

Chapter 4: Public Works Department

Paragraphs

4.1 Non-adherence to fire safety norms in Players' Building

Failure to ascertain the specific fire safety requirements and ensure that the existing ramps and plaza of the Players' Building conformed to these requirements before awarding the related improvement works resulted in these requirements being compromised, notwithstanding expenditure of Rs. 46.43 lakh.

As part of the project for remodelling of the Players' Building in the Indira Gandhi Stadium Complex, the Project Manager awarded the work of rehabilitation of the existing portion of the vehicular ramps providing access to the building and construction of their balance portion to a contractor in August 1998. The work commenced in August 1998 and was to be completed in November 1998. At the time of commencement of the work, recommendations of the Chief Fire Officer, Delhi Fire Service, on the adequacy of the safety measures against fire hazards based on scrutiny of the building plans had, however, not been received.

While the work was still in progress, the Chief Fire Officer pointed out *inter alia* in May 1999 that the main entrance of the building should be of adequate width to allow easy access to the fire tenders. He had further recommended that the ramps and plaza should be of a hard surface and be capable of bearing the weight of the fire engines (45 tonnes) for easy movement. The Project Manager did not, however, review the adequacy of the designed load bearing capacity of the ramp in the light of these significant recommendations so as to initiate appropriate corrective measures from the fire safety angle. Instead, the contractor was allowed to complete the work, which was done in October 1999, and payments aggregating to Rs. 46.43 lakh were also made to him in full and final settlement.

Audit scrutiny revealed that the Department had informed the Executive Engineer (E), Players' Building Project, only in August 2000 that the designed load bearing capacity of the vehicular ramps was class 'B' train of loading according to IRC standards, equivalent to a maximum axle load of 6.80 tonnes only. The Executive Engineer was also informed that it would

therefore, not be advisable to use these ramps as approaches for heavy vehicles.

The Chief Fire Officer had noted in November 2000 that, according to the Departmental authorities, the strengthening of the ramps had been planned and was likely to be completed within a period of five to six months. However, the proposed strengthening had not been undertaken even as of May 2002 though the Government Secretariat had shifted to the Players' Building.

The Department stated (May 2002) that the contractor having completed more than 60 *per cent* of the columns and 90 *per cent* of the foundation work, the incomplete plaza and ramps were handed over to the Public Works Department, which got the remaining work completed to match the existing structure and that this was done before the observations of the Chief Fire Officer were received. The Department added that though the process to strengthen the ramps and plaza was initiated based on the observations of the Chief Fire Officer, the proposal submitted by the consultant was not found feasible because the building and, in particular, the affected areas had already been occupied. The Department further stated that another proposal that would cause the least disruption to the occupants and would also be feasible was being envisaged.

However, the works relating to the ramps were still in progress when the observations of the Chief Fire Officer were received in May 1999. More importantly, having due regard to the imperative need to adhere to the fire safety norms, commencement of the work in August 1998 without ascertaining the specific safety requirements and ensuring that the existing ramps and plaza conformed to these specifications would not appear to have been prudent. Though the building has already been occupied, free and unhindered access for the Fire Service in the event of a fire is yet to be provided and safety standards have been compromised in the process. It would appear *prima facie* that the fire safety requirements were not considered with the seriousness that they rightly deserved. Further, considering the fact that the present load bearing capacity of the ramps is only 6.80 tonnes as against the stipulated requirements of 45 tonnes, substantial cost overrun is also likely and the expenditure of Rs. 46.43 lakh already incurred could also prove infructuous in the final analysis.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.2 Idle investment

Failure to pursue with a sense of urgency the question of conversion by the Delhi Vidyut Board of the high tension overhead transmission lines traversing the Players' Building into underground feeder cables resulted in investment of Rs. 90.48 lakh remaining idle for over two years, with its attendant impact on costs.

Following the decision to remodel the Players' Building to accommodate the Secretariat of the Delhi Government, the Project Manager requested the Delhi Vidyut Board in February 1999 to shift two 33 KV high tension overhead transmission lines that were passing in front of the main VIP entrance of the Building and through the campus. It was only in February 2000 that the Board submitted, after a joint inspection, an estimate for Rs. 88.44 lakh for converting the overhead lines to underground feeder cables. This amount was paid to the Board in August 2000. Further Rs. 0.17 lakh was paid in December 2000, as additional charges @ 12 per cent towards cost escalation demanded by the Board in October 2000.

While the work was yet to be taken up, the Project Manager informed the Board in September 2000 that, while the building had been partially occupied, the overhead conductor had broken twice within the span of a month and that a person was also reported to have died in the process due to electrocution. The Board was therefore urged to expedite the conversion of the overhead lines for which payment had already been made so as to avoid further accidents.

Action to ensure the provision of underground feeder cables was, however, not taken immediately thereafter. A further amount of Rs. 1.87 lakh, representing the difference in cost, was, however, paid to the Board in June 2001. The issue had also not been effectively pursued by the project authorities till August 2001, when the Board was again requested to execute the work at the earliest. In response, the Board forwarded the drawings for the laying of the underground cables in August 2001 for according the necessary approval. However, the drawings were not approved even thereafter and the Board had consequently not taken up the work even as of July 2002.

On this being pointed out in audit, the Department stated (November 2002) that all functions hitherto performed by the Delhi Vidyut Board for distribution of power having been transferred to private companies, the drawings submitted in August 2001 had ceased to be of relevance and that the private distribution company responsible (BSES, Yamuna Power Company Limited) would take up this work only if the amount already paid to the Board

was transferred to it. The Department added that the Special Secretary (Power) had been requested to resolve this issue in consultation with the Delhi Vidyut Board.

The power distribution functions of Delhi Vidyut Board were privatized only with effect from July 2002. The proposal for shifting the overhead transmission lines had also been initiated as early as in February 1999. In the circumstances, it ought to have been possible for the project authorities to ensure that the work, considered essential, was executed at least during the intervening period of more than three years if not before the Delhi Secretariat shifted to the Players' Building. The Department's reply is also silent about the reasons for not approving the drawings submitted by the Board nearly a year prior to the privatization of its distribution functions. It would appear *prima facie* that this issue was not pursued with the sense of urgency that it deserved. Failure to do so resulted in the investment of Rs. 90.48 lakh for the conversion of the overhead lines into underground feeder cables remaining idle for over two years. Besides, the estimates prepared during 1999-2000 may no longer be valid and additional investments could conceivably be necessary to remedy what is admittedly a hazardous situation.

The matter was referred to the Government in November 2002; their reply was awaited as of December 2002.

4.3 Avoidable additional payment on account of cost escalation

Failure of the Department to adhere to the codal provisions and ensure unhindered execution of works by two contractors resulted in avoidable additional payments aggregating to Rs. 409.35 lakh on account of escalation in the cost of labour and materials.

Rules envisage that the Public Works Department should not issue tender notices unless all tender documents including complete set of architectural and structural drawings and sites free from encroachment and hindrance are available¹. The Department is also responsible for supplying these documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contracts as well as for ensuring adequate coordination with various agencies involved for the unhindered and timely execution of works.

¹ Para 4.21 and 17.3.2 of CPWD Manual Vol.II.

Earlier Reports of the Comptroller and Auditor General of India² had highlighted instances of avoidable payments on account of cost escalation to contractors, attributable to inadequate preparatory work done by the Public Works Department.

The Executive Engineer, Public Works Division, XIV entrusted the following two works to contractors in September 1994 and January 1999 without ensuring these essential requirements before finalising the relevant contracts resulting in the works not being completed as stipulated:

Sl. No.	Particulars of work	Tendered cost (Rs. in lakh)	Date of completion		Extent of delay in completion (in days)
			Scheduled	Actual	
1.	Construction of 4 flyovers and sub-ways in Delhi ³	4080	21.01.2000	18.7.2001	545
2.	Re-construction of the existing bridge across Najafgarh Drain on Ring Road	351	06.10.1996	17.4.2001	1655

The slippages in the completion schedules in these two cases were primarily attributable to the Department, the reasons for which have been analysed in the following table:-

Sl. No.	Nature of delay	Construction of flyovers		Reconstruction of existing bridge	
		Extent of Delay		Extent of Delay	
		In Days	Percentage	In Days	Percentage
1.	Belated approval of drawings	190	35	1138	69
2.	Making available the site to the contractor	178	32	350	21
3.	Shifting of service lines	41	7	-	-
4.	Other reasons	141	26	167	10
	Total	550⁴		1655	

² Para No. 3.16, 3.12, 3.248 to 3.252 and 4.3 of Audit Report of Comptroller and Auditor General of India on Government of NCT of Delhi for the year ended 31 March 1996, March 1999, March 2000 and March 2001 respectively.

³ Subsequently during execution, the scope of the works to be executed was reduced as a result of deletion of one of the four sub-ways on account of site constraints and other administrative reasons.

⁴ Against this Extension of Time of 545 days was recommended.

Consequently, the two claimed additional payments, representing the difference in the cost indices of labour and materials on account of the delays attributable to the Department. Payments aggregating to Rs. 336.06 lakh and Rs. 73.29 lakh were resultantly made by the Department on account of cost escalation in respect of these two contracts upto 30 April 2001⁵ and 17 April 2001 respectively. These payments totalling Rs. 409.35 lakh could have been avoided had the Department adhered to the codal provisions and ensured the timely availability of the sites and drawings and coordinated with other agencies such as the Delhi Vidyut Board, Jal Board, Mahanagar Telephone Nigam Limited, Flood Control Department, etc.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.4 Avoidable financial burden

Failure to ensure timely availability of structural and architectural drawings to the contractor and enable the unhindered execution of the works delayed their completion and resulted in the Government having to bear an additional financial burden of Rs. 86.91 lakh, of which Rs. 42.91 lakh would otherwise have been reimbursed by the International Development Association in the form of a soft loan.

The Institute of Printing Technology in the campus of the Pusa Polytechnic of the Department of Training and Technical Education was to be established under the Second Technician Education Project funded by the World Bank (International Development Association).

Public Works Division-27 invited composite tenders covering the civil, electrical, air-conditioning and horticultural works in January 1997. The lowest tenderer failed to furnish the stipulated performance security. The contract for these works was therefore awarded in January 1998 to the second lowest tenderer at a cost of Rs. 171 lakh. The works were to commence on 17 February 1998 and were to be completed within a period of 12 months by 16 February 1999.

⁵ Though the works were completed only on 18 July 2001, payment was restricted only upto 30 April 2001 because the flyovers had been opened to traffic on 15 May 2001 pending the provision of electricity connection and the contractor had accepted that no loss had been suffered on this account.

The works were, however, completed only on 5 December 2000 after a delay of 658 days at a total cost of Rs. 214.98 lakh. Reasons for the time overrun were as follows:

Reason	Number of Days
Belated issue of various structural drawings by consultants and architects	446
Delay in arriving at decision in regard to colour scheme	44
Delay in deciding type of chips to be used	32
Other reasons	136

While the Department did not fix responsibility for these delays, the International Development Association agreed to reimburse only such expenditure as had been incurred up to 31 October 1999 and accordingly reimbursed a sum of Rs. 128.07 lakh, the remaining expenditure (Rs. 86.91 lakh) being borne by the State Government.

Audit scrutiny revealed that of the expenditure of Rs. 86.91 lakh borne by the State Government, an amount of Rs. 42.91 lakh was not reimbursed by the International Development Association because of the belated completion of the project, while the balance amount of Rs. 44 lakh represented the cost overrun attributable to changes in scope and deviations (Rs. 23 lakh), inclusion of additional items not provided for in the contract (Rs.11 lakh), substitutions (Rs. 3 lakh) and escalation in cost of materials and labour during the intervening period (Rs. 7 lakh). Considering the fact that the cost overrun attributable to factors other than escalation constituted 22 *per cent* of the original tendered cost, it would appear that the original estimates were not realistic or reliable.

Failure of the Department to ensure that all structural and architectural drawings were made available to the contractor in time and enable the unhindered execution of the works delayed their completion as stipulated and resulted in the Government having to bear an additional financial burden of Rs. 86.91 lakh, of which Rs. 42.91 lakh would otherwise have been reimbursed by the International Development Association as a soft loan repayable over a period of 25 years.

The matter was referred to the Government in September 2002; their reply was awaited as of December 2002.

4.5 Irregular expenditure on deployment of personnel

Unauthorised deployment, without competent authority's sanction, of personnel in excess of the sanctioned strength resulted in irregular expenditure of Rs. 38.16 lakh.

Public Works Division XXI is responsible for the upkeep and maintenance of the Ring Road from Raj Ghat to Ashram Chowk, Bhairon Road, Kisan Ghat Road, Delhi Sachivalya Road, S.A. Road and other PWD Roads within its jurisdiction.

The Finance Department of Government of NCT of Delhi had sanctioned only four posts of Chowkidars for the office premises of this Division. However, as many as 17 Chowkidars were in position, resulting in the deployment of 13 Chowkidars in excess of the sanctioned strength. Besides, a Works Assistant had also been deployed by the Division though the post had not been specifically sanctioned. Expenditure incurred by the Division on the pay and allowances of these personnel deployed unauthorisedly aggregated to Rs. 17.89 lakh during the period from April 2001 to August 2002.

Further, notwithstanding the availability of 13 Chowkidars in excess of the sanctioned strength, the Division also engaged the services of 40 private security guards during April 2001 to August 2002 and incurred expenditure of Rs. 20.27 lakh on their deployment without the approval of the Competent Authority. While no justification for engaging their services was available on record, the entire expenditure on their deployment in the Divisional office, Sub-divisions, Enquiry offices, various stores, ITO subway, etc. was irregularly classified as works expenditure.

The Executive Engineer stated that the competent authority had been approached for sanction to the 13 posts of Chowkidars and a post of Works Assistant. He added that the private security guards had been engaged for safeguarding the Government properties and stores under the jurisdiction of the division round the clock and that the expenditure on their deployment had been correctly classified as works expenditure.

However, in terms of paragraph 4.33 of the Central Public Works Department Manual, Divisional Officers are empowered to incur contingent expenditure only in respect of on-going works. Expenditure on regular watch and ward arrangements of Government properties can, by no means, be treated as works expenditure. Deployment of personnel in excess of the sanctioned strength and of private security guards without the approval of the competent authority resulted in irregular expenditure of Rs. 38.16 lakh.

The matter was referred to the Government in October 2002; their reply was awaited as of December 2002.

4.6 Unfruitful expenditure on construction of City Museum

On account of failure to foresee restrictions on construction activities in the vicinity of protected monuments, a prestigious project for the construction of a City Museum conceived more than fifteen years ago is yet to take off, resulting in expenditure of Rs. 30.85 lakh initially incurred remaining unfruitful and in the non-realisation of the objectives envisaged. More than 50 per cent of the land acquired for the purpose having been taken over in the meantime by the Delhi Metro Rail Corporation, the concept of the project itself may have to be reviewed and changes that may be necessary as a consequence in the scope of the project and the time overrun will have an inevitable impact on the project cost.

Based on a decision of the Lieutenant Governor in July 1986 to construct a City Museum in Delhi, a high level committee constituted for the purpose in June 1987 approved its location on a 22-acre plot at Kashmere Gate. The Sahitya Kala Parishad, an autonomous body under the Government, was responsible for financing the project considered to be a prestigious one.

In December 1990, the Sahitya Kala Parishad issued administrative approval and expenditure sanction for implementation of the project as a deposit work by the Public Works Department at an estimated cost of Rs. 4.95 crore, against which provision of funds amounting to Rs. 1.96 crore was approved. A sum of Rs. 98.50 lakh was also paid to the Department (Construction Division- XXV) earlier in May 1990 towards the preliminary works relating to the project.

On allotment of the land to the Sahitya Kala Parishad by the Land and Development Office and after obtaining approval of the local bodies, tenders were invited in May 1994. The lowest offer received in response to the tenders invited in May 1994 was Rs. 3.62 crore. While the offers were under consideration, the estimates in respect of phase I of the project were revised to Rs. 8.33 crore in October 1994 after excluding the auditorium, development of the area, etc. originally envisaged. In the absence of any assurance from the Sahitya Kala Parishad about its willingness to provide additional funds to meet the project cost, it was decided to execute the project as a Plan scheme. The tenders were therefore rejected in March 1995. In the meantime, the Construction Division had incurred expenditure aggregating to Rs. 30.85 lakh

on purchase of land, preparation of the layout plan, issue of advertisements, shifting of water supply lines, etc.

The preliminary estimates in respect of the project were again updated to Rs. 9.07 crore and modified further to Rs. 12.11 crore in July 1996. Tenders for construction of the Museum building at an estimated cost of Rs. 6.85 crore were, however, invited only more than four years later in November 2000.

The work, awarded in December 2000 at the tendered cost of Rs. 7.20 crore, was to commence in March 2001 and was to be completed by March 2003. An interest-bearing mobilisation advance of Rs. 30 lakh was paid to the contractor against a bank guarantee of Rs. 34 lakh provided by him. However, on commencement of the work and excavation of part of the foundation, the Archaeological Survey of India had issued a show cause notice to the Department pointing out that the construction of the building in a prohibited area in the vicinity of the adjoining protected monuments was unauthorised and illegal. As a result, the work had to be suspended and had not been resumed as of June 2002. In the meantime, the Delhi Metro Rail Corporation had taken over permanently 11.86 acres of the land for construction of the Metro. Details of the payment, if any, made on this account by the Corporation were not readily ascertainable.

The Division stated (June 2002) that an application for issue of a No Objection Certificate by the Archaeological Survey of India had been made immediately on receipt of the show cause notice and that this question was still under consideration of the latter. The Division added that the mobilisation advance paid to the contractor had not been recovered in anticipation of further execution of the work on receipt of the Certificate from the Archaeological Survey of India and that this will be adjusted from the contractor's on account bill that was yet to be paid.

In this milieu, the prestigious project conceived more than fifteen years ago is yet to take off and the expenditure of Rs. 30.85 lakh initially incurred on behalf of the Sahitya Kala Parishad has remained unfruitful and the objectives have remained unrealised. The mobilisation advance of Rs. 30 lakh is also yet to be recovered. The restrictions on construction activities in the vicinity of protected monuments should have also been foreseen. More importantly, as a result of more than 50 *per cent* of the land acquired for the purpose having been taken over by the Delhi Metro Rail Corporation, the concept of the project itself may have to be reviewed and revised even if the No Objection Certificate from the Archaeological Survey of India is obtained. Such changes as are introduced in the scope of the project and the time overrun will necessarily have an impact on the project cost.

The matter was referred to the Government in June 2002; their reply was awaited as of December 2002.

4.7 Non-recovery of outstanding dues from a defaulting contractor

Failure of the Department to initiate prompt and effective action to enforce recovery of Rs. 17.68 lakh from a defaulting contractor resulted in the dues remaining unrealized for nearly two years to the detriment of Government's financial interests.

According to the standard conditions of contract of the Central Public Works Department, if a contractor fails to complete the work entrusted to him within the stipulated time, the contract is to be rescinded and the balance work got executed through another agency or departmentally at the risk and cost of the defaulting contractor.

The Executive Engineer, PWD-XIV Division, awarded the work relating to the widening and strengthening of Road No.25 from its junction with Road No. 89 to 'R' Block, New Rajender Nagar, to a contractor in June 1995 at the tendered cost of Rs. 90.95 lakh, against the estimated cost of Rs. 1.18 crore. The work was stipulated to commence in June 1995 and was to be completed in June 1996. However, on account of slow progress, the Executive Engineer rescinded the contract at the risk and cost of the contractor in October 1998. The contractor had by then executed work valued at Rs. 58.38 lakh, and payment of Rs. 46.53 lakh had also been made to him.

The Executive Engineer awarded the remaining work valued at Rs. 36.27 lakh to another contractor in April, 1999 at the risk and cost of the first contractor at the tendered cost of Rs. 51.48 lakh. The remaining work was completed at a cost of Rs. 66.05 lakh in August 2000.

In terms of the risk and cost clause in the agreement, an amount of Rs. 21.34 lakh was determined to be recoverable from the first contractor. However, apart from informing the contractor in October 1999 and March 2001 of the amount recoverable from him under the 'risk and cost' clause, the Division did not take effective steps to enforce the recovery.

Additionally, the Superintending Engineer (DS&CM) levied compensation amounting to Rs. 11.83 lakh in May 2002 for disproportionate/slow progress of work, which was also held to be recoverable from him.

As against the aggregate amount of Rs. 33.17 lakh held to be recoverable from the contractor, a sum of Rs. 15.49 lakh only was available with the Department, representing the balance amount payable to him for works executed by him (Rs. 10.45 lakh), security deposit paid by him (Rs. 4.69 lakh) and security recovered from the running bills (Rs. 0.35 lakh). The balance amount of Rs. 17.68 lakh had not, however, been recovered as of June 2002.

On this being pointed out in audit, the Chief Engineer stated (June 2002) as follows:

- While details of the amount due from the contractor had been circulated to other Divisions in June 2002, the Division was also being advised to initiate a proposal for the appointment of an arbitrator to adjudicate the dispute as it was likely that the contractor might not respond to the communication sent to him.
- Since recovery of the compensation levied could not be referred to arbitration in the light of a Supreme Court judgement, the Executive and Superintending Engineers were being advised to make an immediate reference for filing a suit for its recovery in a competent court.

It would, therefore, be evident that effective action was not initiated promptly to enforce recoveries due from the defaulting contractor and to safeguard Government's financial interests. Details in this regard were also circulated to other Divisions only after the non-realization of the dues was pointed out in audit. Had prompt action been initiated, recoveries could have been effected and the necessity for arbitration and protracted litigation avoided.

The matter was referred to the Government in July 2002; their reply was awaited as of December 2002.