

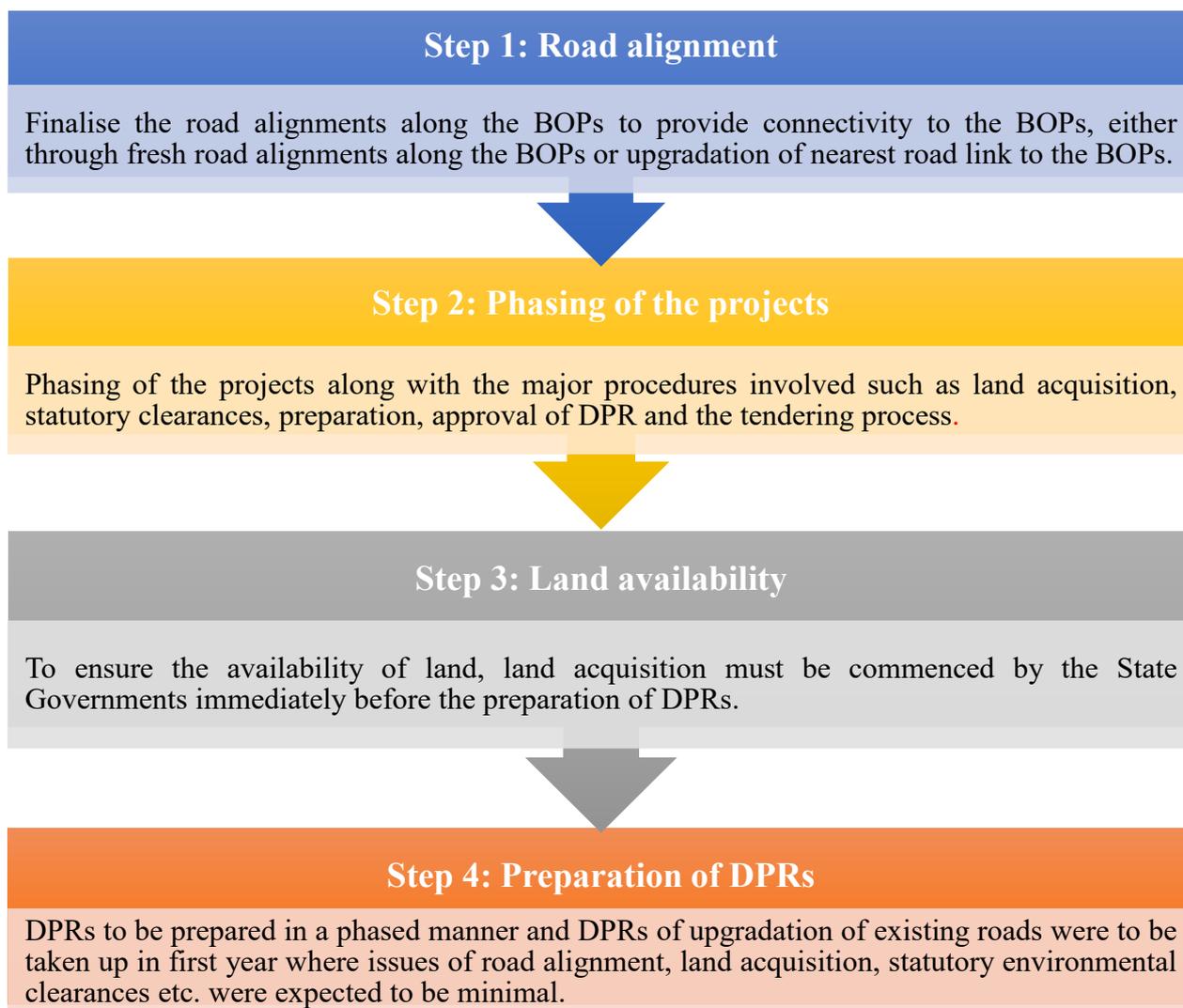
CHAPTER-II: PROJECT PLANNING

2. Planning and Preparatory Works

The work on construction of roads was to be preceded by preparatory work of identification of the alignment of roads, getting statutory clearances for roads passing through forests and wildlife sanctuaries, acquisition of private land falling on the planned alignment, and preparation of detailed project reports.

MHA directed the States in November 2010 to initiate all the necessary preparation and procedural issues so that work could commence by April 2011 and to start work in patches where land acquisition and statutory clearances under Forest Conservation Act and Wild Life Protection Act were not required. It had, *inter-alia*, envisaged step-wise implementation of the projects, as detailed in **Chart No. 1** and conveyed the same to the States (January 2011).

Chart No. 1: Pictorial presentation of implementation of the project



Source: MHA

As per the implementing strategy of the project⁵, the State governments were responsible for finalisation of alignment of roads in consultation with SSB, obtaining necessary clearances including forests and wildlife clearances, acquisition of land and preparation of Detailed Project Reports (DPR).

Audit noted that there were deficiencies in finalizing alignment of the roads, considerable delays in obtaining forest/wildlife clearances, acquisition of land and shortcomings in preparation of DPRs, which resulted inter alia in time as well as cost overrun of the project. The detailed observations are given below:

2.1 Alignment of road

As per the CCS Note (2010), the proposed INB road would enable the SSB to dominate the border by providing connectivity to BOPs and adding to the mobility of the SSB⁶. The patrolling jurisdiction of SSB is 15 km from the international border for chase, search and seizure. In this context, while MHA (May 2021) maintained that no specific guidelines or SOPs regarding proximity of BOPs to the border roads or international border were available with them, it stated that as a general practice and to guard the mandated border in a proficient manner, BOPs are established as close to the zero lines as possible taking into consideration various factors, viz. dominating ground, rivers, reserve forests/National parks, availability of suitable land etc. It is thus imperative that the alignment of roads along the Indo-Nepal border are close to the border, and the BOPs are connected to these roads. However, in the absence of any clear SOPs, Audit observed wide variations in the distance of roads from BOPs (as discussed in Para 2.1.2). The following paragraphs bring out the issues with regard to alignment of the roads along the border and its impact on the SSB's strategic ability to guard the international border.

2.1.1 Change in alignment in Bihar

The Wildlife (Protection) Act, 1972 and orders of Hon'ble Supreme Court (November 2000) make it mandatory to obtain clearance from Ministry of Environment, Forest and Climate Change (MoEFCC) for taking up any non-forestry activity inside a wildlife habitat. MoEFCC prepared (March 2011) guidelines to get wildlife clearance for such activities. According to para 2.10 of the guidelines, a simultaneous clearance under the Forest (Conservation) Act 1980 and wildlife clearance was available for border roads under the "Single Window System".

Audit observed that in West Champaran (Bihar), initial alignment proposed by CCS (September 2010) was in proximity with the INB touching Valmikinagar, which was on the northernmost side of the wildlife reserve area. However, even though wildlife clearance under

⁵ Para No. 5 of CCS Note 2010.

⁶ Para No.2.2 of CCS Note 2010, it was mentioned that a significant number of BOPs in three States were not connected by roads, which severely limited the mobility of the troops as fast operations cannot be launched against anti-national and criminal elements.

the “Single Window System” was available for the border road, Road Construction Department (RCD), Government of Bihar did not apply for the same and changed the alignment (April 2011), presuming that wildlife clearance would not be given by the MoEFCC. Accordingly, the alignment was shifted to the southernmost boundary (April 2011) of the wildlife reserve area which was more than 20 km away from the international border. This shift in alignment did not serve the desired purpose as it was beyond the patrolling jurisdiction of the SSB which extended up to 15 km.

RCD, Bihar replied that as per the guidelines, only rural habitations were permitted to take up non-forestry activity in forest areas and no extension or widening of roads as also construction of bituminous roads were allowed in forest areas. It was further informed that the reason for shifting the alignment will be analysed and provided to Audit.

This confirms the fact that the RCD did not ensure environmental guidelines before finalising initial alignment of roads (2010). Moreover, the Department also did not approach MoEFCC for permission under Single Window System for border roads. Besides, reasons for not approaching MoEFCC and shifting of alignment were also not provided (January 2021) by the RCD.

2.1.2 Non-connectivity to BOPs from the main alignment of proposed roads

As of March 2021, 471 BOPs were authorised in Bihar (231), UP (169) and Uttarakhand (71). While details were not available in respect of 24⁷ BOPs, of the remaining 447 BOPs, 84 BOPs (19 per cent) were on alignment of roads and remaining BOPs, i.e. 363 BOPs (81 per cent), were away from the alignment of roads, as tabulated in **Table No.2:**

Table No. 2: BOPs away from the main alignment of the proposed border

State	0 km	Up to 1 km	>1-5km	>5-10km	>10-20 km	> 20 km	Total
Bihar	39	89	64	11	5	16	224
Uttar Pradesh	26	104	36	3	-	-	169
Uttarakhand	19	29	6	-	-	-	54
Total	84	222	106	14	5	16	447

Source: SSB

It could be seen from above that 125 BOPs were away at a distance ranging from one to 20 km from the alignment of roads and 16 BOPs were away at a distance of more than 20 km.

Ministry replied (May 2021) that out of 471 BOPs, 355 BOPs were connected by road. However, the details of connectivity were not furnished to Audit. Audit noted that SSB had

⁷ Nine BOPs were yet to be established and for 15 BOPs in Uttarakhand, alignment/DPRs issues yet to be resolved

requested MHA/State Governments, especially at the time of preparation of DPRs (2011-13) to provide connectivity through link roads to BOPs which did not fall on the main alignment of the proposed roads. Further, check of records in SSB revealed that there was a requirement of 506.36 km of link roads (April/September 2020) for providing connectivity to 234 BOPs from the alignment of proposed border roads in Bihar and Uttar Pradesh. However, as per CCS approved note (2010), construction of link road was not part of this project and hence, provision of link roads was not made while framing the DPRs.

MHA stated (December 2020) that since construction of border roads is the priority area, in the present circumstances MHA is of the view that construction/improvement of feeder roads cannot be considered along with the proposal of border roads. In the exit conference, MHA further added (February 2021) that a meeting was held under the chairmanship of Secretary (BM) in August 2020 which was attended by senior officers of SSB. After deliberations, it was decided that link road connecting SSB BOPs would be taken up separately as it is beyond the scope of CCS approval.

The reply is to be read with reference to the objective of the INBR Project, which was to provide connectivity to the BOPs thereby adding to their mobility. Though the CCS approved the project in November 2010, the alignment of roads for the INBR project was finalised in 2011-12, and the alignment in some places was far away from the International border. MHA did not apprise the CCS thereafter about the non-connectivity of BOPs and the requirement of link roads to provide connectivity to the BOPs which did not fall on the proposed alignment of roads of INB. Hence, construction of link roads did not become part of the project although it was a prerequisite for fulfillment of one of the main objectives of the project. Thus, the strategic and operational needs of the SSB remained unfulfilled in view of the absence of a provision for link roads as part of the Indo-Nepal Border Road Project. Audit is of the view that providing a distinct component of construction of link roads in the project will significantly enhance the operational and strategic value of the border roads along the Indo-Nepal border.

MHA further stated (December 2021) that a separate proposal to provide basic infrastructure facilities including road connectivity to the BOPs of Border Guarding Forces (BGFs) is under consideration.

Ministry needs to expedite the proposal so that benefits are obtained in a timely manner.

2.1.3 Proposed road alignment away from the international border

Though the actual work of the SSB involves patrolling the international border from pillar to pillar, as pointed out in para 2.1, the patrolling jurisdiction of SSB is 15 km from the international border for chase, search and seizure. Audit observed that in Bihar, the alignment finalised by the RCD in April 2011 was away from the international border at 14 locations in

West Champaran district at a distance ranging from 16 km to 41 km⁸. Resultantly, in these stretches, SSB would be constrained to patrol effectively as the border roads would be beyond its jurisdiction.

In view of MHA's confirmation (May 2021) about the absence of minimum distance criteria or specific guidelines or SOPs regarding proximity of BOPs to the border roads or international border, the proposed road in such alignments would not serve the SSB's objective, viz. to dominate the sensitive border area.

The MHA replied (August 2021) that the audit observation is not correct as the construction of border roads was also planned to provide good connectivity to the border areas with Nepal which are densely populated. Further, as per CCS approval, construction of border roads is the priority.

The reply of MHA is not acceptable as the CCS Note (2010 and 2018) clearly envisaged that the roads are of strategic and operational significance to the border guarding force deployed along the border and these roads running parallel to the border would add to the mobility of the border guarding force for dominating the border effectively.

MHA further stated (December 2021) that construction of link roads connecting Border Road to SSB BOPs (where no good road connectivity reported by SSB) is to be taken up separately and a separate proposal to provide basic infrastructure facilities including road connectivity to the BOPs of Border Guarding forces (BGFs) is under consideration.

Ministry needs to expedite the proposal in a timely manner.

2.1.4 Construction of Bridges without connecting to main alignment

Audit also noted that as per the records of MHA⁹, the State Government of Bihar (SGoB) in 2013 had arranged its own finances through loans from NABARD to construct 40 major and 81 minor bridges falling in the alignment of the roads along the Indo-Nepal border. Examination of records in the State revealed that the construction of bridges was initiated in July 2013; while 101 Bridges (84 per cent) were completed, 20 were under progress (June 2020). Total expenditure incurred till this stage of construction was ₹ 928.77 crore. In West Champaran District, 34 bridges were sanctioned for ₹ 395.75 crore (March 2013) and majority of these bridges were completed before August 2016. It was seen that after the bridges were constructed, RCD changed (August 2016) the road alignment between the chainage 10.60 to 77.36 in Bettiah (in West Champaran), as detailed in **Annexure-1**, due to the existence of forest land along the old alignment finalised in April 2011. There was no clarity on whether 15 bridges¹⁰ constructed

⁸ As per the information given by SSB

⁹ CCS Note 2018

¹⁰ The expenditure on these bridges was ₹ 146.06 crore

in these chainages were linked to the new alignment. RCD stated (July 2019) that no bridge had gone out of alignment. However, RCD neither provided details of common alignment points, nor any document related to land acquisition, both for road and bridge, in support of their reply.

Audit team along with the engineers of the RCD, Bettiah (West Champaran District), conducted joint physical verification of three approachable bridges at chainage 67.212, 72.703 and 75.734 and found that the bridges were incomplete with no approach roads. Remaining bridges were not approachable due to non-existence of alignment pillar and non-connectivity.

Picture Nos. 1 to 4: Incomplete bridges noticed during joint physical verification



Picture No. 1: Galgalia to Pintola in Kishanganj district under Mechririver (chainage 124.12).



Picture No. 2: Jobna river (chainage 123.30) in Kishanganj district



Picture No. 3: 16x25 bridge at chainage 67.21 (river)



Picture No. 4: 7x30 bridge at chainage 75.734 (agricultural land)

Further, physical verification of 29¹¹ bridges revealed that 23 bridges did not have connectivity because of land acquisition issues in construction of INB roads, and incomplete construction of roads.

¹¹ Kishanganj-nine bridges, Motihari-three bridges, Katihar-six bridges and Sitamarhi-11 bridges

The SGoB reiterated (June 2021) that the bridges were in alignment of the INB road. It further added that the incomplete bridges will be completed by the RCD.

However, in the absence of documents in support of this reply, Audit could not ascertain whether the bridges would be utilised in the new alignment in future or not. Further, since the defect liability period¹² had expired, the RCD had no recourse to get the defects rectified from the contractor, as these unused bridges are more than four years old.

2.2 Delays in Acquisition of Land

INBRP envisaged that the State Governments were responsible for acquisition of land. The land was to be acquired in Bihar and Uttar Pradesh, while in Uttarakhand land was available. The status of acquisition of land in States as on 31 March 2021 is tabulated in **Table No. 3**:

Table No. 3: Status of acquisition of land in States as on 31 March 2021

Name of the State	Length to be acquired (in km)	Length acquired upto March 2018	Length acquired upto March 2021
Bihar	552.29	369.77 (67%)	517.44 (93.68%)
Uttar Pradesh	237.38	137.28 (58%)	219.87 (93%)

Source: MHA

It is evident from the above table that the process of acquisition of land was very slow as even after seven years of the inception of the project, only 67 per cent and 58 per cent of land was acquired in Bihar and Uttar Pradesh respectively as on 31 March 2018, i.e. revision of timelines by CCS. Though as of March 2021, there was improvement in the acquisition of land, about seven per cent of land is yet to be acquired in both States. The delays in acquiring land led to cost and time over run and litigation with contractors as discussed in paragraphs 3.2 and 4.3. MHA stated (December 2021) that that promulgation of New Land Acquisition Act 2013 resulted in delay in acquisition of land. It further added that 17.17 km in Uttar Pradesh and 21.68 km in Bihar of land acquisition of road length is in process and likely to be finalised by the States by January 2022.

2.3 Issues related to forest clearances

As per the project implementation strategy¹³, the State Governments will obtain the necessary clearances including forest/wildlife clearances wherever required and make payments for the charges on account of net present value of land, compensatory Afforestation etc. As of March 2021, forest/wildlife clearances were still awaited in respect of Uttar Pradesh as discussed below.

¹² As per the Agreement with the Construction Agency, the Defect Liability Period was one year in case of project costing up to ₹ five crore and two years where the project cost is more than ₹ five crore.

¹³ Para 5.1 (vii) of CCS Note 2010

In Uttar Pradesh, as against GoI sanction (November 2010) of 640 km length of road for construction/upgradation on the Indo-Nepal border, the alignment finalised by Uttar Pradesh Public Works Department (UPPWD) (during 2012-13) with the approval of SSB had only 574.59 km road under INBRP. Audit observed the following in this regard:

Out of 574.59 km of approved alignment, 302.16 km¹⁴ (52.6 per cent) was in forest area requiring forest and wildlife clearances¹⁵. UPPWD submitted several proposals for forest and wildlife clearance to the Forest Department during the period from October 2013 to April 2018. The Forest Department raised several queries¹⁶ on the proposals that included non-submission of prescribed certificates/information regarding non-availability of alternative suitable non-forest land for the project, inspection report of forest area involved in the project, geo-referenced digital map of compensatory afforestation site etc. Thus, the deficiencies in these proposals submitted by UPPWD led to further delays in forest/wildlife clearance.

Uttar Pradesh State Wildlife Board¹⁷ (Board) in August 2018, directed that a team of officers from the Forest Department, SSB and PWD should survey the existing roads along the Indo-Nepal border and make required changes in the alignment to ensure minimum felling of trees. While the survey was completed in three districts (*Bahraich, Balrampur and Shravasti*), it was in progress (October 2019) in three other districts (*Lakhimpur Kheri, Maharajganj and Pilibhit*). Subsequently, in another meeting (November 2019), the Board directed to finalise the alignment by acquiring the forest land as per requirement of a single lane road adjacent to the no man's land in order to minimise the cutting of trees.

MHA stated (December 2020) that the revised border road alignment passing through forest area in UP had been finalised. The delay was due to difficulties in building consensus with forest/wildlife authorities & other stakeholders. In the exit conference, MHA informed (February 2021) that issue regarding the road alignment falling under forest area in UP had since been sorted out and clearance from forest department was expected by June 2021. MHA further added that (December 2021) issue regarding wild life/forest clearance yet to be resolved.

The fact remains that finalisation of alignment was flawed as UPPWD did not take the Forest Department on board while finalising the alignment. Further, faulty/incomplete forest clearance proposals submitted by UPPWD and lack of co-ordination with the Forest Department led to

¹⁴ 15.82 km under protected forest, 54.14 km under reserve forest, and 232.20 km under wildlife forest.

¹⁵ As per Section 2 of the Forest (Conservation) Act, 1980, no State Government or other authority shall make, except the prior approval of the Central Government, any order directing that any forest land or any portion thereof, may be used for any non-forest purpose.

¹⁶ As per *Parivesh* portal (forestsclearance.nic.in) of GoI, Forest Department raised queries on seven occasions for forest clearance proposal (19 February 2018, 19 March 2018, 10 April 2018, 18 April 2018, 26 April 2018, 3 May 2018 and 15 June 2019) and nine occasions for wildlife clearance proposal (10 April 2018, 20 April 2018, 28 April 2018, 8 May 2018, 14 May 2018, 28 May 2018, 6 July 2018, 17 July 2018 and 26 November 2018).

¹⁷ During Exit Conference, State Government informed that Uttar Pradesh State Wildlife Board (Board) was not in existence and it was constituted in 2018.

multiple queries on forest/wildlife clearance proposals. As a result, forest/wildlife clearance was not yet received.

Delays in obtaining forest/wildlife clearance also impacted the preparation of DPRs and the eventual construction of roads in a timely manner.

2.4 Approval of Detailed Project Reports (DPRs)

As per the implementation strategy, State PWDs or any other agency engaged for this purpose will undertake the preparation of DPRs/cost estimates in respect of works assigned to them in a Phased manner. The DPRs/cost estimates framed by the executive agencies were to be examined by the Technical Committee and its recommendations were to be placed before the HLEC, which was empowered to take appropriate decision for execution of the projects.

Audit observed that DPRs for a significant part of the project are yet to be finalised. As of March 2021, the details of approval of DPRs are tabulated in **Table No. 4**.

Table No. 4: Details of approval of DPRs

(in km)

Particulars	Bihar	Uttar Pradesh	Uttarakhand	Total
Length of road approved by CCS	564	640	173 ¹⁸	1377
Actual length of road at the time of preparation of DPRs	552.29	574.59	135.48	1262.36
DPRs approved by HLEC	552.29	235.57 ¹⁹	55	842.86
DPRs yet to be approved	Nil	339.02	80.48	419.50

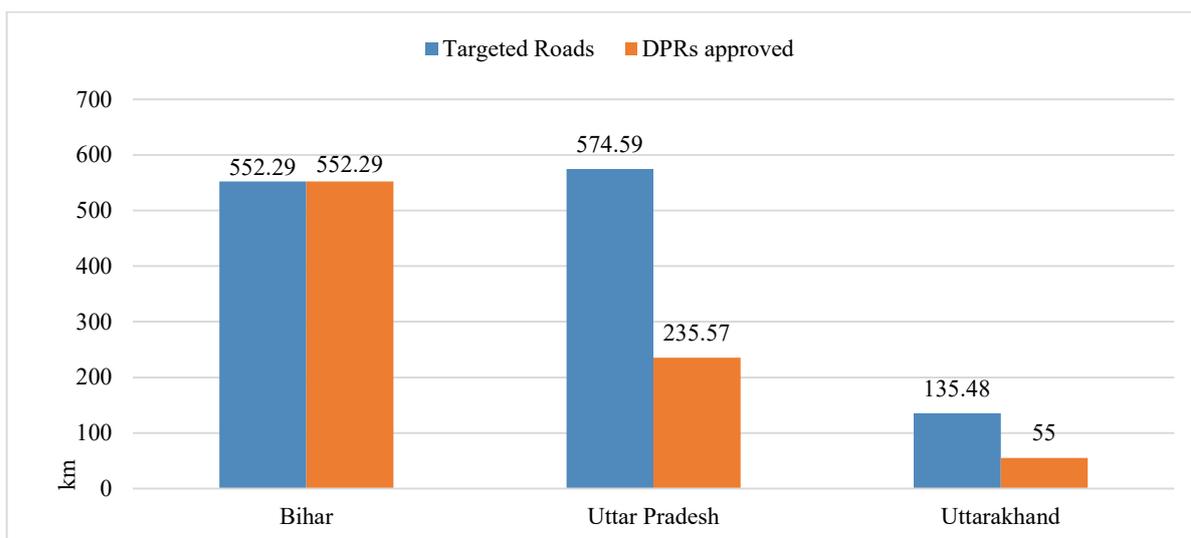
Source: MHA

As can be seen from the table above, the initial estimate of 1377 km road length was reduced to 1262.36 km as per the actual length of roads during preparation of DPRs. However, due to failure to obtain forest/wild life clearances in Uttar Pradesh and delay in finalisation of DPR for Pancheshwar Dam on river Mahakali by the Ministry of Water Resources in Uttarakhand, as of March 2021, out of 1262.36 km of roads, DPRs for only 842.86 km of roads (67 per cent) were approved leaving DPRs for 419.50 km of road length (33 per cent) remaining to be approved. A pictorial representation is given in **Chart No. 2**:

¹⁸ In Uttarakhand, only one road namely *Tanakpur-Jauljibi Marg*, with length of about 173 km had been proposed.

¹⁹ Length revised from 257.02 km (2012-14) to 235.57 km (during 2018-2020)

Chart No. 2: Targeted road length and DPRs approved (in km)



Source: MHA

Even though MHA had directed the States (November 2010) that the work may be started in patches where land acquisition and statutory clearances under Forest Conservation Act and Wild Life Protection Act was not required, it (HLEC under the MHA) approved 27 DPRs estimated to cost ₹ 2656.93 crore (**Annexure-2**) during May 2011 to July 2016 of which only one DPR in Uttar Pradesh (estimated cost - ₹ 22.03 crore) for Thuthibari-Bargadwa road (7.6 km) was free from encumbrances, as it did not involve either land acquisition or forest land. In the remaining 26 approved DPRs, either land was not acquired or wildlife/forest clearance was not obtained.

The approval of these 26 DPRs costing ₹ 2634.90 crore by HLEC without ensuring availability of land and requisite clearances resulted in time and cost overruns which are discussed in paragraphs 3.2 and 4.3.

MHA stated (December 2021) that DPRs were approved in anticipation that the work of land acquisition and wildlife/forest clearance would be completed by the State executing agencies.

The reply is not tenable as approval of DPRs by HLEC without ensuring land free from encumbrance resulted in blockage of funds, award of works by the State Government without availability of land, and cost escalation. Further, Audit noted that HLEC had itself not approved 16 DPRs submitted by the SGoUP (2013) due to non-availability of land and forest clearance.

2.5 Deficiencies in preparation of DPRs

INBRP envisaged that DPRs would be prepared by State executive agencies and sanctioned by HLEC on the recommendation of Technical Committee (TC). Examination of the DPRs revealed the following deficiencies.

2.5.1 Deficient designing of road in Uttarakhand

CCS Note (21 September 2010) finalised the requirement of a strategic road along the Indo-Nepal border and provided that these works were proposed to be carried out as per Indian Road Congress (IRC) codes and Ministry of Road Transport and Highways (MoRTH) specifications. The quality of road held special strategic significance as it was meant for movement of troops and defence equipment.

Section 3.2.3 of the Guidelines for the Design of Flexible Pavements (IRC-37-2001) provides that using simple input parameters like design traffic in terms of cumulative number of standard axles known as Million Standard Axle (MSA²⁰) and California Bearing Ratio²¹ (CBR), value of sub-grade, appropriate designs could be chosen for the given traffic and soil strength. IRC-37-2001 further envisaged that thickness of crust of road of painted surface should be 540 mm to 660 mm for 10 MSA and CBR value varying from five *per cent* to 10 *per cent*.

The DPR for 0 to 12 km stretch (Upgradation of Kakrali Gate-Thuligad road) was approved by HLEC in May 2011. It was observed that no traffic census was conducted before preparing DPR for 0-12 km road. However, survey was conducted (10 to 16 June 2012) before preparing DPR for the 12 to 55 km stretch. It was concluded that traffic density worked out to 10 MSA on the basis of 969 CVPD²² after conducting traffic census at Kakrali Gate (km 0.00) which is the starting point of the road (km 0-12). Also, the CBR value of the road was between five *per cent* and 10 *per cent*.

As PWD Uttarakhand prepared DPR for 0-12 km road without conducting survey, it failed to consider data on parameters like traffic census and CBR value of sub-grade in preparation of DPR. This led to non-compliance with IRC norm resulting in construction of crust with lesser thickness (340 mm). Further, non-adoption of IRC specification of thickness (540 mm) for the above mentioned 10 MSA and CBR (5-10 *per cent*) resulted in laying of inferior binding course as well as wearing course for construction of pavement of road. As a result, instead of using Dense Bituminous Macadam and Bituminous Concrete as Binding and Wearing Course, Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) were used. Hence, the quality of road, which was of strategic importance meant for movement of troops and defence equipment, did not meet the required IRC specifications.

PWD Uttarakhand stated (March 2019) that the road was designed under provisions for Other District Road/Village Road (ODR/VR) as well as on the instructions of Senior Officers.

²⁰ It is used for the designing of the pavement. It tells us about the number of commercial vehicles that would be occupying the road at the end of the design life of road.

²¹ The CBR test is a penetration test meant for the evaluation of subgrade strength of roads and pavements. The results obtained by these tests are used with the empirical curves to determine the thickness of pavement and its component layers.

²² Commercial Vehicle per Day.

It further added that the DPR was vetted by HLEC. MHA endorsed (December 2021) the views of SGoU.

The reply of PWD Uttarakhand was not acceptable as it failed to conduct traffic census in advance and incorporate the right parameters²³ for the design of the road. Moreover, the reply that the road was designed as per provisions of ODR/VR was also not correct as IRC-SP-20-2002, meant for designing ODR/VR, did not permit designing of road if CVPD was beyond 450. It also did not provide design for crust thickness (340 mm) with CBR value varying from five *per cent* to 10 *per cent* and laying of BM and SDBC.

2.5.2 Over-estimation in estimates for road works

As per INBRP, road works were proposed to be carried out as per Indian Road Congress (IRC) Codes and Ministry of Road Transport and Highways (MoRTH) specifications.

Scrutiny of 12 approved DPRs revealed that in nine DPRs, UPPWD applied different hire charges for the same machines (batch mix hot mix plant and generator) in analysing Dense Graded Bituminous Macadam (DGBM) and Bituminous Concrete (BC). The hire charges applied were also at variance with MoRTH rate for these machines, which inflated cost of the projects by ₹ 11.93 crore (**Annexure-3**). Hence the certificates to the effect that rates were analysed as per MoRTH data book, given in the faulty DPRs, were questionable. Audit also noticed that the office of Chief Engineer (INB) also did not apply due diligence while according technical sanction to the DPRs on inflated cost.

SGoUP replied (January 2020) that rates were different for different capacities of machines as per the quantum of work and therefore, inference of Audit that the different rates were applied for the same machines was not correct. Ministry endorsed (August 2021) the views of the SGoUP.

The reply was not tenable as the rates for batch mix hot mix plant and generator in the rate analysis of nine DPRs were not in conformity with rates prescribed by MoRTH for the same capacity of machines. In addition, the rate analysis for DGBM and BC in these nine DPRs also lacked uniformity in the application of rates for these machines. As a result, the rates arrived at in the DPRs for DGBM and BC were inflated.

2.6 Delay in finalisation of Detailed Project Reports

The State Government of Uttarakhand (SGoU) submitted (04 October 2013) DPR of 123.475 km to MHA. The DPR was revised incorporating the current rates and re-submitted (27 August 2014) to MHA. However, following the meeting (21 October 2014) of HLEC and

²³ As per MoU between MHA and PWD, Uttarakhand, proposed roads of the Project shall be of two lane configuration as specified for State Highways with 12 metre formation width, 7 metre carriage way width and right of the way as per IRC, and all these works shall be carried out as per IRC and MoRTH specifications.

two subsequent meetings between HLEC & MHA to discuss the effect of submergence of the proposed road upstream of proposed Pancheswar Dam on river Mahakali, it was decided (28 January 2016) to start the work in the unaffected length (km 12 to 55). Consequently, fresh DPR for 43 km was prepared and submitted (26 February 2016) to GoI as the level of submergence could not be communicated in earlier meetings due to non-finalisation of DPR for the dam. After meeting queries of MHA and after several rounds of discussion, the HLEC accorded final approval on 28 July 2016. Thus, it took five years for obtaining approval of DPR for km 12 to 55 since the approval of DPR for km 0 to 12 in July 2011 resulting in much delay in commencing of the work.

MHA confirmed (December 2020) the facts. Further, MHA informed (December 2021) that the finalisation of DPR of the Pancheswar dam was still pending thus affecting completion of the work.

2.7 Memorandum of Understanding

As per INBRP, MHA would consider signing of MoU with the State Government/implementing agencies for implementation of the scheme. Signing of MoU binds the State Governments to complete the work as per agreed terms and conditions within the stipulated time limit. Audit, however, noted that while MoU was signed with Uttarakhand in April 2014, it was signed with Bihar in July 2020 and with Uttar Pradesh in March 2021, i.e. after a delay of 10 years from the approval of the project (2010). This resulted in lack of clarity on terms and conditions for implementation of the project by the State Governments.

MHA accepted (December 2021) the observation and stated that due to consensus building on some terms and conditions of MoUs *viz* Agency charges took much time in finalisation and signing of MoUs with State Governments.

However, Audit noted that Ministry took inordinately long to finalise the MOUs, with the result that some of the expenditure, i.e charges of utility shifting and afforestation, which were to be borne by the State Governments as per the MOUs, were borne by MHA.

2.7.1 Incorporation of irregular condition in MoU with PWD

MoUs between MHA and State Governments stipulate that “PWD/RCD, may take up this work on Deposit basis as per provisions of the CPWD manual. PWD/RCD shall be paid agency charges at seven *per cent* of the actual cost of the work”. Further, Clause 11 of MoU states that “agency charges/balance agency charges will be paid in last installment after all requirements like submission of Project Completion Report etc. have been fully complied with by the executing agency.”

As per the CPWD manual, the term ‘Deposit Works’ is applied to works of construction or repairs and maintenance, the cost of which is met out of Government grants to Autonomous or Semi-Autonomous Bodies or Institutions through their Administrative Ministries, or is financed from non-Government sources wholly or partly from: (a) Funds of public nature, but not included in the financial estimates and accounts of the Union of India or (b) Contributions from the public. As per para 3.6 of the CPWD Works Manual, the deposit for a work should be

realised before any liability is incurred on the work. Further, it has to be ensured that the expenditure incurred is not more than the deposit received for the work. Further, as per Para 3.1.1.4 of CPWD manual, no departmental charges are to be levied for Government Works. Departmental charges are to be levied for the works of private organisations, Local bodies and PSUs.

CCS Note envisaged that the Central Government will only bear the construction cost and all other expenditure will be borne by the State Government. Further examination of other Central Sponsored Schemes like Centre Road Fund and Pradhan Mantri Gram Sadak Yojana (PMGSY) revealed that the Central Government does not bear any agency charges except the construction cost.

Audit noted that there is no justification for incorporating the clause related to seven *per cent* agency charges to State Governments, as the clause is not in compliance with the above provisions and instructions. It will lead to extra financial burden of ₹ 270 crore²⁴ on Central Government.

MHA stated (December 2020) that the draft MoUs were finalised by it in consultation with Integrated Finance Division that includes a Technical Cell. Technical Cell mentioned that five to 10 *per cent* (agency charges) is being added in the estimates towards difficult working conditions of border areas and that as per CPWD manual, maximum seven *per cent* Agency Charges are payable for works costing more than ₹ five crore. In view of this, the Agency Charges was fixed at seven *per cent* on recommendation/approval of IFD.

The reply of the MHA is not acceptable as the MoU signed with State Governments provided for seven *per cent* agency charges on deposit works as per CPWD manual. However, nothing regarding levy of agency charges due to difficult terrain conditions was mentioned in the MoU and approved CCS Note. Moreover, as per Para 3.1.1.4 of CPWD Manual 2019, no departmental charges are to be levied for Government Works.

In the exit conference (February 2021) Audit requested that the matter be taken up with the State Government so that no agency charges should be taken for such projects with national security implications. MHA agreed and requested (March 2021) State Governments accordingly.

²⁴ Seven *per cent* of ₹ 3853 crore projected cost as per CCS Note 2010.