Chapter– III

Economic Sector

CHAPTER - III: ECONOMIC SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the audit findings of State Government Departments under the Economic Sector.

During 2018-19, total budget allocation of the State Government under the Economic Sector (other than Public Sector Undertakings) was ₹ 14390.27 crore, against which the actual expenditure was ₹ 8620.83 crore. Details of Department-wise budget allocation and expenditure and percentage of expenditure to total budgetary allocation are given in the table below.

Table 3.1.1: Budget allocation and expenditure under Economic Sector

(₹ in crore)

Sl.No.	Department	Total Budget Allocation (BA)	Expenditure				Percentage of Expenditure to Total BA
			Salary	Maintenance	Others	Total	
1	Rural Works	2246.57	54.05	112.31	1794.03	1960.39	87.26
2	Roads and Bridges	2595.1	151.98	693.62	896.91	1742.51	67.15
3	Power	1377.03	260.56	43.57	1007.35	1311.48	95.24
4	Secretariat Economic Services	3732.3	8.05	0.72	667.74	676.51	18.13
5	Public Works	993.27	208.29	51.8	371.9	631.99	63.63
6	Rural Development	543.85	75.08	0.05	390.35	465.48	85.59
7	Water Resources	559.39	73.43	41.13	254.14	368.7	65.91
8	Environment & Forests	300.67	126.73	16.8	131.38	274.91	91.43
9	Agriculture	518.04	124.41	0.00	75.51	199.92	38.59
10	Tourism	176.51	8.31	0.08	135.65	144.04	81.6
11	Animal Husbandry	197.36	90.25	1.68	35.21	127.14	64.42
12	Transport	125.33	56.28	32.34	27.39	116.01	92.56
13	North Eastern Areas	151.11	0.00	0.00	101.86	101.86	67.41
14	Horticulture	151.56	42.21	11.45	41.38	95.04	62.71
15	Civil Aviation	93.38	2.53	1.41	66.16	70.1	75.07
16	Textile & Handicrafts	66.5	29.71	0.1	23.95	53.76	80.84
17	Industries	178.42	16.83	0.57	34.12	51.52	28.88
18	Information Technology	128.96	5.48	0.00	41.18	46.66	36.18
19	Co-operation	55.35	11.64	0.01	27.28	38.93	70.33
20	Tirap, Changlang and Longding	67.04	0.44	0.00	32.3	32.74	48.84
21	Fisheries	32.14	18.49	0.00	12.6	31.09	96.73
22	Science & Technology	24.12	0.00	0.00	23.99	23.99	99.46
23	Statistics	29.97	15.85	0.00	4.12	19.97	66.63
24	Geology & Mining	20.04	11.33	0.00	6.02	17.35	86.58
25	Research	22.2	9.59	0.12	5.41	15.12	68.11
26	Trade and Commerce	4.06	1.76	0.00	1.86	3.62	89.16
Total		**14390.27**	**1403.28**	**1007.76**	**6209.79**	**8620.83**	**59.91**

(Source: Appropriation Accounts 2018-19)

From the above it is revealed that;

- Only 60 *per cent* of the total budgetary allocation in 2018-19 under the Economic Sector was utilized during the year, the most notable being 33 per cent savings (₹ 852.59 crore) under Roads & Bridges.
- In the Economic Sector, expenditure incurred by the Departments ranged between 18 to 99 *per cent* of the allocation made.
- Industries and Secretariat Economics Services Department could utilize only 18 *per cent* and 29 *per cent* of their respective budgetary allocation during the year.
- Capital Expenditure in the sector was ₹ 3438.09 crore which was 40 *per cent* of the total expenditure.

3.1.1 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various Departments of the State Government and their subordinate offices based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audit of 82 units of ten Departments under the Economic Sector involving ₹ 6431.01 crore (including expenditure of earlier years) under the Economic Sector was conducted during 2018-19.

Major findings detected in Audit during 2018-19 pertaining to the Economic Sector (other than Public Sector Undertakings), are discussed in subsequent paragraphs of this Chapter. This chapter of the Audit Report contains ten Compliance Audit Paragraphs.

Compliance Audit Paragraphs

Public Works Department

3.2 Unfruitful Expenditure

The proposed road of 107 km to connect Tamen and Dollungmukh remained incomplete and nonfunctional on the completed stretch, due to failure of the Department to seek forest clearance and a faulty DPR prepared without survey and investigation work. This resulted in unfruitful expenditure of ₹ 125.20 crore, besides non-fulfillment of the connectivity objectives.

North Eastern Council (NEC) is a *statutory, advisory body* established in 1972 through the North Eastern Council Act, 1971 and is the nodal agency for the economic and social development of the North Eastern Region. The Council operates under the administrative control of the Union Ministry of Development of the North Eastern Region (DONER). NEC accorded Administrative Approval (AA) on 16th December 2010 for construction of Tamen-Dollungmukh Road at an estimated cost of ₹ 139.62 crore. The road project was to connect the states of Arunachal Pradesh and Assam. Chief Engineer (CE) PWD, accorded Technical Sanction (TS) (29th March 2011).

The objective of the Project was to connect Tamen and Dollungmukh (T&D) Villages by constructing a 107 km road, consequently providing access to Schools, Health Facilities, Markets, PDS, improve access to Ziro District Headquarter and NH 52 in Assam, for approximately 10,000 inhabitants and provide road connectivity to a mega Hydro Power Project (2000 MW) being constructed by NHPC on Subansiri River in Dollungmukh.

Audit scrutiny of records (September 2019) of the Executive Engineer, PWD, Ziro Division, revealed that the Department awarded survey and investigation work, including preparation of Detailed Project Report (DPR) to a Firm[1] in October 2008. The work was awarded to a Contractor[2] at a negotiated rate of ₹ 145.44 crore, with stipulated completion of work by March 2014. The Department could complete 70.784 Km of road length incurring an expenditure an expenditure of ₹ 125.20 crore (June 2019). There was no further physical and financial progress after June 2019.

The following deficiencies were observed in the implementation of the Project:

(A) Deficiencies in DPR and Technical Sanction

In the DPR prepared by the consultant, it was stated that entire area between T&D villages are under forest. However we saw that the DPR also had an undated certificate from DFO, Hapoli Division certifying that the major portion of the proposed road to be executed by PWD, Ziro Division does not fall under Forest plantation/Reserve forest/Wildlife sanctuary and they gave a NOC for construction of the road subject to obtaining environment clearance as per Forest Conservation Act, 1980 whenever required. The credentials of this undated certificate is dubious as there are two Reserved forests and

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1 M/s Kadorgajon Engineering Consultant, Chennai

2 M/s Tamchi Kusak

Wildlife sanctuaries notified in 1976 and 1995 respectively under Hapoli Forest Division and the one Reserve forest under Banderdewa Forest Division notified in 1978. The estimate prepared by the PW Division also stated that the alignment of the road shall pass through un-reserved forest area, therefore environment clearance is not required.

However, it is observed that the proposed road passed through Reserved Forest and Wildlife Sanctuary[3], attracting provisions of Forest Conservation Act, 1980. As a consequence, shortly after the work commenced, DFO, Banderdewa Forest Division, wrote (28th November 2011) to the Executive Engineer, Ziro Division, to stop work in the notified Reserve Forest area and to submit a diversion proposal. It was observed in audit that neither was the work stopped nor diversion proposal submitted to the Forest Department for the requisite land. Further, the DFO, Hapoli Forest Division (21st May 2019), without referring to his earlier purported certificate included in the DPR, reminded that the road passes through a reserved forest and a wildlife sanctuary and directed that the work be halted pending wildlife and forest clearance.

(B) Deficiency in execution of formation cutting

According to Contract Agreement with the Contractor, there was a provision of ₹ 72.59 crore out of the total agreement cost of ₹ 145.44 crore, for formation cutting (FC) of 106.200 km road length. As per 13th and last RA Bill (March 2019), a total expenditure of ₹ 105.40 crore was already incurred on formation cutting, whereas only 70.784 km road length was covered. Audit further observed that the quantity of one component - ***'Excavation of earth work in ordinary rock by mechanical means'*** - under FC to be excavated as per DPR, was only 1087727.03 *cum* for the entire length of 106.20 km. However it was shown that a total of 2978561.07 *cum* (174 *per cent* above Tender Agreement quantity) of the component was already excavated, when only 70.784 km length of road could be completed by the Division. An excess quantity of 1890834.04 *cum* was excavated, entailing excess expenditure of ₹ 48.69[4]crore. For this huge variation, relevant Clauses under the Contract for change in quantity, variation and payment of variations were not found invoked. Neither was the approval of higher authorities sought on this huge deviation in quantity.

Due to huge variation in FC quantity, involving excess expenditure of ₹ 48.69 crore, 90 *per cent* of sanctioned cost was incurred for only 30 *per cent* of the work (*₹125.20 crore was incurred against sanction cost of ₹ 139.62 crore).* As the Project could not be completed within the sanctioned cost, the Department sought additional funds from NEC, who directed (August 2016) the Division to submit Revised Estimate/DPR and Forest Clearance. Audit noticed that even after a lapse of more than three years, the Division failed to submit a Revised Estimate and necessary Forest Clearance. As a result, the Project was dropped by NEC on '***as is where is basis***' (December 2018), by directing the State

[3] Panir Reserve Forest under Banderdewa Forest Division, notified in 1978; Tale Reserve Forest, Hapoli Forest Division, notified in 1976; Tale Wildlife Sanctuary, notified in 1995.

[4] 1890834.04 cum x ₹257.49 [Original rate offered by Contractor for work ₹309 per cum minus rebate of 16.67%].

Government to execute the balance portion of the work from its own resources. The State Government had not provided any funds as of October 2019.

Thus, failure to seek timely forest clearance when it was known that the road would be passing through forest area and inability to submit revised DPR on time resulted in the Department losing the balance funds from NEC. The work remained incomplete to the extent of 36 Kms despite incurring 90 *per cent* of the sanctioned cost (₹ 125.20 crore) as of June 2019. The completed road stretch of 71 Kms (approx.) was also non-functional.

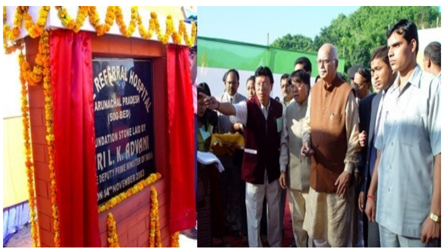
The matter was reported to State Government (January 2020); reply is awaited (November 2020).

Recommendation: The Department may ensure that DPRs are reviewed diligently and all requisite clearances obtained before award of work. It may also earmark resources to complete the balance portion of the work so that the objectives of the project are fulfilled without further delay. Besides, responsibility be fixed on the Departmental Officers for the abnormal expenditure on excavation of excess quantity of earth work and lack of coordination with the Forest Department.

3.3 Infructuous expenditure on Bridge

Despite incurring an expenditure of ₹ 8.50 crore on the project of construction of a Steel Girder bridge over River Pachin, the project objectives were not achieved.The EE of the Division Naharlagun made an irregular payment of ₹ 1.73 crore for works not executed conferring undue financial benefit to the contractor.

The State Government proposed to construct a Referral Hospital in Tigdoring Village, Papumpare District, and the foundation stone was laid by the then Dy. Prime Minister in November 2003. The State Government issued administrative approval (September 2015) for **'Construction of Steel Girder Bridge with RCC decking over River Pachin between Popu Village II to Referral Hospital'** at a cost of ₹ 14.46 crore financed from NABARD loan. The Chief Engineer, Western Zone, PWD accorded Technical Sanction in (November 2015) at a cost of ₹ 13.62 crore.



(Laying of foundation stone for the Referral Hospital in November 2003

It was noted that though the Foundation Stone of the Hospital was laid in (November 2003), there was no development in the proposed site till January 2020. In fact, it was mentioned in the Detailed Estimate for the above work itself that the land acquired for the purpose of building the Hospital was encroached. It was seen in audit that the decision to construct the Bridge was taken without any co-ordination with the Health Department to understand whether the Hospital would actually come up at the proposed site. The Finance Department also approved the Scheme under Rural Infrastructure Development Fund (RIDF) without exercising due diligence.

The execution of work for the bridge commenced in February 2017 and the due date of completion was February 2019. As of January 2020, the work was still ongoing with an expenditure of ₹ 8.50 crore. Since the work was taken up with a Loan from NABARD, GoAP also paid Interest of ₹ 1.04 crore against the total borrowed funds of ₹ 8.66 crore till December 2019.

Scrutiny of records relating to works execution, revealed that the Division (PWD Naharlagun), invited Tenders (June 2016) against the work '**Steel Girder Bridge with RCC Decking over River Pachin**'. Against the provision of ₹ 11.16 crore in the Bill of Quantity (BoQ) for construction of the Bridge component, ₹ 7.63 crore was paid to the Contractor in March 2018, based on measurements recorded in the MB on 10 February 2018 for the items of work as detailed in the table below:

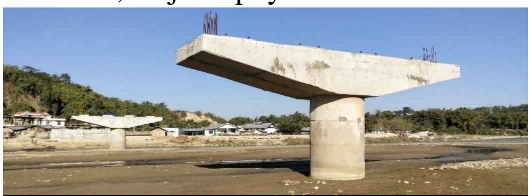
Table 3.3.1: Details of amount paid to Contractor

(₹in lakh)

Sl. No.	Sub-Items	BOQ Amount	RA Bill Amount
1.	Pile Foundation for Abutment	41.74	41.74
2.	Pile foundation for Pier	31.94	31.94
3.	Sub-structure for Abutment	55.97	55.97
4.	Sub-structure for Pier	11.72	11.72
	SUB-TOTAL	**141.37**	**141.37**
5.	Superstructure	975.29	622.60
	TOTAL	**1116.66**	**763.97**

Audit observed that out of ₹ 6.23 crore paid for construction of superstructure, ₹ 1.73 crore was paid to the Contractor for assembling and erection of 386.64 MT of fabricated steel. Thus, assembling and erection of 386.64 MT (72.63 *per cent*) was shown to have been executed against the provision of 532.37 MT.

However, on joint physical verification of the site by the audit (July 2018), it was observed that no superstructure was found erected, though ₹ 1.73 crore was paid for the purpose. The Sub-structure, without erection of Super-structure, is shown in the picture.



Bridge over Pachin River as on July 2018

Audit also noticed that even material required for the Bridge (except for some steel bars and a small portion of pre-fabricated steel plates) was not available at the site during Joint Inspection. Clause 7.10.2 of CPWD Manual stipulates that the Executive Engineer should test check 10% of measurements recorded by his subordinates. The Executive Engineer had not conducted any such check of the measurements recorded.

Bridge over Pachin river as on Dec 2019

Audit again physically verified (December 2019), the bridge site and noticed that the super structure was not erected even after 21 months of making payment to the Contractor, resulting in infructuous expenditure.

Audit further observed during site inspection (January 2020) that construction of the Referral Hospital was still not taken up and the site has been encroached. Even the Foundation Stone laid in 2003 could not be located. The Director of Health Services (January 2020) also confirmed that construction of the Referral Hospital could not be taken up so far. Hence, despite incurring expenditure of ₹ 8.50 crore on the Project and payment of ₹ 1.04 crore as Interest, the purpose for which the Project was executed was not achieved. Further, the Division made an irregular payment of ₹ 1.73 crore without actual execution of any work, conferring undue financial benefit to the Contractor.

In reply (February 2019), the EE stated that the material was not stored at site earlier due to shortage of space and was stored 7 kms away from the work site. It was also stated that the fabricated steel components were now available at the work site.

The matter was reported to State Government (January 2020); reply is awaited (November 2020).

Recommendation: The Department needs to fix responsibility for payment without actual execution of works and ensure appropriate diligence especially for those projects financed from borrowed funds. The Department may complete the Bridge work considering its alternate uses too and the expenditure already incurred so far.

3.4 Excess Expenditure and diversion of funds

Executive Engineer, PWD, Tawang Division incurred excess expenditure of ₹ 85.00 lakh due to adoption of higher rates than the approved analysed rates in the technical sanction. Besides, funds of ₹ 74 lakh meant for Improvement of Tawang Township Road were diverted to other projects, affecting the length of the project

Para 2.1 (2) of CPWD Works Manual (as adopted by Government of Arunachal Pradesh), interalia provides that no work should be normally commenced or liability thereon incurred until (i) the detailed estimate is properly prepared, and technically sanctioned and ii) tenders are invited. Further, para 1.5 read with para 4.1 of CPWD manual 2019 stipulates that only emergency/urgent works which cannot brook delay can be executed without call of tenders, and reasons for dispensing with the procedure for call of tenders should be recorded by the Engineer in Chief. Further, under Rule 26 (ii) of General Financial Rules 2005, the controlling officer in respect of funds placed at his disposal is to ensure that the expenditure is incurred for the purpose for which funds have been provided.

Ministry of Road Transport and Highway, GoI accorded (April 2011) administrative approval and expenditure sanction of ₹ 9.32 crore **for *'Improvement of Tawang Township*"** under Central Road Fund (CRF). The scope of work included Formation Cutting, Pavement, Cross drainage, Extension of existing culverts, Road side drain and protection work. The Chief Engineer PWD (Western Zone) accorded Technical Sanction (TS) of ₹ 9.05 crore in January 2013 for the work. In the TS, rate analysis (adjusting the rates by adding suitable percentage to base rates to compensate the escalation/inflation) was carried out on the basis of Arunachal Pradesh Schedule of Rate 2010 (APSoR 2010, R&B).

Scrutiny of records (December 2018) of the Executive Engineer (EE), PWD, Tawang Division revealed that even before the issue of the technical sanction, execution of the work commenced in February 2012. The Division executed the work by issuing 258 work orders during the period from January 2014 to February 2016 in favor of 25 agencies without call of tender by the Executive Engineer, Tawang Division. The work was neither an emergency nor the reasons for dispensing with the call of tenders by the Division were on record.

Audit further observed that different rates were adopted by the Department for same items of work during the same period of execution and the EE while issuing the work orders adopted higher rates than those provided in the TS in the following items as detailed below:

Table: 3.4.1- Item-wise comparison of Analyzed Rates in the Technical Sanction vis-a-vis the Executed Rates

(Amount in ₹)

Items	Unit	APSR 2010 Rates	Analysed rates in TS (Percentage higher than APSOR 2010)	Rates awarded to contractors (Percentage higher than TS Rates)	Difference in rates	Percent age	Quantity executed	Excess Expenditure
1	2	3	4	5	6 (5-4)	6/4*100	7	8(6x7)
Bituminous concert	**Sqm**	**9398.05**	**16405.10 (75 %)**	**20266.00 (24%)**	**3860.90**	**24**	**199.74**	**771176.17**
Bituminous Macadam	**Sqm**	**6816.50**	**12984.90 (90%)**	**14898.00 (15%)**	**1913.10**	**15**	**352.97**	**675266.91**
Premix carpet 2 cm thick	**Sqm**	**-**	**303.40**	**355.00 (17%)**	**51.60**	**17**	**30466.07**	**1572049.21**
Seal coat	**Sqm**	**49.20**	**107.70 (119%)**	**129.20 (20%)**	**21.50**	**17**	**30466.07**	**655020.51**
Grading I	**Cum**	**1311.45**	**2294.20 (75%)**	**2733.00 (19%)**	**438.80**	**19**	**1350.58**	**592634.50**
Grading II	**Cum**	**1342.30**	**2402.00 (79%)**	**2804.85 (17%)**	**402.85**	**17**	**927.14**	**373498.35**
Grading III	**Cum**	**1374.55**	**2530.80 (84%)**	**2967.70 (17%)**	**436.90**	**17**	**1747.81**	**763618.19**
PCC 1:3:6 normal mix	**Cum**	**3812.60**	**7543.00 (98%)**	**8308.40 (10%)**	**765.40**	**10**	**650.27**	**497716.66**
PCC Grade M15	**Cum**	**5055.20**	**9133.40 (81%)**	**10021.80 (8%)**	**888.40**	**10**	**470.13**	**417663.49**
Stone Masonry work 1:6	**Cum**	**3146.00**	**5916.20 (88%)**	**7267.70 (23%)**	**1351.50**	**23**	**1482.28**	**2003301.42**
HYSD Bars	**MT**	**57155.95**	**72507.30 (27%)**	**92976.50 (28%)**	**20469.20**	**28**	**8.70**	**178082.04**
Total								**8500027.44**

From the above table, it is seen that the rates adopted in execution of the work were much higher than the rates in the TS, although rates in the TS were already adjusted after considering all prevailing factors. The Department did not make available any records to audit justifying adoption of higher rates than the approved rates for execution of the work. The required approval of the Chief Engineer for deviating from the rules and adopting higher rate was not available.

Thus, failure of the EE to comply with the rules and also adopting higher rates resulted in excess expenditure of ₹ 85.00 lakh and possible benefit to the executing agencies.

Further, in violation of rules, expenditure details of the work revealed that ₹ 74.03 lakh were diverted from this work for repair works of other nine roads[5] which were not included in this sanctioned project, through Transfer Entry Orders (TEOs)

In reply (December 2019) the Department stated that the rates on which the work was being executed become unworkable during the course of execution due to increase in cost of labour and material every year and hence, the rates were revised higher than the rates in TS and approved with justification by the Superintending Engineer (SE). Further, the Department admitted that an expenditure of ₹ 74.03 lakh was incurred from the project fund in the interest of public services for repairs and maintenance of other roads including the stretch of roads under this project.

The reply of the Department is not tenable, since, the rates in TS were already adjusted considering the increased cost of material labour, etc and there was no undue delay in commencement of the work (2012), since approvals communicated to the contractors. The diversion of the project fund to other works affected the length of sanctioned road project. Besides the SE not being the competent authority to approve the revised rates, the rate increase should have been got approved from the CE.

Recommendation: The deviations if any, in rates as per sanctioned estimates should be done with proper approvals, to avoid any misuse of authority. The government may also consider a quality monitoring cell empowered to conduct independent evaluation of the quality and other parameters during execution of the projects above a certain cost threshold.

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Sl.No.	Name of other roads/projects
1	Repair and maintenance of various roads & bridges under Tawang Div during 2012-13
2	Improvement of Tawang Township road network in AP (NLCPR)
3	M/o various roads and bridges
4	Road from Gyangodong to Tseating (1.5 Km)
5	Development of road network under Tawang Block
6	Repair and maintenance of various roads & bridges under Tawang Div during 2014-15
7	Repair and maintenance of existing assets under Tawang Div
8	Repair and maintenance of various roads & bridges under Tawang Div during 2015-16
9	C/o High Altitude sports complex at Tawang Division

3.5 Excess Expenditure

Due to adoption of incorrect rates, EE, PWD, Bomdila incurred excess expenditure of ₹ 2.74 crore

According to Rule 21 of General Financial Rules, 2017, every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety besides enforcing financial order and strict economy by observing all relevant financial rules and regulations. Further, Rule 136 (1) of GFR 2017 and para 2.1 (2) of CPWD Works Manual (as adopted by Government of Arunachal Pradesh), provides that no work should be normally commenced or liability thereon incurred until i) administrative approval & expenditure sanction have been obtained from the competent authority, ii) detailed estimate properly prepared, iii) technically sanctioned iv) tenders invited and v) work orders issued.

The Chief Engineer, PWD, Western Zone, Itanagar allotted (27 February 2017) an amount of ₹ 5.00 crore for the work Maintenance of Roads and Bridges under Bomdila Division. No administrative approval and expenditure sanction for the work was obtained from Competent Authority (Secretary/Commissioner, PWD).

Audit scrutiny (August 2018) of records of Executive Engineer (EE), PWD, Bomdila Division revealed that the EE accorded a total of 16 Technical Sanctions (TS) on 28 February 2017 and 02 March 2017 against the above work. Reasons for issuing such number of technical sanctions for the same item of work were not on record. It was observed that four[6] out of 16 Technical Sanctions issued by EE were beyond the delegated financial powers. The work of removing mixed earth or rock slips at ₹ 194.40 per Cum, disposal of slips by mechanical transport including loading, unloading and roadside drain clearance at ₹ 33.35 per Cum/Km and roadside drain clearance at ₹ 33 per Mtr. were to be executed at different locations of nine roads. The entire amount of ₹ 5.00 crore was incurred in March 2017.

Further scrutiny revealed the following observations in execution of the work:

For the item of work *'slip clearance'* at nine roads the department adopted the manual rate in the estimate (i.e. ₹ 194.40 per Cum) based on the Arunachal Pradesh Schedule of Rates (APSoR) 2014 (*Building Works and Services*)[7] while the actual execution was carried out through mechanical means for which the prescribed rate is only ₹ 80 per Cum.

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[6] 1. Amount: ₹ 69.64 lakh (TS order no. BD/W-79/2016-17/1129 dated 22.02.2017).
2. Amount: ₹ 48.65 lakh (TS order no. BD/W-79/2016-17/1183 dated 28.02.17)
3. Amount: ₹ 64.56 lakh (TS order no. BD/W-79/2016-17/1207 dated 02.03.17)
4. Amount: ₹ 80.38 lakh (TS order no. BD/W-79/2016-17/1184 dated 28.02.17)

[7] APSoR 2014 (Building Works and Services), Item No. 11- 'Removing mixed earth or rock slips including clearing the site within a lead of 50 m and upto 1.50 m lift'.

Under APSoR 2014 (Roads and Bridges)[8]. Thus, the estimate was inflated to the tune of ₹ 2.02 crore[9].

Further, the work '*slip clearance*' with a total volume of 177266.51 Cum at five roads were shown to have been executed departmentally by hiring bulldozers D-80 for 1717 days at the rate of ₹ 20,358 per day and had incurred an expenditure of ₹ 3.49 crore. By analyzing the output of the hired machinery i.e. bulldozer-80 as per the rate of APSoR 2014 (R & B), for execution of 177266.51 Cum of slip clearance work, the required number of days for engaging Bull Dozer D-80 should have been 370[10] days and accordingly the expenditure should have been ₹ 75.32 lakhs (i.e. 370 days x ₹ 20,358 per day). Thus, the Division executed the work in 1717 days instead of 370 days, resulting in excess expenditure of ₹ 2.74 crore (i.e. ₹ 3.49 crore - ₹ 75.32 lakh).

On being pointed out by audit, the Department accepted the fact and stated (January 2020) that due to urgency of work more than one Bull Dozers were deployed on site resulting in 1717 number of days. As regards adoption of higher rate, the Department replied that item 11 of 2014 APSoR (BWS) does not indicate that it is applicable only where there are occurrences of earth or rock slips over the excavated formation or trenches. They further stated that actually this rate can also be adopted in the places where landslides are cleared by *manual means* and debris is disposed within a lead of 50 mtrs.

The reply of the Department is factually incorrect since the Department engaged Bull Dozers for 1717 number of days for landslide clearance confirming that the work was executed by mechanical means for which there are separate rates in the APSoR. Besides, the adopted rates in the estimate were for building works and services and not for maintenance of roads. Further, deploying more than required machinery should reduce the number of days and there was no justification for hiring the machines for 1717 days.

Thus, the estimate was inflated by ₹ 2.02 crore due to adoption of higher manual rate for the item of work '*slip clearance*' executed by mechanical means. There was further excess expenditure of ₹ 2.74 crore in hiring the machines for more than required days.

Recommendation: The internal controls in the Department needs to be strengthened for proper analysis of estimates and accord of approvals from the competent authorities. The Department may also consider to establish a Technical Examination Wing for better technical controls to secure economy in expenditure as well as financial controls.

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8 APSoR 2014 (Roads and Bridges) which is for Maintenance of Roads i.e. Item No. 10.12 (i) 'Clearance of landslides in soil and ordinary rock by a bull-dozer D 80 A-12, 180 HP and disposal of the same on the valley side'.

9 209413.81 cum x [₹ 194.00 - ₹ 98 per Cum (Cost Index @ 7.5 per cent per annum x 3 years]

10 As per analysis of Item No. 10.12(ii) in APSR 2014 (R&B), output for Bull Dozer D-80 for landslide clearance in soil, ordinary rock and blasted hard rock is 60 Cum per hour. Thus, for 177266.51 Cum, the required time is 2954.44 hours (i.e. 177266.51/60) or 369.31 days ≈ 370 days @ 8 working hours per day).

3.6 Avoidable expenditure

The EE, PWD, Chayangtajo incurred avoidable excess expenditure of ₹ 94.00 lakh on formation cutting on a stretch of already existing PMGSY road

State Government approved construction of road from Chayangtajo to Sangchu-Solung in August 2013 under PWD, Chayangtajo at a cost of ₹ 7.62 crore to connect Sangchu-Sollung village from Additional Deputy Commissioner Headquarter Chayangtajo. The project was to be funded by a loan from NABARD. The Chief Engineer, Western Zone, PWD accorded Technical Sanction for ₹ 7.54 crores (November 2013) for the project and the work commenced (December 2013) **for completion by December 2016. However, the work was shown physically completed by March 2015 itself at a cost of ₹ 7.62 crore**, while payments were made between February 2014 to March 2018.

Scrutiny of records (July 2018) revealed that the work was executed by issuing work orders to the local contractor without calling tenders as required under the provisions of GFR and CPWD manual (as adopted by Government of Arunachal Pradesh). Out of the total expenditure of ₹ 7.62 crore, an amount of ₹ 2.49 crore was found incurred during February 2014 to October 2015 on execution of Formation Cutting (FC) work for 4.68 KM (from 0.000 KM to 4.684 KM). The original estimate included Formation Cutting (FC) for 6 Km (0.00 to 6.00 KM) at a cost of ₹ 2.63 crore. During the execution, the Executive Engineer (February 2015) stated that "the formation cutting took off from the end point of Chayangtajo to Yangfo (PMGSY road) which is 2.5 KM length and has continuity towards Sangchu Solung" and proposed to rechristen the road as Chayangtajo to Yangfo to Sangchu Solung which resulted in reduction of road length mentioned in the original estimate by 2.5 KM. **The EE further proposed (February 2015) that the savings from the reduction of the road length be used for providing soling and three layers of WBM. The EE accordingly proposed (February 2015) a revised estimate for ₹ 7.54 crore which included FC for 3.5 KM at a cost of ₹ 1.55 crore.** This proposal was endorsed by the Superintending Engineer in March 2015 by which time the work was stated to be physically completed. Since the payments for FC work was made till October 2015, the payment shown to have been made for FC work of additional 1.18 Km (4.68 Km-3.50 Km) amounting to ₹ 94.00 lakh should have been withheld or adjusted on other items of work.

Audit observed that construction of road from Chayangtajo to Yangfo road was sanctioned under PMGSY in July 2005 and execution of the work was completed in June 2009 itself. This indicated that the original estimate of PWD was not prepared based on survey and actual site conditions. As the road for 2.5 KM was already formed under PMGSY there was no requirement for formation cutting in that stretch. The DPR was incorrect and the payment made for purported extra length thus was avoidable.

The Department in its reply (February 2019) stated that an extra length of 1.18 KM length was unavoidable to reach the targeted village and the Department could not foresee the actual required length during estimate preparation.

The reply is not acceptable as the PMGSY road of length of 2.5 KM was already existing and confirmed by the EE, who himself had proposed in the revised estimates (March 2017) FC for 3.5 Km only.

Recommendation: The matter may be further investigated by the Department and the system of preparation of estimates may be strengthened to take into account the actual ground conditions, to avoid duplicity in works and expenditure.

Hydro Power Development Department

3.7 Infructuous Expenditure

Abandoning of Micro Hydel Scheme (MHS) at Vijaynagar in Changlang district, on account of low water discharge and defective installation of Penstock Pipes resulted in infructuous expenditure of ₹ 4.08 crore. Besides, the objective of providing electricity to Vijaynagar area could not be achieved for a long time.

Vijaynagar in Changlang district is a strategically important area with international borders in the eastern part of the State. The citizens in general and defence personnel in particular were facing difficulties due to lack of electricity. To meet the power demand in the Vijaynagar township and villages like Dawodi, Gairi, Gaon Daragaon, etc. a Micro Hydel Scheme was envisaged to improve living conditions of tribal population scattered in eight villages and providing much needed power supply to defense check posts.

The Government of Arunachal Pradesh (Hydro Power Development Department) sanctioned (December 2002) ₹ 4.08 crore for construction of Vijaynagar Micro Hydel Scheme (MHS) with capacity of 2X50 KW on Ngonalo nallah near Vijaynagar village of Changlang District to meet power demands in Vijaynagar and adjoining villages (with a population of nearly 3000) which did not have power supply. The estimate for construction of the project (₹ 4.08 crore) comprised, Civil Works[11] (₹ 1.53 crore), installation and commissioning of Electro-Mechanical (E&M) equipment (₹ 0.59 crore), freight charges for material (₹ 1.72 crore) and other incidental costs (₹ 0.24 crore). As per the approved Detailed Project Report (November 2002), the lean period discharge of the nallah was observed to be not less than 0.750 cumec, and the design discharge was 0.44 cumecs. The DPR was prepared by considering only one year discharge data of the nallah. The work commenced in August 2009, and project was scheduled to be completed by January 2010. The Civil and E&M works were completed in October 2010.

Scrutiny of records (January 2018) revealed that the civil portion of works including air freight, head load and other incidental costs were executed at a cost of ₹ 3.58 crore by two divisions [12] of which works of ₹ 3.15 crore were got executed without call of open tender through various contractors by issuing 95 work orders in violation of the GFR rules. The

11 Construction of diversion weir and intake well, power channel, penstock pipe, power house etc.
12 Bordumsa Civil Division for ₹ 3.15 crore and Hayuliang division for ₹ 43.00 lakh.

Electro & Mech. work was executed by Tezu (E&M) Division through tender incurring an expenditure of ₹ 0.52 crore.

Audit scrutiny revealed that during the period from 2010-2013, the Department rectified the damages which occurred near the joints of Penstock Pipe line, construction of saddle block near Power house and also, modified Spillway Channel and completed all the Civil and Mechanical works.

Scrutiny further revealed that MHS could not be commissioned due to insufficient water discharge at the source, for continuous running of both the machines and due to heavy leakages on account of defective laying of pipes. Further attempts made after rectifying the defective work to commission the MHS during January 2013 and May 2014 also did not fructify due to low discharge which was observed as 0.13 cumec as against 0.75 cumec mentioned in the DPR.

The Chief Engineer (April 2014) stated that with the available discharge, the project can be operated only during monsoon season, which would not serve the intended purpose and proposed to shift the equipment (2x50 KW turbines) to other stream where there is a perennial discharge. **The Chief Engineer reiterated (May 2015) that the MHS already constructed was economically and technically not viable**. However, no action was taken to shift the equipment till date (January 2020).

Power House lying idle

Thus, failure of the division to ensure correctness of required discharge at the time of taking up the MHS in the Nallah (mentioned in the Detailed Project Report) by considering at least three years discharge data to ascertain the minimum required discharge, resulted in wrong selection of site for the MHS. The entire expenditure of ₹ 4.10 crores was rendered infructuous. ***Besides, the objective of providing reliable power supply to the remote villages near Vijayanagar could not be achieved for over a decade***. Now, Vijaynagar and adjoining villages would be provided power supply only after completion of SPV Power Plant with aggregate capacity of 150 KWP in Vijaynagar Circle, Changlang to be executed by Arunachal Pradesh Engergy Development Agency (APEDA) as per Agreement of July 2018.

In reply (September 2018 and February 2020), the division admitted the abandoning of the MHS by stating that there was proposal for shifting the usable items to other projects as no stream was found near by the existing hydel station for the same design discharge and rated head. It was, further stated that low discharge of 0.13 cumec as against 0.75 cumec mentioned in the DPR was due to deforestation and climate change and the low discharge of 0.13 cumec was taken during lean season & the discharge during monsoon period might be sufficient to run the machine for a period of six months.

The reply of the Department is not acceptable as deforestation happens over a period of time. Besides, the lack of sufficient discharge was reported long back in 2010 itself. The fact remains that Department did not operate the system even during the monsoon season and the project was eventually abandoned, resulting in infructuous expenditure on civil works and electrical equipment besides depriving the remote villages the benefits of electricity supply for a very long period of time.

Recommendation: The Department may consider utilizing the idle equipment in other areas having conducive water discharge. They may ensure that independent verification of crucial technical matters is done at project formation stage to obviate such instances of infructuous expenditure in future.

Responsibility may be fixed for poor project planning and non-shifting of the idle equipments even after the report of the Chief Engineer in April 2014.

Power Department

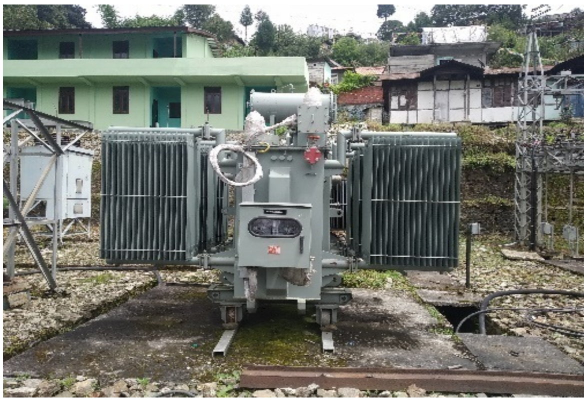
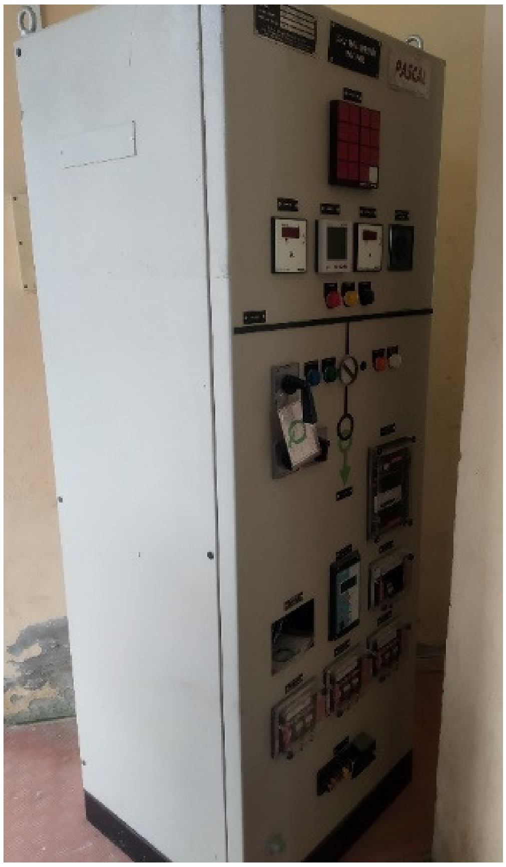
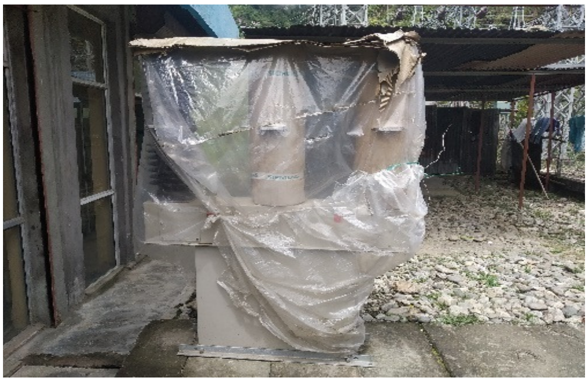
3.8 Wasteful expenditure on idle Equipment

The EE, Bomdila Electrical Division procured transformer and connected equipment without proper assessment of requirement leading to wasteful expenditure on idle equipment costing ₹ 71.62 lakh

The North Eastern Council (NEC), Government of India accorded (20th December 2013) Administrative approval for project ***"System Improvement in and around Nafra township, i/c Sub-Station at Nafra, Arunachal Pradesh"*** costing ₹ 8.99 crore. The project cost was to be shared between GoI and GoAP in the ratio of 90:10 (*i.e.* ₹ 8.09 crore and ₹ 0.90 crore). Due to rapid growth of power demands and upcoming many new hydro projects and industries, the need of power for different areas had risen and hence system improvement in the existing 1 x 0.80 MVA, 33/11 KV Sub-Station at Nafra constructed way back in 2009 was needed and accordingly *Extension & Improvement of the Sub-Station* was provided in the DPR. The scope of work under the Sub-Head included inter-alia, supply and installation of 5 MVA, 33/11 KV transformer with estimated cost of ₹ 58.62 lakh. The work was shown to have been completed (December 2016) in all respects by incurring the total sanctioned cost. However, the inspection by the funding agency in January 2017 revealed that many items were not executed by that time.

Scrutiny of records (September 2019) of the Executive Engineer, Bomdila Electrical Division revealed that for upgradation of Nafra Sub-Station, one 5 MVA, 33/11 KV transformer was procured (March 2014) by the Department at a cost of ₹ 49.88 lakh. It was also observed that the Department procured one outdoor type Vacuum Circuit Breaker (VCB) of 36 KV and one 33 KV remote metering and relay panel for a total cost of ₹ 21.74 lakh during February 2015 which were not provided for in the DPR. These equipment were stated to be required for utilization of the 5 MVA transformer. However, the transformer and the related equipment were not installed at Nafra Sub-Station as proposed, stating that the 5 MVA transformer is not needed at Nafra Sub-Station according to availability of load (February 2017). Thus, by not installing the 5 KVA transformer the objective of meeting the future higher load of power could not be achieved.

During joint physical verification (September 2019), it was found that the equipment procured under the scheme were kept idle at Bomdila Sub-Station as shown in the photographs below:

<table>
<tr><td></td><td rowspan="3"></td></tr>
<tr><td>5 MVA, 33/11 KV transformer kept idle at Bomdila Sub Station.</td></tr>
<tr><td></td></tr>
<tr><td>Outdoor type 36 KV Vacuum Circuti Breaker (VCB) kept idle</td><td>33KV remote metering and relay panel kept idle</td></tr>
</table>

In reply (January 2020), the Executive Engineer stated that the DPR was made keeping in mind the commissioning of 2 MW Khajalong Micro Hydel and other MHS nearby Nafra region. However, due to non-commissioning of Khajalong MHS, the Executive Engineer has taken a decision to install the equipment in Bomdila sub-station, as stand by unit of the already existing 1x5 MVA sub-station. It was further stated that the Vacuum Circuit Breaker (VCB) of 36 KV and one 33 KV remote metering and relay panel which are safety equipments were required for electrical system to work in optimum conditions. Thus, these equipments were procured from the project fund though it was not included in the DPR.

The reply is not tenable as the equipment was specifically procured for the project as per the provisions in the DPR and not for using as a standby equipment for other sub-station. Further, the station at Bomdila already has two existing operational 5 MVA transformers and the equipment shifted to the place was not connected and kept idle.

Thus, equipment procured at a cost of ₹ 71.62 lakh were not utilized and remained idle since February 2015, while the objective of providing power requirement to different areas in Nafra by upgradation of the existing Sub-Station, remained unfulfilled.

Recommendation: The equipment lying idle may be immediately shifted/utilized in other needy Divisions.

Rural Development Department and Public Works Department

3.9 Fraudulent expenditure and fabrication of records

The State Planning Department sanctioned the work of Keba Dere - Community Hall at Liromoba Town under the same scheme to two different executing agencies resulting in fraudulent expenditure of ₹ 28.07 lakh

Projects/schemes under State Infrastructure Development Fund (SIDF) in the state are approved by the Cabinet Committee on Infrastructure (CCI)/ State Development Council (SDC) after the proposals are submitted by the State Planning Department. As per the scheme guidelines, the projects should be routed through the Department concerned along with Non-Duplicity Certificate and in case any duplicity or overlapping of projects is observed, the same shall be brought to the notice of Planning Department for necessary order. It also envisaged that the Planning/ Finance Department would ensure monitorable targets (physical and financial) against each project before release of allocated funds to the line departments, setting up a strong monitoring mechanism to check progress of implementation and utilisation of funds at regular intervals including monitoring by the concerned DC/ADC and reports of District Level Review & Monitoring Committee shall be submitted to the PPM division of Planning Department at regular interval. The guidelines also mandate documentation of the work in the form of digital still photography and videography wherever possible, in the initial period of execution and after completion of the project for monitoring purpose.

Para 4.2 of CPWD Works Manual mentions that the preparation of detailed estimates, drawings and designs should be taken up only after obtaining assurance from the Department sponsoring the proposal that the site is available without any encumbrance.

The State Planning Department, Government of Arunachal Pradesh sanctioned two works of ₹ 40.00 lakh for (Construction of welcome gate at Liromoba for ₹ 20 lakh and 'Keba Dere' for GB[13] at Liromoba for ₹ 20 lakh) to Public Works Department (PWD) vide orders dated 13 December 2016 under SIDF. 'Keba Dere' is the local name for a community hall

[13] Gaon Burah: Village authorities constituted under Rule 5 of Assam Frontier (Administration of Justice) Regulation, 1945 to try both civil and criminal cases within their jurisdiction according to customary laws and social practices

to be used as a local Court. It was also observed that on 03 March 2017, Government of Arunachal Pradesh, State Planning Department sanctioned ₹ 30.00 lakh for construction of 'Community Hall at Liromoba town' (same work of construction of 'Keba Dere', sanctioned to PWD earlier) to Rural Development Department (RE for 2016-17) under SIDF. Both the sanctions were issued by the same officer[14] in the State Plan Division of the Planning Department within a span of less than 3 months to two different executing departments for construction of the same asset ('Keba Dere' – community hall) under the same scheme. It was seen that the sanction to the Rural Development Department was issued at a time when the same asset had already been constructed by the PWD, which only showed the callousness on part of the sanctioning authority.

Scrutiny of records in the office of Executive Engineer, PWD Yomcha Division, West Siang District, in March 2019 and January 2020 revealed that based on proposals of the the Divisions (22 December 2016) the work 'Construction of welcome gate at Liromoba and *Keba Dere for GB at Liromoba* was sanctioned (03 March 2017) by the Department for ₹ 40 lakh. The length and breadth of the building as provided in the estimate of the work was 9.60 metres and 6 metres respectively.

The work was awarded to a firm, 'M/s JJJJ Enterprises' on 17 July 2017 through tendering process. As per the measurement book maintained by the Division, the work commenced on 19 July 2017 and was completed on 13 September 2017. An expenditure of ₹ 37.80 lakh[15] was shown to have been incurred out of which ₹ 19.13 lakh was for construction of 'Keba Dere' at Liromoba.

Inauguration stone of Gaon Burah Dere

Scrutiny of the digital photographs and video in the custody of the PW Division revealed that the work was already in progress in January/ February 2017 as can be seen below:

As per the statement of the Executive Engineer, PWD Yomcha (06 February 2020), the work was already completed in March 2017 by the time AA&ES was accorded. He further stated that before AA&ES was accorded, there was a pressure from GB of Liromoba for commencement of the work as they wanted to use the building as Keba Dere (Court) and thus, the division commenced the work in January 2017 by engaging a local contractor.

When confronted with the divisional records which show work commencement in July 2017, the Executive Engineer replied that the Division recorded the date of inviting tender and execution of work after March 2017 in order to avoid treating the execution of work prior to accord of AA&ES, as irregular. He also accepted that the work was actually executed by 'Shri Gidik Romin' and since he was not a registered contractor and could not

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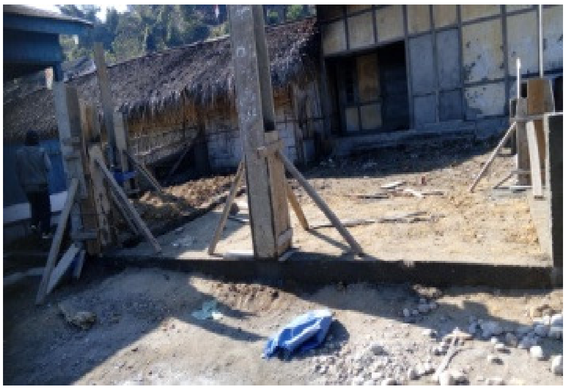
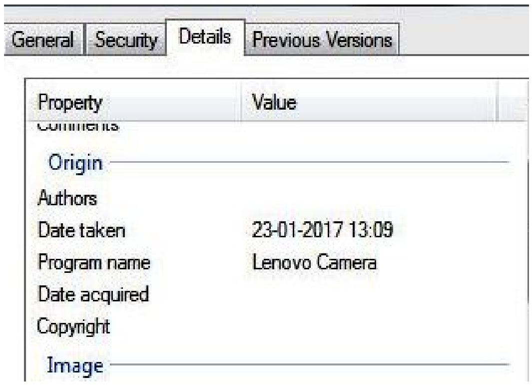
[14] Director (State Plan)

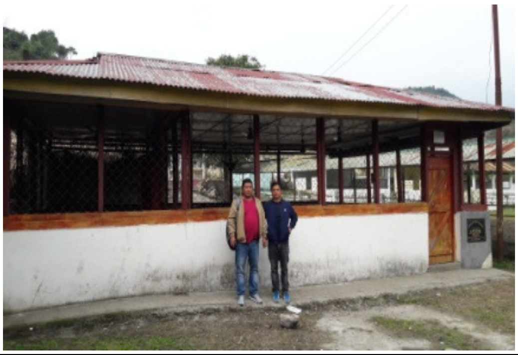
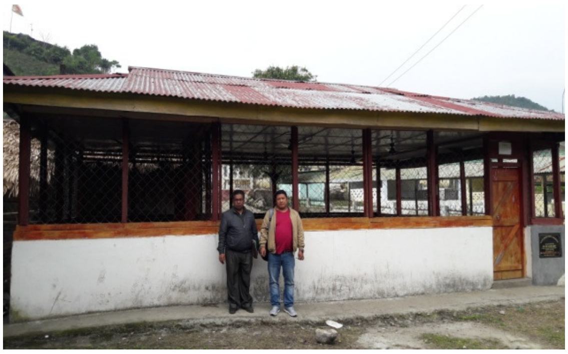
[15] Vide cheque no 0160741 dated 7 September 2017 and 0160772 dated 2 November 2017 for construction of both the Welcome gate (₹18.67 lakh) and Keba Dera (₹ 19.13 lakh).

	
Status of work on 23 January 2017	Properties of the photograph

participate in the tender, he used the name of a registered contractor namely, 'M/s JJJJ Enterprise'.

Expenditure sanction of ₹ 30.00 lakh was given by the Rural Development Department to Project Director, DRDA, Aalo, West Siang District for Construction of Community Hall at Liromoba Town (same Kaba Dere, constructed by PWD in March 2017) on 22 March 2017 under SIDF, while fund was allocated to the DC West Siang vide Rural Development Department order dated 27 March 2017. While framing the estimate or making the proposal for the scheme, the executing agency did not prepare the requisite non-duplicity certificate and whether site was actually available and free from encumbrances. As per estimate of the work, the length and breadth of the building was 17 metres and 8 metres respectively with plinth area of 136 Sq. m. Short notice inviting tender was issued on 23 March 2017, tender was accepted on 28 March 2017 and notice to proceed with the work was given to the contractor Er. Bili Potom on 29 March 2017. In the financial and physical report submitted by the Project Director (PD), DRDA, the date of completion is shown as 31 March 2017. Another completion report signed by three village elders and countersigned by the Extra Assistant Commissioner (EAC), Liromoba Circle is dated 27 February 2017. An amount of ₹ 28.07 lakh was shown to have been paid to the purported contractor for this work (31/07/2017) by cash as per acquittance roll. Thus, as per the report submitted by the PD, DRDA the work was completed within 02 days. These records were being manufactured for an asset which was already constructed by that time by PWD.

Cross-examination of records, photographs and joint site verification revealed that both the departments claimed the same work at the same location as executed by them. Further, audit along with officers of the two executing departments conducted joint site inspection on 12 March 2019. During the joint site inspection, both the departments showed the same building as executed by them as can be seen from the photographs below:

	
Audit member and site-engineer of DRDA Office, Aalo at the worksite during the joint site inspection	Audit member and site-engineer of PWD, Yomcha Division at the worksite during the joint site inspection

During the joint site verification, it was observed that the length and breadth of the building was 9.82 metres and 6.19 metres respectively, which is closer to the estimates of PWD and way beyond DRDA estimates. Further scrutiny of records revealed that the main purported contractors of the two Departments sub-let the contracts for construction of 'Keba Dere' to the same person, 'Shri Gidik Romin'. The alleged contractor (Er. Bili Potom) of the work executed under DRDA was shown to have sub-let the contract to 'Shri Gidik Romin' on 01 April 2017, while 'M/s JJJJ Enterprises' who was the purported contractor of the work executed under PWD, entrusted the work to 'Shri Gidik Romin' on 17 July 2017. It is clear that expenditure was booked on the construction of the same asset 'Keba Dere' or 'Community Hall' by both PWD and Rural Development Department.

Further, Scheme Guidelines provide that during the execution phase of project, the status of the works is to be documented in the form of digital still photography, and wherever possible video-graphic also, in the initial period of execution and also after completion of the project for monitoring purpose. It was observed that DRDA did not have any still/video evidence of the work being actually executed, apart from a printed photograph dated 18 May 2017 in which the PD, DRDA and the purported contractor are shown in front of the completed building, while the purported date of completion as per MB of DRDA is 30 May 2017.

It was also observed that there was no monitoring of execution of the schemes either at State level or by District Administration, as required under the implementation guidelines of SIDF.

No replies/comments were received from the Departments/Government despite communicating the matter to the Secretary (Planning) on 9 March 2020 and 18 December 2020; Secretary (Rural Development) and the Commissioner (PWD) on 5 March 2020 and 18 December 2020. The matter has also been brought to the notice of the Chief Secretary (29 December 2020) for necessary action. However, no reply from the government has been received.

Recommendation: The case may be further investigated by the Government and appropriate action be taken against the officers responsible for such duplication and fraudulent expenditure and fabrication of records.

3.10 Irregularities in execution of works

The EE PWD, Jamin Division committed various irregularities in utilization of funds in violation of codal provisions and established procedures resulting in un-verifiable expenditure of ₹ 3.50 crore.

According to Rule 136 of General Financial Rules 2017, no works shall be commenced or liability incurred in connection with it until administrative approval has been obtained from the appropriate authority, tenders have been invited and work orders have been issued.

Government of Arunachal Pradesh provided funds of ₹ 3.50 crore to the Executive Engineer PWD Jamin Division (March 23, 2017) for a work '**Restoration of Flood Damages on Various Roads under Jamin Division'.** No Technical Sanction and Administrative Approval was accorded for this work. The entire fund was shown as spent in March 2017 itself, even before allotment of the funds by the Government. The Estimates were prepared by the Division in August 2017 for restoration of road damages caused by floods during the period May 2017 to July 2017, due to heavy rains. However, as per the Measurement Books (MBs), fund was shown as spent on works, which were actually executed by the Division much earlier, during the period June 2008 to December 2009.

The fund was shown as spent, by issue of 132 work orders, valued at ₹ 3.50 crore, without call of tender. While 124 out of 132 work orders, valued at ₹ 3.23 crores had been issued in September 2016, prior to preparation of Estimates and allotment of funds, eight work orders, valuing ₹ 23.71 lakh were issued in September 2017, after the allotted funds were spent in March 2017.

Examination of the nature of works enumerated in the work orders and those shown as executed as per the MBs revealed discrepancies as shown below, in some of the cases;

(i) Six work orders valued at ₹ 22.32 lakh were issued for execution of a component '*Widening*'. However, as per record entry in the MBs, two different items, i.e., (i) R*estoration of Rain Cuts* and (ii) *Maintenance of Suspension Bridge* were shown as executed and expenditure of ₹ 22.32 lakh was also incurred on execution of these two items.

(ii) Similarly, another six work orders valued at ₹ 21.99 lakh were issued for execution of '*Restoration of Rain Cut'*. However, in the MBs and vouchers, '*Widening*' was shown to be executed and ₹ 7.38 lakh was shown as incurred on the item.

(iii) The Division incurred an expenditure of ₹ 29.53 lakh on execution of widening related to '*Construction of Road from Dhahill Top on Tamen Tali Road to Gangte via Lapte'*. However, cross-check of MBs revealed that the measurement was made for another work '*Construction of Dari Chambang Road 40.00 Km'* in 2008-09.

The expenditure being shown on works, which were actually executed many years back was irregular and unverifiable in absence of any pending liability register in the Division. Further, as required under PWD Manual provisions, there were no estimates found for the works executed and work orders had been issued prior to sanctions and allotment of funds to the Division. The supervisory authorities of the Division had not ensured that the funds were spent for the allotted work. The record keeping of the division was not only deficient but manipulative, since the works in the Estimates were not matching with the MBs.

The Executive Engineer in reply (March 2020) admitted that the LoC of ₹ 3.50 crore was utilized for clearance of pending liabilities created during 2008-09 for five works. It was further stated that work orders were approved as and when funds were placed with them. The reply is factually incorrect as the LOC was allotted in February 2017 against the Estimates prepared for restoration of flood damages and not for clearance of pending liabilities of 2008-09. No reply was given for the glaring discrepancies in records maintained by the Division.

Thus, the expenditure of ₹ 3.50 crore shown by the Division is not only irregular but not verifiable in absence of compliance to codal provisions and established procedures laid down for functioning of the Department and its Divisions. It was highly unlikely that contractors would have waited for more than seven years in anticipation of payments for works, if they had been genuinely executed. The SE of the Division was equally responsible for non-monitoring of the utilization of the fund for the specific works for which it was sanctioned.

Recommendation: The glaring inconsistencies in Departmental documents, absence of Administrative Approval and Technical Sanction and award of work without tenders may be investigated and responsibility fixed. Besides, the Department may ensure that pending liabilities are recorded in the Divisions and reported to higher authorities. They may make all efforts to clear the contractors' bills on time in the interest of sound financial management and obviate such diversion of funds and irregularities of payments being shown against old unverifiable works.