

# **EXECUTIVE SUMMARY**



## Executive Summary

### Central Road Fund

Central Road Fund (CRF) is a non-lapsable fund created under Section 6 of the CRF Act out of cess/tax imposed by the Government of India (GoI) on the sale of Petrol and High-Speed Diesel for the development and maintenance of NH and other State roads including roads of inter-State and economic importance, development of rural roads, construction of roads either under or over the Railways by means of bridges *etc.* The cess collected is initially credited to the Consolidated Fund of India and subsequently transferred to CRF.

### Why did we take up this audit?

Uttar Pradesh, the most populous state, is second ranked state of the country in terms of road length. Having a well maintained, robust road network spanning across the State is a crucial prerequisite for fast paced economic growth.

As of January 2023, the roads network under the jurisdiction of Public Works Department in Uttar Pradesh stretched over 2,98,242 kms out of the total road network of 4,42,907 km in the State. The State Government incurred an expenditure of ₹ 7,257.86 crore under Central Road Fund on upgradation of roads during 2016-17 to 2022-23.

The Performance Audit covering period from April 2016 to March 2022 was undertaken to examine (i) whether adequate planning for identification, selection and prioritisation of roads and effective financial management was in place; (ii) whether projects were formulated with an objective to implement the scheme in an economical, efficient and effective manner; (iii) whether projects were executed in accordance with applicable rules/regulations; and (iv) whether quality control and monitoring system was adequate and road safety measures were effective in road construction and maintenance.

### What audit found and what do we recommend?

Audit found lapses in planning and execution of works under CRF. The shortcomings observed by Audit are outlined in the succeeding paragraphs.

### Planning and Financial Management

To prioritise the road works for execution in a systematic manner, it was desirable that the Department should prepare long, medium and short term plans.

Proposals under CRF were got sanctioned by the Public Works Department in an *ad hoc* manner as no comprehensive plans were prepared in the State for upgradation of roads under CRF up to 2021-22. However, annual plan was prepared since 2022-23. Further, periodical traffic surveys were not conducted, due to which identification and prioritisation of roads for upgradation could not be carried out properly.

There were significant differences between budget provision and actual requirement as to execute CRF works costing ₹ 6,492.09 crore, GoUP provisioned ₹ 20,730 crore (319 *per cent*) during 2016-17 to 2022-23.

### **Preparation of estimates and technical sanction**

Traffic census was not conducted as per IRC norms. Further, the Department relied upon indicative values instead of calculating actual traffic growth rate and vehicle damage factor based on periodical traffic census and axle load surveys to assess design traffic for pavement designing of roads.

Requisite California Bearing Ratio (CBR) tests of soil to assess subgrade strength were either not conducted or were deficient based on which pavement design were approved and technical sanction of road works were accorded.

### **Tendering and execution of works**

Tenders were invited before administrative approval, financial sanction and technical sanction of works in contravention to financial rules and tendering norms. Bids were invited giving short tender notices.

After opening of financial bids, Bill of Quantities (BoQ) of 15 tenders out of 111 were revised (by more than 50 *per cent*) by deletion of basic and essential items required for the execution of road works which were later executed as extra items. Despite change in the BoQ, awarding the works without inviting fresh NITs was not appropriate and deprived other bidders of the opportunity to submit the bids according to the changed BoQ.

Insurance covers required as per conditions of contract were not provided by the contractors in any test checked contract except one contract in Gautam Budha Nagar.

Seventy eight *per cent* of the test checked works were completed with delays ranging between 59 to 1474 days from their scheduled date of completion.

### **Payments and Accounting of expenditure**

Divisional officers could not ensure that the amount of mobilisation advance in 74 contracts and equipment advance in 66 contracts paid to the contractors had actually been utilised for intended purposes. Secured advances in eight works and payments for items not included in BoQ in nine works were made in contravention of the contract conditions.

Divisional officers had paid ₹ 45.68 crore to contractors before measurement of eight executed works in contravention of condition of contracts.

There were instances of significant differences between amount paid to contractors and expenditure recorded in books of accounts by the divisions in the respective financial years during 2016-17 to 2021-22. Some of the reasons for differences in accounts were advances to suppliers and parking of funds outside government accounts.

### **Internal Control and Monitoring**

Important records such as works abstract, register of works, contractor's ledger, *etc.*, were not maintained in any sampled Divisional offices. In absence of these essential records actual expenditure incurred on works and its correct accounting/classification in book of accounts could not be ascertained and recoveries against advances and other payments made to contractors could not be monitored properly.

Departmental officers did not accord due importance to the requirement of conducting road safety audits for making state roads safer and compliant to road safety norms.

#### **Good Practices**

- (i) The Department developed a Road Information System (*Srishti*) for collection of inventory, condition, traffic data and events of roads, *etc* for data analysis and design purposes.
- (ii) As observed by Audit, the Department awards the work through e-tendering process.

#### **Recommendations**

Audit recommends that:

- The Department should conduct periodical traffic census and axle load survey for calculation of design traffic as per IRC specifications and upload the same on *Srishti* web portal and use in pavement designing.
- Data updation on *Srishti* portal should be ensured to facilitate proper identification and prioritisation of roads for upgradation.
- The Government should submit proposals under CRF after ensuring availability of encumbrance free land.
- CBR test of subgrade soil as per norms should be ensured before granting technical sanction and complete chronology regarding CBR test should be documented.
- Department should avoid the practice of short-term tender notices to improve competitiveness and fairness in the tendering process.
- The Department should ensure that significant change should not be made in BoQ after opening of tender.
- The Government should examine cases of irregular advances and fix the responsibility on erring officials.
- Payment should be made only after measurement of executed work duly recorded by the officials. Further, the Government should examine the cases of short or non-deduction of labour cess and fix the responsibility on erring officials.
- Mandatory tests of materials, inspections of roads by higher authorities and road safety audits should be ensured by the Department in order to make roads safer for the users and public at large. Responsibility should be fixed for any shortfall in quality tests.