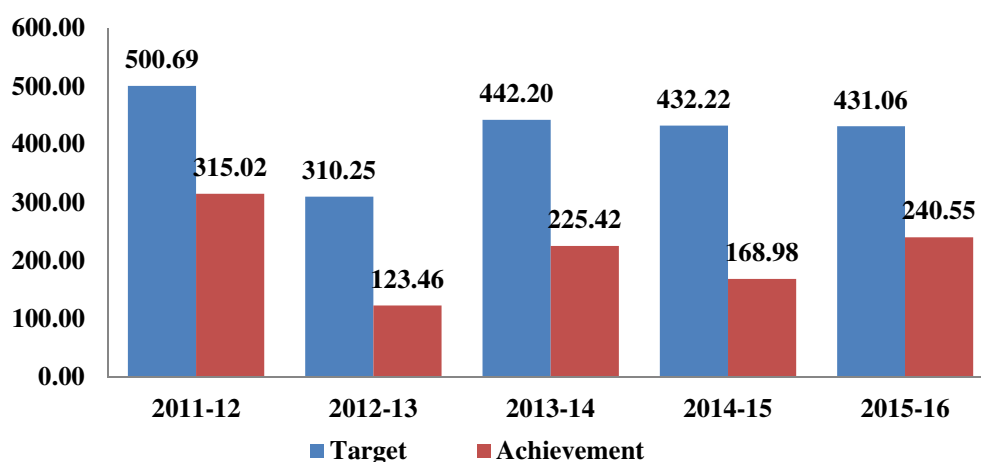
It can be seen from the table above that coverage of habitation connectivity ranged from 50 to 71 *per cent* while coverage of road length (for new connectivity as well as upgradation) ranged from 38 to 77 *per cent*. In the period 2011-16, though the utilisation of funds was more than 90 *per cent* except in 2012-13 and 2013-14, the effectiveness of programme implementation was not fully satisfactory as neither were all the eligible habitations covered nor road length targets for the individual years achieved.

It was observed in test checked districts that shortfall in achievement of physical progress for new construction and upgradation works during 2011-16 varied from 34 to 54 *per cent* for completion of road works and 37 to 61 *per cent* in construction of road length which were mainly due to non-availability of land and slow pace of work by the contractors as shown in the graphs below.

**Graph No. 2.3.3: Target/Achievement of number of roads**



**Graph No. 2.3.4: Target/Achievement for construction of road length**



### 2.3.5.3 Special allocation of funds not availed

Under PMGSY, a special allocation of upto 5 *per cent* of the annual allocation from the rural roads share of the Diesel Cess would be made available to districts sharing international borders. Audit observed that due to non-submission of proposals to avail additional funds for border sharing district roads to GoI, the benefits under Diesel Cess were not availed by the State though it was eligible to get an amount of ₹ 10.16 crore. This resulted in loss to the State Government to that extent.

### 2.3.5.4 Loss of interest due to fixation of high ceiling to convert unspent funds into fixed deposit

Para 13.1.5 of PMGSY Operations Manual provides that all the funds over and above ₹ 50 lakh in the programme and administrative expenses fund of the TRRDA shall be maintained by the bank as fixed deposit. Scrutiny of records revealed that the TRRDA, NRRDA and Bank entered into an agreement in July 2004, according to which any amount in excess of ₹ 2 crore (instead of ₹ 50 lakh) would be automatically invested in Fixed Deposits. It was further noticed that the anomaly was not corrected till February 2014 when TRRDA noted the same and advised the Bank accordingly after instructions were received from NRRDA in February 2014. After that, this limit came down from ₹ 2 crore to ₹ 50 lakh. It was observed in audit that during 2011-14, besides retention of funds of more than ₹ 50 lakh in Savings Accounts in different months, Corporate Limited Term Deposits (CLTD) was also not done where the balances in the account were in excess of ₹ 2 crore (ranging from ₹ 2.36 crore to ₹ 36.08 crore) in the Savings Account. However, after being instructed by GoI, the CLTD had been regularised from 2014 onwards.

Thus, retention of funds in excess of ₹ 50 lakh in Savings Account instead of transferring the same to Fixed Deposit led to loss of interest of ₹ 1.78 crore computed at 8 *per cent* rate of interest during 2011-14 as shown in **Appendix- 2.3.1**.

### 2.3.5.5 Income tax exemption not availed

Para 15.3 of the PMGSY Accounts Manual provides that the TRRDA is a non-profit making body and is eligible for exemption under Income Tax Act, 1961 for of Tax Deducted at Source (TDS) on interest income. Audit observed that no such exemption was obtained by the TRRDA from Income Tax Authorities and a sum of ₹ 15.16 crore was deducted (2012-16) as TDS from programme fund and deposited to Income Tax Authority. It was also noticed in audit that TRRDA had also paid ₹ 71.65 lakh to the Income Tax authority towards late fees and ₹ 0.91 lakh for late filing fees as of March 2015. Thus, lackadaisical management of funds by TRRDA resulted in uneconomic and ineffective utilisation of funds causing loss to Government to the extent of ₹ 15.89 crore.

During exit conference the Principal Secretary stated that necessary action would be taken for refund from the Income Tax Authorities.

### 2.3.5.6 Diversion of fund

#### Diversion of administrative funds towards maintenance account

Maintenance funds to service contracts is budgeted by the State Government in full and placed at the disposal of TRRDA in a separate Maintenance Account. Scrutiny of Annual Accounts of TRRDA revealed that out of ₹ 3.00 crore received for administrative expenses from GoI in August 2013, TRRDA diverted ₹ 2.54 crore to Maintenance Account in November 2013 without any approval from GoI, which was irregular.

### 2.3.5.7 Short release of State share

As per guidelines, State Government was to meet expenditure towards cost escalation and tender premium as well as cost of individual bridge works exceeding a length of 50 meters (75 meters in selected tribal and backward districts under Integrated Action Plan). Scrutiny of records of TRRDA revealed that against the dues of ₹ 145.45 crore for pro rata cost of long span bridge and tender premium as of March 2016, the State Government released only ₹ 40 crore which resulted in short release to the extent of ₹ 105.45 crore.

## 2.3.6 Programme Implementation

### 2.3.6.1 Detailed Project Reports

The Operations Manual lays down that PIUs after clearance of the project by the SLSC, will prepare Detailed Project Reports (DPRs) for each of the proposed road work in accordance with the rural road Manual, Indian Road Congress (IRC) specification and instructions issued from time to time. DPR shall be based on detailed survey and investigations, design and technology choice. It should ensure that the quantities and costs are accurate, and no cost over-run takes place due to changes in scope of work or quantities at the time of execution. However, there were deficiencies in preparing DPRs as discussed in the succeeding paragraphs.

#### (i) Preparation of Defective Detailed Project Reports

(A). Based on the approved (December 2012) DPR at the cost of ₹ 4.50 crore (excluding maintenance cost), the road work for new connectivity from DT road to Doctor Dowal Para under Package No TR-03-180 was awarded to a contractor at a cost of ₹ 4.11 crore (excluding maintenance cost) in January 2014 and was to be completed by June 2015. Test check of records of PIU, North Tripura District revealed that as per site conditions additional earth work was required beyond the scope of the original DPR and therefore, revised DPR valued at ₹ 5.64 crore was prepared (March 2015) after two years from the date of approval of first DPR. It was further observed in audit that initially the contractor to whom the work was awarded, expressed his inability to execute the enhanced quantity of earth work and therefore, work could not commence as of July 2016.

Thus, inadequate preparatory work and survey on the part of PIU led to extra expenditure of ₹ 1.14 crore beyond the sanctioned cost which had to be borne by the State Government. Besides, due to non-completion of roadwork, three habitations remained unconnected even after lapse of more than three years from the date of approval of DPR.

(B). In addition to above, it was further observed that due to change in alignment the road work from Gandacherra to Kalajhari (Extension Part-II) and Tuichakma to Ratanagar under two packages, extra earth work for erosion control and drainage was carried out for protection of the roads at a cost of ₹ 3.60 crore which was not included in the original DPR. This change in specification involved an extra expenditure of ₹ 3.60 crore.

(C). Based on the clearance (September 2011) made by STA, the DPR of road work from Damdai to Ditlang valued at ₹ 5.99 crore including 13 Cross Drainage (CD) structure including one Reinforced Concrete Cement (RCC) bridge valued at ₹ 3.21 crore was approved by GoI during 2011-12 to connect one habitation. Based on that DPR, work was awarded to the lowest tenderer in March 2012 with stipulated date of completion of 18 months. The work commenced in April 2012 and was still in progress. A total of 13 CD structures including one RCC bridge though included in the original DPR were actually not required as per site conditions. However, some additional CDs were also required at different chainages as per site conditions. Accordingly, proposal for modification in DPR was sent by the PIU, North Tripura District to Chief Engineer, PWD, PMGSY in May 2014 *i.e.* after lapse of six months from the stipulated contract period.

It was observed in audit that out of total length of 6.459 Km, the contractor had executed only 0.65 Km in all respect. In addition, formation work in full length, and Granular Sub Base (GSB) and Water Bound Macadam (WBM) were executed only for 4.65 Km and 2.705 Km leaving the balance portion unattended as of July 2016. The reason for not completing of work was mainly due to mismatch of DPR with the actual site condition. It was also observed that proposal for modification of DPR was initiated by the PIU (May 2014) which had not been approved. Thus, due to defective DPR, the road remained incomplete. The road after 0.65 Km was in dilapidated condition. Besides, the targeted habitation could not be provided with an all weather road connectivity.



**Poor condition of roads from Damdai to Ditlang (North Tripura District)**

(D). Further, non inclusion of damaged sub base layer (WBM) and road side *pucca* drain in the DPR enhanced the cost of construction by ₹ 2.84 crore for upgradation of road from Vaisam to Kampui – III (Part I and Part II). The work was approved by GoI during 2013-14 at a cost of ₹ 12.18 crore and awarded to a single tenderer at the tendered value of ₹ 17.69 crore, which was in violation of Para 8.15 of the Operations Manual of PMGSY. The work commenced in August 2015 and was in progress. The contractor was paid ₹ 0.74 crore and ₹ 4.30 crore against the total value of work done of ₹ 1.27 crore and ₹ 4.30 crore respectively. It was noticed from the tentative deviation statement prepared by the Department that against the tendered value of ₹ 17.69 crore the construction of road work would be completed at a cost of ₹ 20.53 crore with higher side deviation of ₹ 2.84 crore due to damage of Sub base layer (WBM) and also non-inclusion of road side pucca drain in the DPR. This indicates that DPR was not prepared based on actual site condition with the consequence that State would have to bear an extra burden of ₹ 2.84 crore in near future.

## **(ii) Non/less construction of cross drainages and bridges**

The primary focus of the PMGSY is to provide all-weather road connectivity, which is negotiable in all the seasons of the year. This implies that the roadbed shall be drained effectively by adequate CD structures such as Culverts, Minor Bridges and Causeways.

In Dhalai and North Tripura Districts, in six DPRs<sup>5</sup> of selected packages, the GoI sanctioned ₹ 12.54 crore for construction of 14 bridges but these bridges were not constructed on those roads. Ten RCC bridges were not required as per site conditions and balance one RCC bridge and three bailey bridges were replaced by RCC box culverts. This indicated that adequate diligence was not done while preparing the DPRs.

<sup>5</sup> TR-03-110, TR-04-143, TR-04-161, TR-04-35 (UG), TR-04-160, and TR-04-32(UG).

**(iii) Inadequate Transect Walk**

While deciding the alignments of the proposed roads, PIUs were to conduct Transect Walks<sup>6</sup> with Panchayat Pradhan and officials of Revenue and Forest Department. Local people who would be affected by the alignment of the roads were also to be provided opportunity to put forth their views.

Scrutiny revealed that 29 packages out of 107 selected packages of the sampled districts were initiated without comprehensive Transect Walks. Consequently, non execution/replacement of cross bridges (six packages), curtailment of road length (four packages) and delay in completion of works (seventeen packages), change in alignment of the road (two cases) were noticed (**Appendix – 2.3.2**).

**Case study**

Road from AA road to Sikaribari in Dhalai District with a length of 1.113 Km was taken up (May 2011) at a contract value of ₹ 0.72 crore for providing connectivity to six habitations viz. Khagendra Roaja Para, Tilak Kr Para, Brinda Kr Roaja Para, Budhiram Para, Dhansing Para and Sambhunath Para comprising a population of 1,815. The work was completed at a cost of ₹ 0.50 crore in April 2014. During joint physical verification with the representative of PIU, Dhalai District, it was observed that there were no habitations in the entire stretch of road under this package. This indicated that project was finalised without proper Transect Walks.

**(iv) Existing crust thickness not measured**

Para 5.10.3 (vii) of the PMGSY Operations Manual prescribes that while preparing DPR for upgradation of existing roads, existing thickness of pavement should be ascertained. Lower thickness of the crust of an existing road would require correspondingly higher thickness of overlaying for ensuring appropriate strengthening of the road.

Scrutiny of records of two packages<sup>7</sup> in South Tripura District disclosed that PIU, South Tripura District prepared DPRs for upgradation of roads from Raibahadur Para to Surjaham Para and Amarpur to Sarbang taking the existing thickness of crust as 0 mm, though the existing crust (WBM) thickness of 75 mm were already present on the roads. Thickness of 150 mm was not needed as the crust thickness of existing road was 75 mm. It was, however, observed in audit that non-bituminous base course of 150 mm valued at ₹ 41 lakh was executed on those roads (WBM-2: 75 mm and WBM-3: 75 mm).

This indicated that the process of preparation of DPR was lacking with regard to ascertaining the existing thickness of crust, with the risk of incurring excess/fraudulent expenditure in overlaying by providing additional layers of sub base course without requirements.

<sup>6</sup> A walk to be conducted along the proposed road to decide the alignment.

<sup>7</sup> TR-02-182 and TR-02-184.



### 2.3.6.2 Tendering process

#### (A) Irregularities in award of contract

Para 8.15 of PMGSY Operations Manual envisages that, if no bids are received or in the opinion of the TRRDA adequate competition is not generated or if the technical evaluation indicates that no party possesses the requisite qualification or an inadequate number of bidders have qualified, the tendering process shall be repeated. Further, as per NRRDA directions (May 2013), if in first invitation/call, single bid is received, the TRRDA or authority inviting the tenders/bids is required to re-invite the bids and accept single tender in second or subsequent invitations/calls. In all cases of single bids and eventual single bids shall be placed by TRRDA with due justification before the SLSC for approval.

Test check of selected sample districts<sup>8</sup> revealed that eight packages<sup>9</sup> were awarded to a single bidder in the first call without obtaining the approval from SLSC.

Further, test check of records of two selected packages<sup>10</sup> in Dhalai District revealed irregularities in award of contract for the road Gandacherra to Kalajhari. It was observed that the unbalanced performance security on account of less experience amounting to ₹ 0.67 crore as worked out by the evaluation committee was not submitted by the contractor. Yet, the work was awarded.

Audit also observed that unbalanced performance security was also not evaluated for the road from Manikpur to Hazirai (Dhalai District) and work was awarded without imposition of any additional performance security though the agency had no experience in construction of bridges. Thus, due to not-imposing the unbalanced performance security and giving work to inexperienced contractor, the Department failed to ensure proper execution of the works resulting in both the works remaining incomplete as of March 2016.

Therefore, unbalanced performance security was not taken in two works amounting to ₹ 0.67 crore and in one work the unbalanced performance security was neither evaluated nor imposed. These works have not been completed even though a delay of 29 to 39 months had occurred.

#### (B) Delay in award of work

According to Operations Manual of the scheme, works after being sanctioned by GoI are to be awarded and commence within three months from the date of sanction after completing the prescribed tendering process.

Scrutiny of records of TRRDA revealed that 406 (cost: ₹ 1459.67 crore) of 453 contracts executed in the State during 2011-16, were awarded with delays ranging from six to more than nine months from the date of sanction. This included 224

<sup>8</sup> South Tripura District, Dhalai and North Tripura District.

<sup>9</sup> TR 04 121, 162, 163, 165, TR 03 21, TR 02 68, 223 and 231.

<sup>10</sup> TR 04 163 and TR 04 162.

contracts in the sample districts in which contracts were executed with delays ranging from 180 to more than 270 days.

Scrutiny of records revealed that in 110 of 120 packages in two sampled districts (information of which was made available to audit), even notices for inviting tenders were issued with delays of 679 days from the date of sanction of works due to delay in preparation of Draft Notice Inviting Tender (DNIT) and necessary approval for call of tender which adversely affected the timely completion of work.

### 2.3.7 Execution of works

#### 2.3.7.1 Incorrect technical specification leading to extra expenditure

The rural roads constructed under the programme were required to meet the technical specification and geometric design standards given in the rural roads Manual of the IRC.

In Dhalai District the work Kamalpur to Kachucherra (Part-I) was taken up for Upgradation of road under Package No. TR-04-35(UG). As per survey, the average daily traffic on this road was 18 Commercial Vehicles Per Day (CVPD). Therefore, projected traffic after design period was 34<sup>11</sup> CVPD considering the annual traffic growth rate at 6 *per cent*. Accordingly, the design pavement with composition of granular sub base course and WBM as base course over which, Premix Carpeting (PMC) was to be laid. There was no provision to execute the higher specification Bituminous Macadam (BM) course when the CVPD was 34. However, the Department executed higher specifications by including BM at the entire width of the road resulting in an extra expenditure of ₹ 1.57 crore.

#### 2.3.7.2 Delay in execution of work

According to para 13.1 of the guidelines, the road projects sanctioned were to be executed by PIUs and completed within a period of 12 months from the date of issue of the work order which includes rainy season. In case the period for execution is likely to be adversely affected by monsoon or other seasonal factors, the time period for execution may be suitably determined while approving the work programme, but shall not exceed 12 calendar months in any case.

Audit examination of sampled packages in three districts revealed that in contravention of the PMGSY guidelines, 31 packages of 107 test checked were completed with delays. The delay in completion of works ranged from three to 52 months as shown in table below:

**Table No. 2.3.5**

Delay in months	3 to 17	20 to 34	37 to 52
Number of works	16	9	6

<sup>11</sup> Computation of design traffic  $A = P (1+r)^{n+x}$ .

A = No of CVPD for design, P = No. of CVPD at last count, r = annual growth rate of commercial traffic, n = No. of years between last count and year of completion of construction, x = design life in years.



The reasons for delay in completion of works (**Appendix-2.3.3**) were mainly due to lack of availability of clear land.

In addition, 14 packages out of 107 packages were in progress with delay ranging from 03 to 76 months as shown in table below:

**Table No. 2.3.6**

Delay in months as of March 2016	Upto 03	07 to 10	24 to 34	More than 76
Number of works	5	3	5	1

The main reasons attributed for non completion of works were land problem, delay in shifting of utility services, late sanction in change of carriage width, slow pace of work, etc. (**Appendix-2.3.4**).

### **2.3.7.3 Slow progress of work**

Scrutiny of nine out of 35 selected packages comprising nine road works in North Tripura District revealed that though the works were awarded between August 2008 and March 2012 with stipulated date of completion by February 2010 and October 2013, none of the works were completed even after a lapse of more than two to six years from the respective completion dates. Meanwhile, an expenditure of ₹ 33.27 crore for execution of the said works had already been incurred as of July 2016. The reasons for failure to complete the works were mainly due to slow progress of work by the agencies and delay in handing over of clear site. Thus, due to not completing of above nine roads, 22 habitations were deprived of all-weather road and therefore, expenditure incurred of ₹ 33.27 crore (**Appendix-2.3.5**) remained unfruitful as of March 2016.

#### **(i) Cost overrun due to rescinding of work**

Six packages in two districts were either terminated or rescinded due to slow progress of works. Subsequent award of balance works at higher rates from 4 to 31 *per cent* led to excess expenditure of ₹ 1.59 crore and extra liability of ₹5.35 crore as mentioned below:

- The works of three packages<sup>12</sup> in Dhalai District were awarded to the contractor at a cost of ₹ 6.51 crore in September 2008 and rescinded in June 2012 at risk and cost of contractor after payment of ₹ 3.47 crore. The balance work was awarded at much higher rates resulting in extra expenditure of ₹ 1.59 crore.
- In three packages<sup>13</sup> the works were terminated due to slow progress after execution of work valued ₹ 14.55 crore against the original award cost of ₹ 26.20 crore. The balance work was retendered for ₹ 16.99 crore resulting in extra liability of ₹ 5.34 crore on the Department.

<sup>12</sup> TR 04 63, TR-04-126, TR-04-128.

<sup>13</sup> TR 03 19 and TR- 03- 05 (UG) for construction and maintenance and TR 04 36 (UG) for maintenance only.

However, in both the cases the Department had not taken any action to recover the same from the defaulting contractors as of August 2016.

## (ii) Cost overrun due to departmental lapses

Construction of three<sup>14</sup> road works in three packages approved during 2006 to 2008 in Dhalai and North Tripura Districts did not commence due to clear sites not being handed over to the contractor due to land problem. The works were again awarded at 3 to 11 *per cent* above the initial awarded rates and one was completed at a cost of ₹ 1.33 crore. The other two works were in progress with upto date value of work done of ₹ 1.05 crore and ₹ 1.54 crore respectively. Thus, due to not handing over of clear site, the Department incurred an extra expenditure of ₹ 0.39<sup>15</sup> crore.

In South Tripura District, it was observed in respect of four packages<sup>16</sup> awarded between 2006 and 2008 under renewal works, only three works could be completed and that too with a delay ranging from 15 months to 60 months. Thus, due to time overrun, the store material were issued to the contractors after stipulated completion periods at higher rates than the stipulated recovery rate as mentioned in the agreement resulting in cost overrun of ₹ 34.95 lakh (Appendix-2.3.6).

## (iii) Wasteful/extra expenditure

(A). In the road Bairathal to Jagannathpur (Part-II) in North Tripura District, the work was awarded (August 2008) to agency 'A' at a cost of ₹ 6.34 crore. The contract was rescinded after execution of work valued at ₹ 2.44 crore (including GSB, WBM-II, WBM-III, Tack coat and Bituminous Macadam works) which was paid in December 2011. Thereafter, the balance work was awarded to agency 'B' for a total cost of ₹ 3.89 crore. The work commenced in June 2012 and construction of work was completed in April 2013 at a total cost of ₹ 3.90 crore. It was observed in audit that though the item GSB, WBM were already executed by agency 'A' (from chainage 12,300 meter to 22,200 meter), the second contractor again executed the same for the same chainages rendering wasteful expenditure to the tune of ₹ 42.89 lakh.

(B). Further, the roads work under two packages<sup>17</sup> in North Tripura District (from Jalebassa to Kanchanpur and Churaibari to Dharmanagar) were awarded to contractor 'A' (August 2008) at a cost of ₹ 12.49 crore. The contracts were terminated (October 2011) after execution of work valued at ₹ 2.28 crore and ₹ 3.86 crore respectively which included WBM-II and WBM-III works. The balance works were awarded to agency 'B' in June 2012 at a cost of ₹ 2.50 crore and ₹ 3.87 crore respectively. The works commenced in August 2012 and November

<sup>14</sup> Mendi to Malakarbasti (TR 04 143), AA Road to Chnadrakha Para (TR 03 87), AA Road to Chitagang basti (TR 03 88).

<sup>15</sup> Extra cost TR 03 87 – ₹ 11.16 lakh, TR 03 88 – ₹ 16.32 lakh and TR-04-143 – ₹ 12 lakh.

<sup>16</sup> TR -02- 13, TR -02- 18, TR -02 -11, TR- 02 -15.

<sup>17</sup> TR-03-08 (UG) and TR-03-01(UG).

2012. Out of these, one road was completed in March 2013 at a cost of ₹ 3.06 crore and other was in progress with value of work done of ₹ 1.84 crore.

Scrutiny of records revealed that the unprotected WBM layers were damaged as the work had been discontinued for a long time by the previous contractor in both the cases. Therefore, WBM layer were re-executed in both occasions. Thus, due to discontinuation of work and also delay in timely action to terminate the contract, the Department incurred an extra expenditure of ₹ 0.58 crore<sup>18</sup>.

#### 2.3.7.4 Last mile connectivity not achieved

The intended benefit of the programme can only be achieved if the targeted habitations are provided with last mile connectivity by way of an all-weather road with necessary Culverts/CD/Bridges to make it operational throughout the year. Audit noticed that this was not achieved in 27 cases. Some case studies are given below:

##### Case study – 1

The road Ompi to Rabanpara was awarded in two parts under Package No. TR 02 153 and TR 02 180 by the PIU South Tripura District in May 2008 and June 2014 respectively. The works were stipulated to be completed by April 2010 and October 2015 respectively at an awarded cost of ₹ 12.62 crore and ₹ 4.27 crore, to connect the 12 habitations through all weather road. However, the roads were not completed due to inadequate transect walk and non-ensuring land availability by the Department before taking up of work. It was observed that 9.00 Km out of 18.775 Km road was completed in all respect for Package No. TR 02 153 and for Package No. TR 02 180, 5.33 Km road work was completed without execution of any bituminous work.

Package No. of works	Length (in Km)	Executed (in Km)	Delay in months
TR 02 153	18.775	9	72
TR 02 180	6	5.33*	6

\* without execution of bituminous layers

Thus, due to non-completion of the roads the 12 habitations remained devoid of all weather road even after lapse of eight years from award of work.

##### Case study – 2

The DPR for construction of AA Road to Khadaban Para (TR-04-64) (District Dhalai) of 4.371 Km for coverage of two habitations viz. Satya Ram Para and Surendra Reang Para was prepared (December 2006) by PIU at a cost of ₹ 4.08 crore including bridge work of ₹ 2.18 crore. The GoI accorded only ₹ 2.56 crore and the rest was to be borne by the State Government. The work was awarded in November 2007 at a cost of ₹ 4.24 crore i.e. 9.36 per cent above the estimated cost.

<sup>18</sup> {(₹ 2.28 crore + ₹ 3.86 crore + ₹ 3.06 crore + ₹ 3.87 crore) minus (₹ 12.49 crore)} = (₹ 13.07 crore minus ₹ 12.49 crore) = ₹ 0.58 crore.

Test check of records revealed that the work commenced in October 2007 *i.e.* before award of the work. The road was completed only upto 3.50 Km *i.e.* 80 *per cent* physical progress. Against this, contractor was paid ₹ 2.96 crore *i.e.* 73 *per cent* financial progress was made till March 2011. The work was rescinded at the risk and cost of the contractor in June 2013 due to slow progress of work by the contractor but no recovery was made from the contractor. It was also noticed that the DPR for 2.427 Km road length was prepared (July 2014) by the respective PIU at a cost of ₹ 1.21 crore. Work was re-awarded at a cost of ₹ 1.27 crore in September 2015. It was observed that as of March 2016 total value of work done was ₹ 0.47 crore upto 2<sup>nd</sup> RA bill and was in progress. Thus, due to non-completion of road for the entire stretch, the targeted habitations were not provided with all weather connectivity even after lapse of more than eight years from date of sanction.

### **Case study – 3**

In Dhalai District, DPR for road connectivity Hazirai village included an RCC bridge.

The work Manikpur to Hazirai (TR 04 165) comprising 20.359 Km road and one major RCC bridge was awarded to the single tenderer in February 2012 at a cost of ₹ 19.38 crore including five years' maintenance cost. The work commenced in February 2012 and was in progress. Total value of work done was ₹ 10.92 crore till March 2014 including bridge cost of ₹ 1.70 crore constructed at Chainage 18.20 Km.

However, the alignment of road beyond 17.925 Km was proposed for change after resolution (March 2015) with public representatives and technical advisor of PIU. Accordingly, the proposal was sent to TRRDA for approval in March 2015, which was accorded in November 2015. As per the revised layout, the bridge was not a part of the new alignment as opined by the technical advisor of the PIU though it was part of the original alignment. Therefore, expenditure incurred for construction of RCC bridge at a cost of ₹ 1.70 crore turned wasteful after modified alignment without yielding any benefit to the targeted habitations. Furthermore, the work for remaining length of 2.008 Km was incomplete though approval came in November 2015.

### **Case study – 4**

In PIU South Tripura District, the road from Manu Ghat Para to Kaki Mog Para (TR 02 120) was completed in March 2012. However, at the starting portion of the road the link was to be completed by joining the road with RCC bridge at 0 Km. It was seen that even after more than 5 years of commencement only the substructure of the bridge was completed. The balance work of entire superstructure remained unexecuted due to land problem. The entire expenditure of ₹ 2.53 crore incurred for the bridge work turned idle and the last mile connectivity remained unachieved.





**Incomplete bridge at US Road-Manu Ghat Para to Kaki Mog Para**

#### **Case study – 5**

The upgradation of road from Kailashahar-Moticherra to Golakpur (North Tripura District) was awarded in August 2008 at a cost of ₹ 4.55 crore. However, due to non- commencement of the work by the agency, the work was terminated (October 2011) and re-awarded to another agency in December 2011 at a cost of ₹ 5.36 crore. The work commenced in January 2012 and work was again terminated (December 2013) due to slow progress of work. Before, termination of work, the contractor was paid ₹ 1.69 crore. During physical verification it was observed that road surface was severely damaged as the agency left the work unattended for a considerable time, *i.e.* from June 2013 to May 2016 and the bituminous layers were not executed as of July 2016 as evident from the pictures shown below.



**Kailashahar-Moticherra to Golakpur {TR 03 19(UG)}**

### 2.3.7.5 Payment without execution/inflated measurement of works

Scrutiny of selected packages revealed that ₹ 5.10 crore was paid to contractors in 09 packages without execution of work or with inflated measurement of works as tabulated below:

Payment of ₹ 3.97 crore was made without measurement resulting in undue benefit to the contractors in six works under four packages as shown in table below:

**Table No. 2.3.7**

Package (s)	Observations	Amount involved (₹ in crore)
AA road to Khadaban para (Package No. TR-04-64) and Baibuncherra to Alendra Para (Package No. TR-04-128) and KA road to Balaram (Package No. TR-04-158)	Inflated measurement of execution of sub base and base course which was noticed from the measurement books and related correspondence of the PIU leading to excess payment of ₹ 0.44 crore to the contractor.	0.44
Gandacherra – Kalajhari under Package No. TR 04 163	Up to 4 <sup>th</sup> RA bill, ₹ 4.12 crore was paid to the contractor. However, during joint verification (May 2015) made by PIU, Dhalai District, it was observed that only ₹ 2.29 crore value of work was done. Thus, acceptance of contractor's claim and payment made without actual execution of work as well as without measurement resulted in undue benefit of ₹ 1.83 crore to the contractor.	1.83
Gandacherra – Kalajhari (extension Part I) under Package No. TR -04-162	Up to 3 <sup>rd</sup> RA bill, ₹ 1.90 crore was paid to the contractor. However, during joint verification (May 2015) made by PIU, Dhalai District, it was observed that only ₹ 0.31 crore value of work was done. Thus, acceptance of contractor's claim and payment made without actual execution of work as well as without measurement resulted in undue benefit of ₹ 1.59 crore to the contractor.	1.59
Tuichakma to Bhudamandir under	Up to 14 <sup>th</sup> RA bill, ₹ 9.62 crore was paid to the contractor. However, in 15 <sup>th</sup>	0.11

Package (s)	Observations	Amount involved (₹ in crore)
Package No. TR 04 161	running and final bill the value of work came down to ₹ 9.51 crore. Thus, acceptance of contractor's claim and payment made without actual execution of work as well as without proper measurement resulted in undue benefit of ₹ 0.11 crore to the contractor.	
<b>Total</b>		<b>3.97</b>

Payment of ₹ 0.54 crore was made to the contractor in two works under two packages where the work had been executed by the first contractor as detailed in table below:

**Table No. 2.3.8**

Package (s)	Observations	Amount involved (₹ in crore)
Road work from Chawmanu to Arunda (2.891 Km) under Package No. TR-04 - 126)	On re-awarding of work, second contractor executed WBM work of full length (2.75 Km) while the same had already been executed by the first contractor up to 2.49 Km for which payment had already been made.	0.20
Kamalpur to Kachucherra (Part-I) under Package No. TR 04 35 (UG)	Three items of works viz. clearance of site and setting out, protection work and sub base & base course (without bituminous) were executed by the second contractor without provision in the estimates as these works were already executed by first contractor for which payment had already been made.	0.34
<b>Total</b>		<b>0.54</b>

In addition to above it was also observed that two roads under two packages in North Tripura District {TR 03 05 (UG) Jalebassa to Bhandarima (Part-II) and TR 03 02 (UG) Dharmanagar (DRBS) to Satsangam}, the total value of work done was ₹ 7.10 crore whereas the contractors were paid ₹ 9.58 crore resulting in overpayment of ₹ 2.48 crore.

Accordingly, ₹ 0.59 crore performance guarantee was encashed by PIU North Tripura District. Besides, ₹ 1.30 crore security deposit was also retained by the PIU. However, an overpayment of ₹ 0.59 crore remained to be recovered from the agency.

**Case study**

The DPR for the work Sermun I and II to Mitrajoy Para (North Tripura District) under Package No. TR 03 78 was approved by GoI in 2011-12 at a cost of ₹ 9.66 crore (including CD work for ₹ 0.76 crore and ₹ 4.76 crore for earthwork). Scrutiny of the package revealed the following:

- Tender was invited under DNIT and agency 'A' stood lowest by quoting 22 *per cent* above the estimated cost.
- During negotiation, the concerned agency itself stated that earthwork for formation of road amounting to ₹ 4.5 crore to ₹ 5 crore was already executed by other agency
- Total upto date value of work executed by the agency was ₹ 6.83 crore upto 8<sup>th</sup> RA bill (paid in October 2015) which was inclusive of ₹ 4.84 crore for earth work.

Thus, the earthwork for formation shown executed by the agency for an amount of ₹ 4.84 crore remained doubtful as the earthwork had already been executed prior to commencement of the work.

**2.3.7.6 Liquidated damages not levied**

As per para 9.10 of the Operations Manual and agreement conditions, if milestones stipulated in agreement conditions are not achieved by the contractor, he shall be liable for payment of liquidated damages.

Test check in audit disclosed that the recovery of liquidated damages aggregating ₹ 7.36 crore calculated as of March 2016 was not effected in respect of 10 packages<sup>19</sup> (Appendix-2.3.7) in three (three districts post 2012) sampled districts though it was evident that delay was on the part of the contractor.

**2.3.7.7 Extra expenditure due to damage of works**

Test check of records of PIU of South Tripura District revealed that under package number TR 02 153, the DPR for road work was prepared without any provision for retaining wall and accordingly, work was taken up in May 2008. Audit observed that due to land problem in subsequent stretches the work was suspended after execution of WBM layer upto 17.75 Km. Though the work was only executed upto WBM level, the road remained open for traffic. The work could only be resumed after 24 months and due to absence of the bituminous layers the road was damaged. Accordingly, an expenditure of ₹ 77.55 lakh was incurred by PIU, South Tripura District for restoration of road resulting in extra expenditure to that extant.

<sup>19</sup> TR-04- 64, TR-04-63. TR-02-120, TR-02-(250-499) 06, TR-04 130, TR-04-163, TR-04-121, TR-03-84, TR-03-104, TR-03-180.



### 2.3.7.8 Maintenance of PMGSY roads

The rural roads constructed or upgraded under the programme were to be maintained by the concerned Panchayati Raj Institutions (PRIs). The guidelines provided that each State Government, while submitting the project proposal for approval, should identify a suitable PRI (District Panchayat/Intermediate Panchayat) for undertaking the maintenance of the entire CNW and particularly the roads constructed/upgraded under the programme, besides furnishing an undertaking for necessary budget provision and the release of maintenance costs. The roads constructed under the programme were not required to undergo major repairs for at least five years after their completion. For this purpose, the State Government was required to obtain a bank guarantee for 10 *per cent* of the value of the work from the contractor which remains valid for five years. The rural roads were required to be handed over by the PIUs on completion of the maintenance period of five years to the designated PRIs for regular maintenance.

Test check of sampled districts as well as TRRDA revealed the following:

#### (i) Maintenance funds not utilised by State

Guidelines provide that the maintenance of PMGSY roads for a period of five years were to be done by contractor after completion of road as per contract with the Department every year. Funds for maintenance purpose were to be provided by State Government from its own resources and placed at disposal of TRRDA in a separate Maintenance Account.

Scrutiny revealed that TRRDA received ₹ 82.82 crore for routine maintenance of roads against which TRRDA could utilise only ₹ 39.35 crore during 2011-16 resulting in short utilisation of funds of ₹ 43.47 crore as tabled below.

**Table No. 2.3.9: Details of fund release and expenditure incurred under maintenance account**

(₹ in crore)

Year	Maintenance fund required	Actual release to TRRDA	Expenditure incurred	Percentage of expenditure against funds released
2011-12	8.37	14.87	2.15	14.46
2012-13	13.05	10.78	4.44	41.19
2013-14	18.81	20.00	8.28	41.40
2014-15	18.58	20.00	14.17	70.85
2015-16	17.17	17.17	10.31	60.05
<b>Total</b>	<b>75.98</b>	<b>82.82</b>	<b>39.35</b>	<b>47.51</b>

(Source: Information furnished by TRRDA)

It was also observed that TRRDA diverted ₹ 30 crore to the programme fund from maintenance fund during 2014-15.

## (ii) Poor maintenance of PMGSY road

Test check of 69 selected packages involving 114 works for maintenance packages of completed roads in the selected districts revealed that there was lack of proper maintenance of the roads leading to probable damage to the road surfaces as detailed below:

- Maintenance of 30 works (26 *per cent*) was not done after completion of the roads.
- 17 completed road works were due for maintenance for one or more years. However, maintenance for only one of the years was carried out, seven roads only for two years and 29 out of balance 58 roads were maintained for the full five year period.
- In one of the roads in South Tripura District AT Road to Thalibari, it was observed that no maintenance was carried out even after four years of completion. This resulted in damage of Premix Carpeting and potholes in various chainages. Furthermore, both the approaches of the Bailey Bridge were damaged as a result of which, vehicle movement was badly hampered.
- Another road from KA Road to Balaram in Dhalai District was taken up (April 2008) for providing connectivity to four habitations *viz.* Jitendeb Para, Shashipal Para, Das Para and Deb Para. Work was completed in January 2011 at a cost of ₹ 2.54 crore. Scrutiny revealed that after completion of work no maintenance work was taken up by the agency and work terminated in February 2014 at risk and cost of the contractor. The Department had not even encashed the security deposit. During joint physical verification it was observed that the pavement of the road was damaged including CD structure.



**Road damaged due to non- maintenance**

**The road KA Road to Balaram in Dhalai District**



**Non rectifiable damaged CD**

A repair work was awarded (January 2015) to another contractor at a cost of ₹ 37.90 lakh. However, work could not commence till date of audit (May 2016). Further, from the inspection conducted by NQM in April 2011 (*i.e.* after completion of road) the following defects were noticed in the original work which had not been attended till May 2016.

- Approach of Box Cell Culvert was damaged at Chainage 5.00 Km,
- Wing wall of Box Cell Culvert at Chainage 3.95 Km was damaged and had already fallen down due to erosion.
- Inadequate compaction of earthwork
- WBM aggregate not conforming to specification and inadequate compaction.

The main reason for disturbance of grading was due to use of brick aggregates for construction of pavement instead of screening materials.

Thus, due to not rectifying the defects the entire expenditure incurred towards the works remained largely unfruitful even after lapse of more than six years from the date of completion of work.

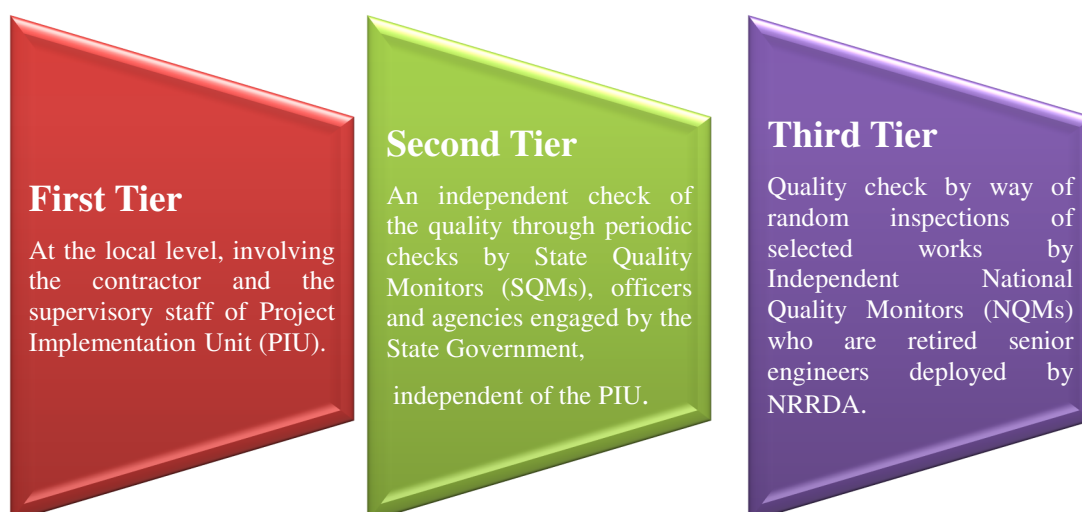
### **(iii) Absence of zonal maintenance contract**

For ensuring adequate maintenance, all PMGSY roads were covered by five years maintenance contract, to be entered into along with the construction contract, with the same contractor in accordance with the standard bidding document. The State Government was also required to prepare annual maintenance plan following sound asset management practices for ensuring maintenance of PMGSY roads after the five years contract period. On expiry of five years post construction maintenance, PMGSY roads were required to be placed under zonal maintenance contracts consisting of five year maintenance including renewal as per cycle. The State Government was to make the necessary budget provision and place the funds to service the zonal maintenance contracts at the disposal of the TRRDA in the Maintenance Account.

The XIII Finance Commission had also allocated ₹ 1,137 crore to the North Eastern States towards maintenance of rural roads including PMGSY roads for the year 2011-12 to 2014-15. However, it was noticed in audit that State Government did not envisage or prepare any zonal maintenance contracts as of March 2016.

### **2.3.8 Quality control**

Quality control refers to the practice of checking the quality of a product by testing samples. Since large investments are being made in the rural roads, it is desirable that good quality roads meeting the laid-down standards and specifications for durable assets shall be constructed. Online Management, Monitoring and Accounting System (OMMAS) developed for the PMGSY is the chief mechanism for monitoring the programme. A three-tier quality mechanism was institutionalised under the PMGSY for maintaining high standard of roads as shown below:



### 2.3.8.1 Failure to set up field laboratory

Para 15.1 of the programme guidelines envisage that a site Quality Control Laboratory (QCL) will be set up by the contractor for each package. Para 9.4(a) of the PMGSY Operations Manual provides that as per Clause 9 of general conditions of contract, the contractor was required to employ the technical personnel and records in support of tests.

It was observed that no separate field laboratory was set up by the agencies. The samples were tested using the mobile labs and for detailed analysis they were sent to the private registered laboratories.

### 2.3.8.2 Non/Improper maintenance of Quality Control Registers

The guidelines for quality control for PMGSY provides that Quality Control Registers (QCRs) shall invariably be maintained for each of the road works under the programme. Payment shall not be made to the contractors unless the mandatory tests prescribed in Rural Roads Manual and the Quality Control Handbooks have been conducted and results have been found in accordance with the specifications. QCRs will be maintained in two parts. The first part will be QCR - Record of Tests and the second part will be the Record of Abstract of Tests and Non-conformance Reports.

Test check of the QCRs for two sampled districts revealed the following:

- In two packages (TR 04 35 UG) (Dhalai District) and TR-02-(250-499)-06 (South Tripura District) discrepancies were noted in the Non-conformance Reports. However, the remedial action taken for the correction of defects were not updated in either of the QCRs till June 2016.
- It was also observed in 72 packages test checked in Dhalai and South Tripura District that the test coverage status was not maintained *i.e.* it was not mentioned how many tests were conducted against the prescribed norms.

- Out of the selected 72 packages, the thickness of GSB layer as per prescribed guidelines was 150 mm. However, it was observed that for 9 works, while testing for GSB layer the thickness ranged from 116 mm to 75 mm.
- Abstract of tests for various parameters ranging from earthwork to bituminous construction was not maintained for 14 packages.
- Aggregate impact value test gives an indication of aggregate's toughness property (*i.e.* Property of a material to resist impact). It was observed that Atterberg Test for WBM/GSB was not conducted in 03<sup>20</sup> packages.

Apart from these non-testing of sieve analysis, test for drainage layer, data for compaction, etc. were observed only in respect of 10 packages.

Thus, the maintenance of QCRs *vis-à-vis* the award and execution of the works against the prescribed norms was improper and ineffective.

### 2.3.8.3 Second tier/third tier quality mechanism

#### (i) Shortfall in inspections

Test check of two out of three sampled districts revealed that out of 203 completed roads during 2011-16, only 110 roads were inspected. Out of 110, only 11 roads *i.e.* 5.42 *per cent* of the total completed roads were inspected at GoI level and 99 out of 203 roads *i.e.* only 48.77 *per cent* were inspected by the State Quality Monitors (SQM) and 93 balance roads were not inspected as of March 2016.

#### (ii) Deficiency noticed by State Quality Monitors

Test check of the selected packages of the three districts inspected by the SQM revealed that the following parameters were found Unsatisfactory(US)/Required Improvement (RI):

**Table No. 2.3.10: Deficiencies in quality parameter reported by SQM**

Number of roads found US/RI	Deficiency in quality (in number) of roads as pointed out in SQM reports									
	Setting out	Site clearance	Quality /arrangement	Sub base	Base course	Shoulders	PMC	Road furnishings	CD works	Side drain
43	10	03	02	05	06	22	05	14	05	03

(Source: OMMS data)

Out of 107 selected packages, 87 packages were inspected by the SQM of which 43 (49 *per cent*) were marked as US/RI.

Further, out of the selected packages only 26 roads were inspected by NQMs, of which 15 (57.69 *per cent*) roads were marked as US/RI. The following parameters were found US/RI during the NQM inspections:

<sup>20</sup> Tuichakma Ratannagar to Budhamandir, Gandacherra to Kalajhari Part-I and Ichacherra to Madhyapara.

**Table No. 2.3.11: Deficiencies in quality parameter reported by NQM**

Number of roads found US/RI	Deficiency in quality (in number) of roads as pointed out in NQM reports										
	Geometrics	Quality/Arrangement	Earth work	Sub base	Base course	Bituminous layers	CD works	Shoulders	Side drain	Road furnishings	Side drain
15	06	11	01	06	08	01	05	01	01	01	01

(Source: OMMS data)

Thus, due to improper execution of work on the above roads the roads remained deficient in absolute quality parameters.

### (iii) Pendency of Action Taken Notes

Para 11.6.1 of the Operations Manual envisages that PIU will not wait for the grading of work to be communicated by NRRDA or SQC but start taking action based on inspection reports furnished by the NQM immediately, unless it disagrees with the recommendations.

The details of Action Taken Notes (ATNs) to be submitted for the sampled districts against which necessary ATNs had been submitted are mentioned below:

**Table No. 2.3.12: Number of ATNs pending against NQMs inspection**

Year	Number of Inspection Reports furnished by NQM where ATN was required	Number of ATN submitted
2011-12	7	6
2012-13	9	3
2013-14	15	14
2014-15	10	7
2015-16	10	5
<b>Total</b>	<b>51</b>	<b>35</b>

(Source: Information furnished by PIUs)

Test check of the sampled districts revealed that in between 2011-16, 51 ATNs was to be submitted as of March 2016. Against that, only 35 ATNs were submitted by the PIUs and 16 ATNs had not been submitted as of June 2016.

### 2.3.8.4 Performance of State Level Standing Committee and District Level Vigilance and Monitoring Committee

According to Para 2.4 of Operations Manual, a SLSC shall be setup preferably under the chairmanship of Chief Secretary for close and effective monitoring of the programme and to oversee timely and proper execution of works.

Although the SLSC was constituted by the State Government in July 2003 and reconstituted in September 2008 with Chief Secretary as the Chairman of the Committee, audit observed that except for vetting of the CNCPL and CUPL list, the



SLSC had not performed other designated activities<sup>21</sup> as of March 2015. In the period from 2010-15, no SLSC meeting had taken place. It was only in the year 2015-16 that two meetings were held by SLSC. Therefore, involvement of SLSC in monitoring the work was not adequate.

As per para 16.5 of the programme guidelines, District Level Vigilance and Monitoring Committee (DLVMC) to be set up by the GoI will monitor progress and exercise vigilance in respect of the PMGSY. Meetings of VMC at each level was to be held at least once every quarter after giving sufficient notice to the MPs/MLAs and all other members.

It was observed in audit that against the mandated four meetings every year, the DLVMC met twice every year during 2011-15 and only once in 2015-16, resulting in shortfall by 50 *per cent*.

### 2.3.9 Impact assessment

As per programme guidelines, NRRDA will provide 100 *per cent* assistance for independent studies to establish impact of new rural connectivity in a district from time to time. Audit however, observed that no such studies were conducted in respect of any of the test checked districts.

### 2.3.10 Physical verification

To assess the implementation of the PMGSY, joint physical verifications of eight roads in two districts were carried out by audit teams in the presence of staff of the implementing agencies. For this purpose, roads completed during 2011-16 in each selected district were selected randomly. The verification covers execution of work as per laid down specifications, work abandoned mid-way, connectivity to the targeted habitation, maintenance of the road, installation of citizen information boards, PMGSY logo, planting of fruit bearing trees, etc.

### Summary of findings of joint physical verification

- (i) The road from Tribal Para to Das Para was completed in September 2010 at a cost of ₹ 1.54 crore. Though the road was completed and periodic maintenance was done and the contract was in its fifth year of maintenance, the road remained in dilapidated condition towards the end stretches as shown below.

<sup>21</sup> Clearance of annual project proposal, Quarterly review of progress of ongoing works, quality control, capacity building and training, etc.



**Tribal Para to Das Para Road**

- (ii) During joint physical verification of road from DK road to Unakoti Deb Barmapara in North Tripura District, it was observed that the carpeting<sup>22</sup> at various stretches was damaged due to non-availability of surface drains. It was further observed that rain cuts had developed in the road thereby making the road hazardous for plying as evident from the pictures below:



**DK to Unokoti Debbarma Para Road**

- (iii) In a similar case, the Jharjhari-Muhuripur to Brindaban Roaja Para road was completed in December 2013 at a cost of ₹ 1.51 crore. During joint physical verification, it was seen that the road was badly damaged at Chainage 510 meter to 545 meter, and partially damaged upto 1673 meter due to movement of heavy vehicles of ONGC. The road was retained by making temporary arrangements to hold up the road at Chainage 510 to 545 meter as shown in picture below. A proposal for rectification at a cost of ₹ 19.77 lakh was prepared (May 2016) by the PIU and sent for approval. The road was found damaged during physical verification.

<sup>22</sup> Black layer of bitumen on top of the road.





### Jharjhari-Muhuripur Road to Brindaban Roaja Para

- (iv) The road Jalabassa to Kanchanpur (TR 03-08) was awarded in April 2008 for ₹ 4.78 Crore. The work commenced in August 2008 and was terminated in April 2012 after partial execution of work valued at ₹ 2.28 crore. The balance work was awarded (January 2012) to another contractor at a cost of ₹ 3.19 crore. The work commenced in November 2012 and was completed in March 2013 at a cost of ₹ 3.06 crore. During joint verification (July 2016), it was observed that the road was badly damaged after Chainage 3.5 Km onwards and was non-pliable as evident from pictures shown below:



Chainage 0.00 Km



Chainage 3.5 Km



Chainage 6.4 Km

### Jalabassa to Kanchanpur Road (TR-03-08)

#### 2.3.11 Maintenance of good quality roads

During the joint verification of eight roads, it was observed that two roads were not only completed (one in March 2011 and the other in June 2016) in all respects but were also in good condition as shown in the photographs below:



Manuvalley to Samrucherra



Jalebassa to Ramdurlav

### 2.3.12 Conclusion

The targets set for construction of roads/habitations coverage were not met mainly due to land disputes and slow progress of work. Absence of DRRP led to 40 priority habitations remaining unconnected in the State even after lapse of more than eight years from the scheduled completion period *i.e.* by 2007. Project management was weak and there were unexpected delays. The authority did not initiate timely action for recovery of dues from defaulting contractors. There were instances of inflated measurements of works and consequential overpayment to contractors and short levy of liquidated damages for delays. Quality measures were deficient. Maintenance of roads was weak, funds were not utilised and many roads were found damaged. Action Taken Notes on the rectification of defects pointed out by the SQM and NQM were pending. The monitoring mechanism was weak as the SLSC meetings were not held regularly. Impact assessment was not carried out as envisaged which indicated weak internal control mechanism.

### 2.3.13 Recommendations

- The Department should take immediate steps to connect the 40 priority habitations.
- The programme implementing authorities should be made accountable for cases involving undue advantage to the contractor and prolonged delay in completion of works.
- The quality control mechanism should be strengthened at each and every stage with periodic inspections for both the in-progress and completed works.
- An impact assessment study should be undertaken to assess the rural connectivity in the State.

## PUBLIC WORKS DEPARTMENT (ROADS AND BUILDINGS)

### 2.4 Extra expenditure

**The Executive Engineer, Kanchanpur Division rescinded the work due to slow progress and thereafter balance work was awarded to another contractor at higher rate. This resulted in extra expenditure of ₹ 19.65 crore which had not been recovered from the defaulting agency by invoking the risk and cost clause of the agreement.**

With the approval of Works Advisory Board, the construction and improvement of Dharmanagar-Tilthai-Damcherra-Khedacherra road in Tripura was awarded (December 2007) to the single tenderer, M/s Coal Mines Associated Traders at their negotiated tendered value of ₹ 89.65 crore which was 74.06 *per cent* above the estimated cost of ₹ 51.50 crore based on Tripura Schedule of Rates (TSR) 2002. The work commenced in December, 2007 and was rescinded in April, 2013 after execution of work valued at ₹ 53.24 crore including extra item of ₹ 14.89 crore. The agency was paid ₹ 52.78 crore as of January 2016.

Clause 17 (c) & (d) of the agreement, as mentioned in the termination letter, read with clause 3 (a), (b) and (c) of CPWD Works Manual provide that if the expenditure incurred by the Department for completion of the balance work through other contractor is in excess of the sum which would have been paid to the original contractor if the whole work had been executed by him in terms of the agreement, the difference shall be borne and paid by the original contractor under risk and cost clause of the agreement.

Test-check of records (January 2016) of Executive Engineer, Kanchanpur Division revealed that the work was originally awarded to single tenderer in 2007 through restricted tender. It was observed in audit that from the very beginning the progress of work was very slow and before closure of the agreement, the agency had completed only 16.40 Km of the road work in all respect (upto Premix Carpeting) out of total length of 54 Km including 4 bridges *i.e.* only 30 *per cent* physical achievement was made after a lapse of more than five years from the date of issue of work order. No hindrance register<sup>23</sup> was produced to audit, though called for. The balance estimate of ₹ 35.98 crore based on TSR 2002 alongwith Draft Notice Inviting Tender was approved by the Chief Engineer in June 2013 and awarded to another agency at his negotiated tender value of ₹ 68.47 crore (90.28 *per cent* above the estimated cost) in December 2013 with stipulated completion time of 24 months. The work commenced in December 2013 and was almost complete except for box culverts as of January 2016. The contractor was paid ₹ 38.73 crore against the total value of work done of ₹ 41.66 crore upto 8<sup>th</sup> RA bill including extra item of ₹ 0.78 crore.

<sup>23</sup> Register to record the reasons for delay/stoppage of work.

As revealed from the item wise rate comparison between original and balance work, there was an extra expenditure of ₹ 19.91 crore which had already been incurred by the Department to execute the balance work following closure of the original work as shown in **Appendix – 2.4.1**.

Thus, due to termination of original contract for slow progress of work, the extra expenditure of ₹ 19.65 crore<sup>24</sup> incurred (as of January 2016) stands recoverable from the defaulting agency by invoking the risk and cost clause of the agreement.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

## **2.5 Wasteful expenditure**

**Failure of the Department to include Bituminous work in the agreement resulted in re-execution of the same work subsequently through another contractor which led to wasteful expenditure of ₹ 1.81 crore.**

Administrative Approval and Expenditure Sanction for ₹ 9.56 crore for construction of “Manu – Chawmanu – Gobinadabari Road/Portion from Chainage 43.46 Km to 58.76 Km (15.30 Km) was accorded by the North Eastern Council (NEC) in May 2004. GoI released ₹ 7.70 crore during the period from March 2004 to March 2006 for execution of the above road work. Approval for Technical Sanction and detailed estimate of ₹ 8.98 crore was accorded (April 2005) by the Chief Engineer, Public Works Department (Roads & Buildings). The road-work comprised of pavement work (15.30 Km) of brick soling (flat brick on edge) for 3.66 meter width carriageway, one layer of Water Bound Macadam (WBM), 20 mm thick Premix Carpeting (PMC) and sand seal coat and retaining wall. However, while inviting tender, the Department did not include WBM, PMC and sand seal coating work for pavement work in the Draft Notice Inviting Tender.

With the approval of Work Advisory Board, the work was awarded (June 2005) to the lowest tenderer at a negotiated tendered value of ₹ 3.47 crore against the estimated cost of ₹ 3.73 crore (22 June 2005). The work actually commenced in February 2006 and was closed in May 2013 due to suspension (April 2009) of work by the contractor. The contractor was paid ₹ 4.93 crore (till May 2009) against the value of work done for ₹ 5.12 crore as per 9<sup>th</sup> RA bill.

Scrutiny (July 2015) of records of the Executive Engineer, Longtharai Valley revealed that as of July 2009 *i.e.* before closure of the agreement, the contractor had completed formation work for the full length. The contractor also executed 3,67,748.59 cum earth work for widening and levelling of road for which ₹ 1.24 crore was paid (till May 2009). In addition, the contractor had executed the work of

<sup>24</sup> ₹ 19.91 crore – (Total payment due to original contractor – Recovery to be made from original contractor) ₹ 19.91 crore – (₹ 3.11 crore – ₹ 2.85 crore) = ₹ 19.91 crore – ₹ 0.26 crore = ₹ 19.65 crore.



preparation of sub grade (renamed as Granular Sub Base) and flat brick soling and was paid ₹ 57 lakh against total value of work for ₹ 59.14 lakh on these two items..

Although the work was abandoned by the original contractor in 2009, it was closed in 2013 and work recommenced in 2014 after a considerable delay of five years. During the entire period, the executed work remained un-protected due to non-execution of bituminous layers. It was also observed that risk and cost clause was not invoked by the Department on the original contractor for non-execution of the work.

In the meantime, a revised estimate for the balance work was prepared (April 2009) by the Department at an estimated cost of ₹ 14.88 crore <sup>25</sup> which was approved by GoI in October 2012. Tender for the balance work was invited in January 2013. The work was awarded (July 2013) to another contractor (lowest tenderer) at his quoted rate of ₹ 6.87 crore against the estimated cost of ₹ 7.33 crore. The stipulated time for completion of the work was 12 months. The work commenced in January 2014 and was in progress (July 2015). The contractor was paid (till October 2015) ₹ 6.35 crore against total value of work done for ₹ 6.58 crore (upto 4<sup>th</sup> RA bill).

Scrutiny in audit revealed the following:

- Though there was no provision for earth work in the revised estimate, earth work for ₹ 2.29 crore was re-executed in the same stretch of road by the second contractor. The first contractor was already paid ₹ 1.24 crore for the earth work which had been executed earlier.
- Though Granular Sub Base (GSB) work for only 8.22 Km (from Chainage 50.24 Km to 58.46 Km) stretch was included in the revised estimate, the same was executed by the second contractor for the entire stretch of 15.30 Km (from Chainage 43.46 Km to 58.76 Km). The first contractor was already paid ₹ 57 lakh for the GSB work executed earlier.

Thus due to non-execution of bituminous layers, earth work and GSB had to be re-executed on the same stretch of road. This led to wasteful expenditure of ₹ 1.81 crore (₹ 1.24 crore + ₹ 0.57 crore).

While admitting the fact, the Executive Engineer stated (July 2015) that the earlier GSB work was completely damaged, and hence, the work had to be executed again from the formation level for the entire stretch of the road.

The fact however, remained that non-inclusion of WBM and Bituminous work in the original agreement led to damage of formation level and GSB work and consequent wasteful expenditure.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

<sup>25</sup> Estimate cost enhanced from ₹ 9.56 crore to ₹ 14.88 crore.

## 2.6 Idle and unfruitful expenditure

**Construction of RCC bridge over river Khowai on the road from Seoratali to Paharmura remained incomplete even after a lapse of about five years due to suspension of work by the agency, thus rendering an expenditure of ₹ 75.14 lakh as idle and unfruitful. In addition, penalty on account of delay amounting to ₹ 1 crore which was leviable as per terms and conditions of contract was not levied by the Department.**

The work for 'Construction of RCC bridge over river Khowai at Chainage: 0.75 Km on the road from Seoratali to Paharmura under Khowai Block included preliminary survey, preparation of preliminary drawing, detailed survey and sub soil investigation, preparation of detailed drawings along with structural drawings, preparation of detailed project report, technical supervision, etc. to be done by the agency.

The work was awarded (July 2009) to M/s Simplex Project Limited at their tendered value of ₹ 10 crore against an estimated cost of ₹ 6.76 crore. The stipulated time for completion was 24 months. The agreement was signed with the Executive Engineer, Teliamura Division as part of a package for construction of five bridges.

As per MoU, mobilisation advance in two equal instalments equivalent to 5 per cent of the contract value would be considered for necessary mobilisation of labour/machinery and equipment/materials, etc. at site of work against an unconditional bank guarantee of any scheduled bank. Recovery shall be made from the running account bills of the contractor @ 10 per cent of the amount paid as mobilisation advance.

Test-check of records of the Executive Engineer, Public Works Department (Roads & Buildings), Khowai Division along with cross check of records of Executive Engineer, Teliamura Division (February 2016) revealed that:

- (i) An amount of ₹ 50.05 lakh was given to the agency in two equal instalments as mobilisation advance in January 2011 and June 2013 respectively and only ₹ 5 lakh was recovered from the agency leaving the balance amount of ₹ 45.05 lakh unrecovered as of February 2016. It was also observed in audit that the work commenced in September 2010; however, as of February 2016, total value of work done was only ₹ 30.09 lakh and the same was paid in June 2013
- (ii) After execution of work value of ₹ 30.09 lakh, the work remained suspended from July 2011 without any valid reasons. No hindrance register was produced to audit and therefore, the actual reason for delay in execution of work could not be ascertained in audit. Thus, due to non-completion of bridge even after a lapse of five years from the stipulated time of completion, the expenditure incurred of ₹ 75.13 lakh<sup>26</sup> turned idle and unfruitful defeating the objective of the work.

<sup>26</sup> Mobilisation Advance outstanding ₹ 45.04 lakh + Payment made against this bridge ₹ 30.09 lakh.

(iii) Liquidated damages amounting to 10 *per cent* of the contract value of ₹ 10 crore *i.e.* ₹ 1 crore was leviable on account of delay for 5 years but no steps have been initiated by Executive Engineer, Teliamura Division for levying liquidated damages in accordance with the said provision of penalty and incentives (Para 12) of the agreement.

During discussion the Executive Engineer, Khowai Division stated (December 2014) that the work would be started very soon. However, the bridge work had not started as of October 2016.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

## **2.7 Inadmissible payment to contractor**

**Payment for repair of potholes on the basis of filling by Brick Aggregate rather than Stone Aggregate while upgrading a rural road resulted in inadmissible payment of ₹ 51.70 lakh besides cost overrun of ₹ 81.86 lakh.**

Administrative Approval and Expenditure Sanction of ₹ 5.17 crore for “Up-gradation of Office Tilla to Nabasantiganj road” under Bharat Nirman Programme (Length - 10.44 Km) was accorded by the State Government in August 2007. The corresponding Technically Sanctioned detailed estimate of ₹ 5.17 crore alongwith Draft Notice Inviting Tender was approved by the Chief Engineer, Public Works Department (Roads & Buildings) in August 2008.

As per Detailed Project Report, provision for pothole repairing was kept for up-gradation of the rural road. After repair of potholes, BM<sup>27</sup>, Premix Carpeting and Sand Seal Coating was to be made on the entire carriage width of the road stretch. Though the DPR was silent about usage of BM or WBM<sup>28</sup> for pothole filling, the financial estimate considered for use of stone aggregate with Bitumen *i.e.*, BM for pothole filling.

Section 500 (1) (3) (a) of PMGSY Quality Assurance Handbook Vol-I provides that layers below the level of bituminous construction should be replaced using material of equivalent specification to the original construction and degree of compaction. Further Para 14.5.1 of routine maintenance of PMGSY guidelines provides that potholes are to be filled up through WBM with Black Top over it. Therefore, use of BM for pothole repairs was not necessary and instead WBM was appropriate.

The above work was awarded to the lowest tenderer at his negotiated tendered value of ₹ 5.63 crore in December 2008. The work commenced in December 2008 and

<sup>27</sup> BM = It is a mixture of stone aggregates and bitumen. This is provided below the visible black top surface of the road and over the WBM to provide extra durability in cases where the traffic load is heavy/estimated to be heavy.

<sup>28</sup> WBM= WBM base course is constructed with brick aggregate in two or three layers as per the design.



was completed in December 2014. Total value of work done was ₹ 5.69 crore against which ₹ 5.61 crore was paid as of March 2014.

Audit scrutiny revealed that:

- (i) The entries in the Measurement Book showed that brick aggregate instead of stone aggregate was actually used for pothole repairs and filling. However, the payment for pothole repairs was made on the basis of calculations made in the estimate which accounted for using stone aggregate alongwith Bitumen.

The contractor was paid (November 2015) ₹ 68.48 lakh for repairs of 844.96 cum pothole using BM (Stone Aggregate + Bitumen) despite the fact that the contractor used Brick Aggregate and not Stone Aggregate.

Thus, expenditure incurred to the tune of ₹ 51.70<sup>29</sup> lakh was an inadmissible payment made to the contractor since the contractor had actually used Brick Aggregate, payments as per BM rates were irregular.

- (ii) Against an estimated quantity of 120.50 cum for pothole correction, the contractor executed 844.96 cum pothole repairing valued at ₹ 68.48 lakh *i.e.* seven times of the estimated quantity. When enquired about excess work to the tune of seven times as compared with estimates, the Executive Engineer replied that potholes had developed in the period between preparation of original estimate and actual commencement of work. It was also stated that work was suspended for nearly 1½ years after commencement due to land dispute. The reply was not tenable as the work executed was more than seven times the estimate which was irregular and point towards preparation of erroneous estimate or inflated measurements.
- (iii) The work was stipulated to be completed within 12 months from the date of issue of work order *i.e.* by December 2009. But due to land dispute the work completion was delayed by five years. It was observed in audit that store materials were issued to the contractor as per provisions of the agreement in between September 2010 and March 2013 *i.e.* after the stipulated time of completion was over. Though the rate of the store materials increased considerably in between 2009 to 2013, the recovery rate charged from the contractor was as per the initial rate of ₹ 27,346 per MT. This resulted in extra payment with cost overrun of ₹ 81.86 lakh as shown in **Appendix – 2.7.1** along with time overrun by five years.

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Particulars	BM (Stone) (in ₹)	WBM (Brick) (in ₹)	Difference (in ₹)	Total quantity executed	Total extra involvement (in ₹)
Rate offered by the contractor	8,104.37 per cum	2,490.49 per cum	5,613.88 per cum	844.96 cum	47,43,504
	Add: 9 per cent over TSR as per agreement				4,26,915
	<b>Total</b>				<b>51,70,419</b>

Thus, the contractor was paid an inadmissible payment which resulted in extra payment of ₹ 51.70 lakh with cost overrun of ₹ 81.86 lakh.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

## 2.8 Over payment

**Failure on the part of the divisional authorities to recover the value of store materials and non-deduction of statutory dues from the contractor's bill resulted in over payment of ₹ 0.81 crore to the contractor.**

With the approval (October 2007) of Work Advisory Board, the 'Construction of two RCC bridges over Tributary of River Manu' was awarded (November 2007) to contractor 'Ashes Deb' at his tendered value of ₹ 10.58 crore with the stipulation to complete it by April 2010. The work commenced in January 2008 and was completed in September 2014. The contractor was paid ₹ 12.85 crore against the value of work done for ₹ 14.17 crore upto 10<sup>th</sup> RA and final bill.

As per provisions of agreement as well as Government order of May 2008, the store materials were to be supplied by the Department for which suitable recovery would be made from the contractor. Further, Para 32.15.2 of CPWD Works Manual 2007 provided that the recovery would be made at double the issue rate if any excess quantity of material issued over the quantity utilised remained in contractor's custody.

Test-check (July 2015) of records of Executive Engineer, Longtharai Valley Division for the period from February 2014 to June 2015 revealed that the Division had issued store materials (Steel & Bitumen) valued at ₹ 2.19 crore<sup>30</sup> to the contractor upto 10<sup>th</sup> RA & Final bill. Against that, store materials valued at ₹ 1.91 crore<sup>31</sup> were utilised till completion of the work and store materials for 86.495 MT valued ₹ 0.28 crore remained unutilised with the contractor.

Hence, the division was to recover ₹ 1.91 crore against utilised store materials. Further, ₹ 0.57 crore was also to be recovered from the contractor for not returning the unutilised store materials as per provisions of CPWD Works Manual. In addition, VAT @ 6 per cent and IT-TDS @ 1 per cent amounting to ₹ 0.09 crore was to be recovered from the gross final amount of ₹ 14.17 crore instead of the net figure of ₹ 12.85 crore.

Scrutiny further revealed that the division had recovered a total of ₹ 0.44 crore only from the contractor (from 3<sup>rd</sup> RA & 4<sup>th</sup> RA bills) out of total recoverable amount of ₹ 2.57 crore.

Therefore, due to not recovering the value of store materials and non-deduction of statutory dues resulted in over payment of ₹ 0.81 crore as detailed below:

<sup>30</sup> Bitumen 23.651 MT @ ₹ 26,537/- = ₹ 6,27,627; Steel below 20 mm = 210.936 MT @ ₹ 33,623/- = ₹ 70,92,301 and above 20 mm dia steel 437.177 MT @ ₹ 32,492/- = ₹ 1,42,04,765/-

<sup>31</sup> Bitumen = 23.651 MT, Steel below 20 mm = 187.273 MT and Steel above 20 mm = 374.345 MT.

Table No. 2.8.1

(₹ in crore)

<b>Total value of work done</b>	<b>14.17</b>
<b>Less – Payment made upto 10<sup>th</sup> RA &amp; Final bill</b>	12.85
<b>Total balance to be paid to the contractor</b>	<b>(A) 1.32</b>
<b>Less – Deductions</b>	
Cost of materials (Bitumen) required to be deducted from the final bill	(1.91 - 0.44) = 1.47
Cost of materials (Steel) at double the issue rate	0.57
VAT @ 6 per cent on (A)	0.08
IT @ 1 per cent on (A)	0.01
<b>Total recovery to be made from the contractor</b>	<b>(B) 2.13</b>
<b>Over payment made to the contractor (B – A)</b>	<b>0.81</b>

Cross check of records also revealed that the division had released full security money amounting to ₹ 73.74 lakh to the contractor in January 2015 without deducting unadjusted value of store materials and other statutory dues.

Thus, failure on the part of the divisional authorities to recover the value of store materials and non-deduction of statutory dues from the contractor's bill resulted in over payment of ₹ 0.81 crore to the contractor.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

## 2.9 Extra expenditure due to award of work at higher rate

**Award of similar nature of works under the same division at two different rate(s) in the same year led to extra expenditure of ₹ 59.68 lakh.**

To augment the North Tripura District (Now Unakoti District) Hospital at Kailashahar, the Health and Family Welfare Department, Government of Tripura decided to construct 40 Nos. Staff Quarters in premises of North District Hospital. Tenders were invited (November 2011) in two stages, *i.e.* Technical bid and financial bid. In the first call only one tenderer, M/s Hindustan Steel Works and Construction Ltd. (M/s HSCL) submitted the bid and was technically qualified. After that, price bid was opened in January 2012. The rate of single tenderer was 20.50 per cent above the Estimated Cost (EC) based on Schedule of Rates (SOR) 2008.

Test check of records (December 2015) of the Executive Engineer, Kailashahar Division, Public Works Department (Roads & Buildings) revealed that the rate quoted by the single tenderer M/s HSCL was on the higher side as evident from the remarks of Executive Engineer in the Comparative Statement. Further, while forwarding the case to the higher authorities for acceptance, the Superintendent Engineer also pointed out that the rate quoted by M/s HSCL was on the higher side in consideration of the prevailing market rate for such types of major works. However, after negotiation, the new quote of 19.50 per cent above the EC was

accepted (February 2012) by the Chief Engineer, Public Works Department (Roads & Buildings). With the approval of Work Advisory Board, the work was awarded (March 2012) to M/s HSCL at their negotiated tendered value of ₹ 7.22 crore *i.e.* @ 19.50 *per cent* above the estimated cost of ₹ 6.04 crore based on SOR 2008 with stipulated completion time of 15 months. The work commenced in April 2012 and was under progress. The contractor was paid ₹ 6.57 crore against the total value of work done of ₹ 6.59 crore till 7<sup>th</sup> RA bill including extra items of ₹ 1.73 lakh.

Examination of another similar nature of work, *i.e.* “Construction of 10 bedded Primary Health Centre at Bhaterbazar (Bhadrapally), Kailashahar, North Tripura including construction of staff quarters” revealed that the work was awarded (December 2012) to contractor ‘A’ at his tendered value of ₹ 5.38 crore @ 8.65 *per cent* above the estimated cost of ₹ 4.95 crore based on SOR 2008 with stipulated completion time of 24 months. The work commenced in January 2013 and was under progress (December 2015).

From the above, it was clear that two similar nature of works were awarded at two different rates in the same year under the same division *i.e.* in the first instance the rate was 19.50 *per cent* above the SOR 2008 while in the second occasion it was only 8.65 *per cent* above. Hence, there was a difference of 10.85 *per cent* (19.50–8.65) above the EC.

Thus, due to acceptance of single tender at a much higher rate in the first occasion in comparison with the similar nature of work awarded much later at a lesser rate under the jurisdiction of the same division, the Department incurred an extra expenditure of ₹ 59.68 lakh (10.85 *per cent*) against the total value of work done *i.e.* ₹ 6.57 crore<sup>32</sup> by M/s HSCL till 7<sup>th</sup> RA bill (August 2015).

The Department should have gone for retendering of the work when it was well known and documented by division’s officials that the rates offered by the single tenderer were on the higher side. Especially in view of the similar works tender accepted in November 2011 @ 4.7 *per cent* above EC and later on @ 8.65 *per cent* above EC in December 2012, the rates offered by M/s HSCL were certainly on the higher side and not justified. To that extent an extra expenditure of ₹ 59.68 lakh<sup>33</sup> was unjustifiable.

**The matter was reported to the Government (June 2016); reply had not been received (October 2016).**

<sup>32</sup> Estimated cost as per agreement + Contractor’s profit  
= ₹ 5.50 crore + 19.50 *per cent* of ₹ 5.50 crore  
= ₹ 5.50 crore + ₹ 1.07 crore = ₹ 6.57 crore.

<sup>33</sup> Estimated cost against value of work done by M/s HSCL = ₹ 6.57 crore x 100/119.50 = ₹ 5.50 crore;  
Difference of accepted rates = (19.50 - 8.65) *per cent* x ₹ 5.50 crore  
= 10.85 *per cent* x ₹ 5.50 crore = ₹ 59.68 lakh.

