

CHAPTER - IV
WORKS EXPENDITURE

SECTION – A REVIEW

ROADS AND BUILDINGS DEPARTMENT

4.1 State Highways

Highlights

Second Road Development Plan (1981-2001) for Gujarat envisaged increase of the road length of State Highways to 16834 kilometres by 2001. Though, the target was stated to have been achieved no information as to whether norms of conversion were satisfied in the increased length of State Highways was available with the Department. Audit scrutiny revealed that norms of maintenance and repairs, specifications of Ministry of Surface Transport for various treatments to roads etc. were routinely flouted. Further very large number of labourers were employed for Maintenance and Repair works.

Excess expenditure under capital outlay and maintenance and repairs ranged upto 26 per cent and 29 per cent respectively during 1995-2001. As against norms, excess expenditure on maintenance and repairs ranged between 199 per cent and 346 per cent.

(Paragraph 4.1.4(a) and (b))

As against target of 17090 km of roads (7134 km. intermediate lane and 9956 km. single lane) only 11730 km. single lane road was constructed during 1981-2001.

(Paragraph 4.1.5)

A foreign consultant was given unauthorised financial aid of Rs.1.01 crore for payment of taxes and excess payment of Rs. one crore towards income tax liabilities.

(Paragraph 4.1.6)

Execution of Special Repair works by Executive Engineer in the very next year resulted in wasteful expenditure of Rs.1.91 crore on Surat-Olpad-Sahol road.

(Paragraph 4.1.7.1)

Doubtful expenditure of Rs.1.07 crore due to irregular execution of Special Repair work on Bagodara-Vataman-Tarapur-Vasad road.

(Paragraph 4.1.7.2)

Non-completion of various linking works on Himatnagar-Khedbrahma-Vijapura road resulted in unfruitful expenditure of Rs.4.57 crore.

(Paragraph 4.1.7.4)

Execution of works valued Rs.1.02 crore on three roads in violation of norms made the works susceptible to fast deterioration.

(Paragraph 4.1.8.2)

4.1.1 Introduction

Road Development Plan (1981-2001) (RDP) for Gujarat (March 1987) envisaged increase of road length of State Highways (SH) from 9158 kilometers (km.) to 16834 km. by 2001 and to convert 25 per cent of existing length into two lane carriage way (7 meter width), 50 per cent into intermediate lane (5.5 meter width) and remaining 25 per cent into single lane (3.75 meter width). Achievement in increasing the length of SH by March 1995 was 19665 Km. During 1995-2001 further 245 Km was achieved. Of these 521 Km was converted into National Highways leaving net length of 19389 Km as on March 2001.

Further, under the “States Road Infrastructure Development Technical Assistance Project” Gujarat received Rs.42.23 crore during January 1997 to June 2001 from the World Bank for high priority road investments. This was aimed at promoting policy reforms by the participating State in the provision, financing and maintenance of road infrastructure in the form of project preparation and implementation, policy and institutional development and project management.

4.1.2 Organisational set up

Principal Secretary, Roads and Buildings (R&B) Department is in overall charge of the works relating to Roads and Bridges. Chief Engineer and Additional Secretary (CE&AS) is the head of the Department and is assisted by six Superintending Engineers (SEs) with 25 Divisions headed by Executive Engineers (EEs).

4.1.3 Audit coverage

Records of CE&AS, Gandhinagar, two circle offices** and eight* R&B Divisions and World Bank Project executed by State Road Project Division, Gandhinagar for 1995-96 to 2000-2001 were reviewed between December 2000 and May 2001. Important points noticed in audit are discussed below.

4.1.4 Financial outlay and expenditure

(a) Capital works

Budget provisions and expenditure for capital outlay on Roads and Bridges, during 1995-2001 were as under :

(Rupees in crore)				
Year	Budget provision	Expenditure	Excess	Percentage of excess
1995-96	65.53	70.02	4.49	7
1996-97	100.68	104.14	3.46	3
1997-98	116.96	147.14	30.18	26
1998-99	172.66	183.56	10.90	6
1999-2000	190.00	198.70	8.70	5
2000-2001	275.16	283.35	8.19	3
Total	920.99	986.91	65.92	--

Source : Appropriation Accounts of the Government of Gujarat.

Capital expenditure exceeded the budget provision

There was excess expenditure under capital outlay upto 26 per cent. Reasons for wide variation in 1997-98 were due to excess drawal of grant than budget provision. Government stated (June 2001) that the excess expenditure was due to good progress of work. No details of actual completion of works *vis-à-vis* estimates were furnished by the Government. It was further noticed in test-checked divisions that excess expenditure on capital outlay varied from 25 per cent (Surat) and 48 per cent (Nadiad). Though the Divisions attributed excess expenditure mainly to good progress of work it was noticed that in three divisions 10 works undertaken between 1995-2000 were completed at a cost of Rs.10.79 crore against the estimated cost of Rs.7.49 crore (Appendix-LXVII). In these cases, delays ranged from two months to 34 months in their completion. The cost overrun ranged

** Rajkot and Gandhinagar

* Ahmedabad, Anand, Himatnagar, Nadiad, Rajkot, Surat, Surendranagar and Vadodara.

up to 98 per cent in some of these works during this period. No reasons for time overrun and cost overrun was furnished by the Divisions though called for. However, it was stated by two divisions that adequate budget was not provided.

During 1995-2001, 729 road works were taken up at an estimated cost of Rs.264.37 crore by the eight test checked divisions. Out of this, 608 works were completed at Rs.220.78 crore and 121 works were in progress. In 161 works, extension of time limit was granted without recovery of liquidated damages. In 81 cases time limit was not granted and liquidated damages were recovered.

(b) Maintenance and repair works

According to Government circular (May 1993), 65 per cent of total M&R grant was to be utilised for special repair and 35 per cent for current repairs. Details of M&R budget grant and expenditure under Maintenance and Repairs (M&R) to Roads and Bridges during 1995-2001 were as under:

M&R expenditure significantly exceeded the budget provision upto 1997-98

(Rupees in crore)				
Year	Grant allotted	Expenditure incurred	Excess (+) Savings(-)	Percentage of excess expenditure
1995-96	88.00	113.86	(+) 25.86	29
1996-97	110.00	127.23	(+) 17.23	16
1997-98	110.00	135.68	(+) 25.68	23
1998-99	153.50	155.26	(+) 1.76	1
1999-2000	149.63	141.42	(-) 8.21	--
2000-2001	160.80	140.14	(-)20.66	
Total	771.93	813.59	41.66	--

Source: Information furnished by the Government.

Government stated (June 2001) that excess expenditure was due to good progress of work, increase in wages of work charged (WC) employees and cost of material etc. The reply was too general without supporting details. During test-check it was noticed that R&B Divisions, Ahmedabad and Surat incurred M&R expenditure of Rs.10.48 crore and Rs.8.77 crore against budget allotment of Rs.7.76 crore and Rs.6.14 crore in 1997-98 respectively. This was attributed by EEs to payment of wages to WC establishment. This was not tenable as wages were to be met from 35 per cent grant allotted under M&R and in Ahmedabad Division number of Work charged staff was less than the norms.

(c) As per recommendation of Eighth Finance Commission norms fixed (December 1986) for incurring expenditure per annum on M&R were Rs.18500 per Km. for single lane and Rs.23,500 per Km. for double lane. Norms were routinely violated every year. Mention was made in Paragraph No.4.1.1 of the Audit Report for the year ended 31

March 1997 that in three divisions[@] as against the grant of Rs.17.35 crore (1992-94) actual expenditure was Rs.35.93 crore. The excess expenditure on M&R with reference to norms was upto 1248 *per cent*.

Similarly in test-checked Divisions M&R expenditure *vis-à-vis* norms during 1995-2001 was as under:

(Rupees in crore)

Division	Average length of SH road in KM	Maximum expenditure to be incurred as per norms	Grant received	Actual Expenditure incurred during 1995-2001	Excess Expenditure		Average expenditure per Km per year (Rs. in lakh)
					With reference to grant (Percentage)	With reference to norms (Percentage)	
Surendranagar	812	10.38	30.48	31.08	0.60 (2)	20.70 (199)	0.64
Anand	816	3.22	10.09	10.30	0.21 (2)	7.08 (220)	0.63
Rajkot	1250	11.91	46.77	47.05	0.28 (1)	35.14 (295)	0.63
Surat	1268	14.38	41.82	45.26	3.44 (8)	30.88 (215)	0.59
Himatnagar	999	14.05	43.46	44.81	1.35(3)	30.76 (219)	0.75
Nadiad	924	12.40	52.34	55.34	3.00 (6)	42.94 (346)	1.00
	6069	66.34	224.96	233.84	8.88	167.50	

The expenditure admissible per km as per norms was Rs.0.19/Rs.0.24 lakh. However, actual expenditure per Km in test-checked divisions ranged between Rs.0.59 lakh (Surat) and Rs.1.00 lakh (Nadiad).

M&R expenditure was beyond norms by 2 to 3 times

Excess expenditure with reference to norms ranged between 199 *per cent* (Surendranagar) and 346 *per cent* (Nadiad). EEs stated that excess expenditure was due to increase in pay and allowances of WC staff which accounted for 4 *per cent* to 34 *per cent* of the grant allotted.

Avoidable expenditure of Rs.6.66 crore on excess labourers

(d) As per the norms fixed by the Government in April 1988, three labourers per 10 Km length of road for M&R were to be deployed. This is never followed. Mention was made in Para 4.1.6(B)(iii) of Audit Report for the year ended 31 March 1998 that in four divisions 1117 labourers were engaged in excess of norms during 1994-1997 resulting in excess expenditure of Rs. 3.44 crore. Similarly, in R&B Divisions, Surendranagar and Surat as against 1462 and 2282 labourers admissible as per norms, 2748 and 2759 (188 *per cent* and 121 *per cent*) labourers at the rate of 34 labourers and 20 labourers per 10 Km were engaged respectively during 1995-2001 which resulted in avoidable expenditure of Rs.6.66 crore.

4.1.5 Physical target and achievements

The length of State Highways increased to 19379 km. as of March 2001 by converting 10221 km Major District Roads (MDR), Other

[@] (1) Navsari, (2) Surat -I and (3) Surat - II

District Roads (ODR) and Village Roads (VR) into State Highways based on the traffic intensity and importance of a road. None of the test checked divisions prepared annual action plan for capital works/M&R works showing the annual targets during 1995-2001.

Target for constructing intermediate road not achieved

Further, department had no information whether norms of conversion was observed in the extended length of State Highways. Audit therefore could not verify effectiveness of planning and monitoring for development of State Highways.

According to RDP 1981-2001, 25 per cent (228 Km) of existing length (9158 KM) of State Highways was to be converted into two lane carriage way (7 metre width), 50 per cent (4579 KM) into intermediate lane (5.5 metre width) and remaining 25 per cent (2290 KM) into single lane (3.75 metre width). For additional new length 10221 (KM-19379 KM-9158 KM) 25 per cent (2555 KM) was to be converted into intermediate lane and remaining 75 per cent (7666KM) into single lane. As such target and achievement as per RDP as of March 2001 was as under:

Serial Number	Particulars	Position as of March 1981	Target as of March 2001	Achievement as of March 2001
1	Double lane	2231	2289	multi lane 183 6871
2	Intermediate lane	--	7134	--
3	Single lane	6351	9956	11730
4	Earthen and Metal road	576	--	595
Total		9158	19379	19379

Targets for intermediate lane were not achieved, single lane length of 11730 Km included 1412 KM* of below standard single lane. Further, SH was to be black topped, however as of March 2001, there was 595 KM remained to be black topped. No reasons for this were furnished by the Government though called for. It was also stated by the Government that no other targets were fixed.

Following major irregularities were noticed in the test checked divisions during 1995-2001.

4.1.6 Gujarat State Highways project

State Government entered into a loan agreement with World Bank in October 2000 for widening and strengthening 800-900 km of state highways. The project is operative upto December 2005. Bank agreed

* A road having width less than 3.75 meter is called below standard single lane.

to give loan of US \$ 381 million for this purpose. So far five agreements for widening and strengthening 275 km of road have been awarded and work orders issued by October 2000. However no significant expenditure have been incurred so far (March 2001) except payment for consultancy charges amounting to Rs.36.53 crore to a consultant firm for providing computer based survey and design.

(a) Unauthorised financial aid to consultant

Irregular financial aid of Rs.1.01 crore to consultant

State Government made agreements with N.D.Lea International Ltd. between December 1996 and October 1998 for providing Consultancy Services for State Highways Projects. As per terms of the agreement the Government was to pay taxes, duties, levies, fees and other imposition imposed under the applicable Law on the Consultant and personnel (other than Indian nationals and foreign nationals, now permanently residing in India) in respect of any payment whatsoever made to them by the Government in connection with carrying out the Consultancy Services. Liabilities of taxes, duties etc for payments made to the personnel by the consultant was not the responsibility of the Government.

However, it was noticed that claim of consultant for Rs.53.25 lakh on account of Income Tax Liabilities of his foreign personnel for 1997-98 was honoured by the Government (March 1999). EE stated (January 2001) that payment was made in view of special condition of the agreement as stated above. This was not tenable as government was to pay such taxes only if payments were directly made by the Government to such personnel.

Similarly, payment of Rs.47.29 lakh was made during 1996-2000 towards Service Taxes in respect of personnel (Indian nationals) of the consultant though as per the agreement, Government was to pay such taxes for Foreign Nationals only. Thus, payment of Rs. 1.01 crore beyond the terms of agreement was unjustified and resulted in unauthorised financial aid to consultant.

Excess payment of Rs.one crore towards Income Tax of the consultant

(b) From June 1997 rate of Income Tax for providing technical consultancy services was 20 *per cent* of fees paid. However, it was noticed that though payment of Rs.10.08 crore was made to the consultant between June 1997 and December 2000, instead of paying Income Tax of Rs.2.02 crore, EE paid Rs.3.02 crore towards Income Tax. This mistake resulted in excess payment of Rs. one crore. EE while accepting the audit observations stated (January 2001) that the matter was being taken up with the Income Tax department for getting the refund.

4.1.7 Capital Works

4.1.7.1 Unfruitful/doubtful expenditure

BSG work not followed by asphaltic work - wasteful expenditure of Rs.35.05 lakh

(a) Due to heavy traffic and monsoon (1988), the Surat-Olpad-Sahol road km 9/8 to 33/2 was badly damaged. Therefore, the EE, R&B Division, Surat requested (February 1989) Gujarat Engineering Research Institute (GERI), Surat to take up California Bearing Ratio (CBR) test to workout the required thickness. In its report of June 1989, GERI suggested to increase the crust up to 400 mm by taking up 250 mm WBM and 150 mm LBM plus Seal coat work.

However, test-check records of R&B Division Surat revealed that instead of keeping crust thickness to 400 mm as suggested by GERI, eight road works costing Rs.4.52 crore were executed during 1992-93 to 1999-2000 with different types of treatments in which crust thickness ranged between 37.5 mm (1992-93) and 300 mm (1995-96). Further, Built up Spray Grout (BSG) work carried out during 1992-93 in 12 kms was not covered by seal coat or any other asphaltic course as stipulated in MOST specification rendering BSG work susceptible to fast deterioration. Superintending Engineer reported (January 1993) to Government that unless BSG work was sealed, there were possibilities of deteriorating the same due to monsoon. It was also noticed that on the same length different treatments like BSG, LBM, SDC etc. were carried out during 1995-98 at a cost of Rs.1.41 crore. Thus, expenditure of Rs.35.05 lakh on BSG was largely unfruitful. EE stated (May 2001) that opening the road for traffic would provide consolidation to road. This was not tenable in view of MOST specification and SE's observation.

Doubtful carpeting work-Rs.1.40 crore

(b) 75 mm BSG plus 25 mm SDC was carried out at a cost of Rs.1.56 crore in km 9/8 to 18/4 in 1995-96. This stretch was again covered in 1996-97 by taking up 50 mm LBM plus 25 mm SDC at a cost of Rs.1.40 crore. According to norms such carpeting works were to be carried out once in four years. Therefore, taking up of the same work in the very next year was irregular. EE stated (May 2001) that due to monsoon, road was damaged badly as such carpeting was done again in 1996-97. This was not tenable as actual rainfall in the area was 645 mm during 1995. Further, information relating to report of damage sent to Superintending Engineer, if any by the Division was not furnished. Thus, execution of work at a cost of Rs.1.40 crore on the same road during 1996-97 was doubtful. This calls for an appropriate investigation.

4.1.7.2 Doubtful expenditure of Rs.1.07 crore

Special repair work taken up immediately before strengthening work expenditure Rs.1.07 crore

Estimates for improving, widening and strengthening Bagodara-Vataman-Tarapur-Vasad road, (km 30/5 to 70/0), for Rs.60.90 crore were approved by Government in September 1998. The works for 30/5 km to 57/0 km and 57/0 km to 70/0 km were awarded to contractors

‘A’ and ‘B’ in June and July 1999 respectively. It was noticed that even while the process for acceptance of tenders for strengthening work was on hand, the Chief Engineer and Additional Secretary, R&B Department, sanctioned special repair works (January 1999) and EE undertook special repair works for entire stretch of the above road costing Rs.1.07 crore through three contractors (April 1999) and got the same completed (June 1999). Thus, SR work executed just before commencement of strengthening work resulted in an unfruitful expenditure of Rs.1.07 crore due to overlapping Special Repairs (SR) work by strengthening work.

EE stated (March 2001) that repairing work was necessary as due to heavy rain, road surface was badly damaged. The contention of the EE was not tenable as road damaged in August 1997 due to rain, was made trafficable in September 1997. Thus, taking up of SR work in April 1999 just prior to commencement of strengthening work in June 1999 raises doubt about the genuineness of the work.

4.1.7.3 Unnecessary and irregular extension of time limit

**Irregular
financial aid to
contractor**

The work of widening of intermediate lane of Mahuva-Anaval road km.0/0 to 28/6 was entrusted to a contractor at his tendered cost of Rs.77.73 lakh against estimated cost of Rs.72.11 lakh in March 1995 with stipulated date of completion by March 1996. It was seen that though the workmanship of the contractor was not upto the mark, progress of work was slow, extension of time limit (February 1996) was recommended by EE and SE to Government. The extension from March 1996 to December 1996 was granted (January 1997) with the condition that liquidated damages would be payable for failure to complete the work in extended period.

Again, due to inability in completing the work within the extended period, the contractor applied for second extension from January 1997 to February 1997. EE rejected the plea for extension and recommended (June 1997) for recovery of liquidated damages (Rs.7.21 lakh), and SE Surat concurred with it. However in June 1997 EE represented to SE that according to instructions passed on by the then chairman of Public Accounts Committee, the extension of time limit once rejected by the SE should be reconsidered and forwarded to the Government with recommendation. Accordingly the extension was granted (August 1997) by the Government. Thus, irregular extension granted at the instance of the Chairman, PAC resulted in unauthorised financial aid of Rs.7.21 lakh to contractor. EE stated (May 2001) that since the extension was granted by the Government, he had no comments to offer.

4.1.7.4 Unfruitful expenditure of Rs.4.57 crore on a diversion work

**A diversion
work going on
for 20 years**

Looking to the heavy traffic intensity on Himatnagar-Khedbrahma-Vijapura road, Government accorded approval (April 1981) for

construction of a diversion (length 8.730 KM) on the above road around the Himatnagar town. So far expenditure of Rs.4.57 crore was incurred on Railway under pass (Rs.2.71 crore) (March 1997), on river bridge (Rs.1.06 crore) (September 2000), Water Bound Macadam (WBM) work (Rs.26.17 lakh) (March 1992), asphalt work (Rs.44.85 lakh) (January 1999) and canal-crossing work (Rs.9 lakh) (March 2001). However, even after expenditure of Rs.4.57 crore upto 2001, the diversion was not completed as the approach to bridge, Railway level crossing and canal crossing etc. were not completed as of May 2001. EE stated (May 2001) that nature of work was such that it was to be completed stage-wise. The reply was evidently not tenable as project of this nature ought to be taken up for time bound completion.

4.1.8 Special Repair works

4.1.8.1 Consumption of huge mix materials

Adoption of incorrect formula resulted in excess consumption of materials worth Rs.22.59 lakh

(a) As per norms (October 1987) for Mix seal surface (MSS) one metric tonne (MT) of mix material was to cover 24.15 Sq. Mt. area of road. However, in four Divisions^{\$} as against 22905 MT of mix material required to cover 553144 sq. mt. roads actual material utilised was 25797 MT which resulted in excess utilisation of 2892 MT material (13 *per cent*) valued Rs.22.59 lakh during 1997-2000. EE stated that assessment and payment of materials were on the basis of presumed density of 2.30 gram/cc. However, no representative density was taken as per records. This requires investigation at Government level.

(b) As per norms of Lean Bituminous Macadam (LBM) one MT of mix material was to cover 13.33 Sq. mt area with 37.5 MM thickness. However, it was noticed (April 2001) that while working out quantity of LBM to be laid on Viramgam–Malia–Dhrangadhra road, EE, R&B Division, Surendranagar adopted the density as 2.1 gram/cc. instead of 2.0 gram/cc which resulted in excess consumption of 407.550 MT valued at Rs.2.69 lakh. EE stated that density as 2.0 gram/cc was required to be adopted for working out the quantity. However, due to one or other reason it was taken as 2.1 gram/cc and accordingly work was carried out. Thus, it was a case of willful deviation causing excess expenditure of Rs.2.69 lakh.

Excess consumption of asphalt valued Rs.9.93 lakh

(c) As per norms, asphalt contents of the LBM and BM were to be kept at 3 *per cent* and 3.5 *per cent* of the quantity respectively. However, three divisions, while executing five works during 1996-97 kept the same at 3.5 *per cent* and 4 *per cent* respectively resulting in excess consumption of 151.474 MT asphalt valued Rs.9.93 lakh. EE stated (May 2001) that according to revised norms (1998) it was 3.5 and 4 *per cent* respectively. This was not tenable, as estimates were prepared and works awarded prior to 1998.

^{\$} Ahmedabad, Anand, Himatnagar and Surendranagar

4.1.8.2 Execution of works in violation of MOST specifications

Construction of BSG contrary to MOST specification made the works susceptible to fast deterioration

According to MOST specifications for Roads works, BSG should be provided with final surfacing without any delay. In the event of any delay it should be covered by a seal coat before allowing any traffic over it. The seal coat in such cases should be considered incidental to the work and should not be paid for separately.

(a) The work of widening and strengthening Dabhoi-Kayavarohan-Karjan road up to BSG stage was entrusted to a contractor in April 1999 with stipulated date of completion by October 2000 without providing any bituminous course for covering BSG work contrary to MOST specification. Non provision of bituminous course would adversely affect the sustainability of BSG work valued Rs.35.45 lakh. EE stated (March 2001) that due to non-receipt of fund it remained uncovered.

(b) Similarly, on the Khambat-Golana road between km 13/5 to 18/0 which was completed at a cost of Rs.8.78 lakh in January 1999 did not include bituminous course covering BSG. This was got done subsequently only in August 2000 in the same stretches. Thus the BSG work was susceptible to fast deterioration. EE did not offer any remark.

Over laying one asphaltic course by another prematurely

(c) As per Government instructions* periodicity of surface dressing after bringing existing bituminous road surface to the correct camber and gradient by necessary patchwork was prescribed once in four years. It was however, noticed that Government sanctioned 25 mm SDC on Kheda-Dholka-Rasikpura road in km 36/6 to 53/2 in December 1996 under special repair programme of State Highways and the work of BSG, LBM and MSS were sanctioned under budgeted work in May 1999. The work of 25 mm SDC was executed by the contractor in km 36/6 to 53/2 in December 1998 at a cost of Rs.15.47 lakh. EE, R&B Division Kheda, subsequently carried out BSG work overlapping 2.610 km of above SDC work in 1999-2000. Further, it was seen that LBM and MSS work was got done through contractor overlapping the entire length of SDC during January to March 2000. Thus taking up of BSG, LBM and MSS on the same stretch and that too within a year was a wasteful expenditure of SDC amounting to Rs.15.47 lakh. EE stated (February 2001) that while proposing work in 1996 it was not known that the same work would be included in budgeted work in 1999. This was not tenable as division could have excluded SDC stretch while proposing in 1999 and could have avoided the overlapping work.

* ("Hand Book for Roads Part III, Chapter 14").

4.1.9 Other points of interest

4.1.9.1 Non-recovery of liquidated damages Rs.0.83 crore

(a) The work of constructing of bridge across river Narmada between village Chandad and Poicha was entrusted to a contractor at his tendered cost of Rs.23.22 crore (estimated cost Rs.5.59 crore) vide agreement No. C-1/92-93. Work order was issued on February-1993 with stipulated date of completion by August 1996. Work worth Rs.22.14 crore was completed by May 2001 and work was in progress. The extension of time from September 1996 to April 1998 and second extension from April 1998 to May 2000 was granted by the Government (March 1999). Further extension from May 2000 to September 2001 was under correspondence. The above extensions were granted on same reasons like delay in land acquisition, increase in low water level, difficulty in sinking well, flood, plague epidemic in Surat, to frequent power cut, monsoon, delay in payment etc. which were attributable to contractor. Due to such extensions liquidated damages of Rs.55.90 lakh were not levied. EE stated (March 2001) that since the extension was granted by Government liquidated damages were not recovered. The reply was not tenable as the reasons for delays were not attributable to Department.

(b) The work of improving and widening Mahudha-Dakor road was entrusted to a contractor vide B-2/41/978-99 at his tendered cost of Rs.65.65 lakh against the estimated cost of Rs.92.35 lakh. The work order was issued on August 1998 with stipulated date of completion by December 1999. Upto October 2000, value of work done and paid was Rs.27.50 lakh. Work was in progress. Initially the work was started late by 141 days without any reasons. The workmanship of the contractor was not found to be satisfactory by the division as Box Cutting was not done as per specification nor the material stocked were of the required gradation. The contractor was time and again requested by the Division to accelerate the progress of work. However, work remained incomplete as of March 2001. As such liquidated damages amounting to Rs.9.26 lakh were required to be recovered. EE stated that had the contract been terminated for slow progress it would have resulted in time and cost overrun. The reply was not tenable as action was required to be taken as per the terms and conditions of the contract.

(c) The work of widening into two lane and strengthening Chhotaudepur- Ferkuva road was entrusted to a contractor at his tendered cost of Rs.1.64 crore against the estimated cost of Rs.1.46 crore vide work order of March 1996 with stipulated date of completion by November 1997. The work was completed on February 1998. As such liquidated damages for not adhering to Schedule 'C' and original time limit, amounting to Rs.14.54 lakh was required to be recovered. EE stated that since extension was granted by the Government, liquidated damages were not recovered. The reply was

not tenable as the contractor did not adhere to time schedule as given in contract and also reasons put forth by the contractor were not attributable to the department.

(d) The work of constructing Wankaner bye pass joining NH-8A on Wankaner- Jadeshwar road was entrusted to a contractor at his tendered cost of Rs.40.22 lakh (estimated cost 31.62 lakh). The work order was issued on September 1997 with stipulated date of completion by March 1999. The value of work done upto March 2001 was Rs.38.46 lakh. The contractor's application (February 2000) for extension of time limit upto June 2000 was rejected by the Executive Engineer as it was made after the stipulated date was over. As such liquidated damages worth Rs.3.16 lakh were required to be recovered.

4.1.9.2 Unauthorised change in road alignment

Construction of work on the different location than approved one

As per Government instructions (January 1985) the programme for special repair (SR) to roads was to be approved by the Chief Engineer (CE) and job number assigned to each SR work. Addition or alteration in the sanctioned programme could only be made with the prior approval of CE. It was noticed that SR to Kheda-Rasikpura-Dholka road from km 36/6 to 53/2 for providing 50 mm BSG and 25 mm SDC in selected 4.40 km stretches was sanctioned by CE in December 1996. However, in contravention of Government instructions work was actually carried out in different chainages, covering 5.140 km length without approval of CE. Thus, expenditure of Rs.28.51 lakh on the above work was irregular. EE confirmed that the said work was carried out in different chainages but did not offer any remarks for the violation of Government instructions.

4.1.9.3 Deficiencies in framing estimates

Government in R&B Department issued instructions (December 1994) that crust thickness of road should be ascertained by California Bearing Ratio (CBR) test before it was taken up for execution. The purpose was to maintain the required crust to avoid fast deterioration.

It was seen that the work of Dholka- Rasikpura- Kheda road km. 36/6 to 53/2 was constructed by R & B Division, Kheda in 1999-2000 at a cost of Rs.1.18 crore without ascertaining the crust thickness as required. This resulted in rendering the road susceptible to fast deterioration. EE stated (February 2001) that the CBR test was not done as it was expensive treatment. The reply was not tenable in view of Government order of December 1994.

4.1.10 The matter was reported to Government (July 2001); the reply has not been received (September 2001).

SECTION – B PARAS

ROADS AND BUILDINGS DEPARTMENT

4.2 Drawal of funds to avoid lapse of budget grant

Rupees 7.05 crore were unnecessarily drawn prematurely by Executive Engineers and paid as advance to Electrical Divisions to avoid lapse of budget grant

The Bombay Treasury Rules, 1960 (Rule 283(2)) provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from treasury in anticipation of demands or to prevent the lapse of budget grant. Further, as per Government instructions of September 1988 which provided that only after ascertaining the likely date of completion of Civil works from Civil wing, Electrical wing should start the process of electrical work.

In contravention of codal provision, during December 1995 and March 2000 Rs.7.05 crore were paid by seven[♦] divisional offices as advance to six Roads and Buildings Divisions (Electrical) for electrical installation in 40 building works by debiting the expenditure to the final heads. The amounts were credited to Deposit Account by the Electrical Divisions. In many cases, such deposits were not called for as the Civil works were not taken-up or completed when the amounts were credited to deposit. These works were not taken up immediately in such cases by the Electrical Division and the money remained unutilised for long period while the final head of accounts was booked. In this process, the budget for the works for the year was exhausted and thus opportunity for asking more funds for the works was created. The Electrical Divisions divert the funds available in the deposits for payments not related to the works for which the amounts were deposited. This malpractice was widely prevalent as discussed below:

Test-check of records (between April 2000 and February 2001) of the divisions revealed that in 15 cases (Rs.2.53 crore) civil works were not started, 15 cases (Rs.3.49 crore) civil works were in progress, two cases (Rs.0.29 crore) tenders were not approved by Government, two cases (Rs.0.06 crore) land was not available/acquired, four cases

[♦] (i) Executive Engineer Roads and Buildings Division, Dahod 6 works: Rs.55.52 lakh, (ii) Executive Engineer Roads and Buildings Division, Godhra 7 works: Rs.23.29 lakh, (iii) Executive Engineer Ahmedabad Medical (Roads and Buildings) Division, Ahmedabad 5 works: Rs.142.50 lakh, (iv) Executive Engineer C.P.Division No.IV, Gandhinagar one work: Rs.140.00 lakh, (v) Executive Engineer Roads and Buildings Division, Himatnagar 5 works: Rs.61.20 lakh, (vi) Executive Engineer Roads and Buildings Division, Rajkot 8 works:Rs.232.20 lakh and (vii) Executive Engineer Roads and Buildings Division, Surat: 8 works: Rs.49.95 lakh. – Rs.704.66 lakh

(Rs.0.12 crore) tenders were cancelled by Government, one case (Rs.0.27 crore) civil works were completed in September 1999 where as advance was paid in December 1995 and in one case (Rs.0.29 crore) plans and estimates were not approved.

The advance payment of Rs.7.05 crore, thus made to utilise budget grant, in violation of the codal provisions, was of little use as no result flowed out of such expenditure.

Executive Engineers (civil) stated (between April 2000 and February 2001) that on receipt of funds, Electrical Division prepared the estimates and did tender procedure for simultaneous execution of electrical works which were required to be started and hence advances were paid. This was not tenable in view of fact that the execution of civil work were at preliminary stage. Further, it was also noticed that in the deposit accounts of 201 works in the Electrical Divisions there was minus balance amounting to Rs.2.77 crore as of June 2001. Executive Engineers of these electrical divisions stated that amount in excess of Deposit for those works was met from Deposits received from other works. Thus, accumulated balance under Deposit Head facilitated diversion of funds from one work to another.

The matter was reported to Government in July 2000 and November 2000; reply has not been received (September 2001).

4.3 Loss of Revenue

Departmental collection of toll tax resulted in loss of revenue of Rs 6.45 crore

As per Government of India guidelines on fees for use of bridge of 1992, on permanent bridge costing Rs. one crore and above toll tax is to be levied, when opened for traffic. The executing agency shall make necessary arrangements to collect toll tax departmentally or through contractor.

The Executive Engineer, National Highway Division, Bharuch was collecting toll tax from toll plaza near Jadeshwar on NH No.8 departmentally upto 1996-97. From April 1997 the work of collection of tax was entrusted to contractor 'A' for one year at his tendered cost of Rs.8.21 crore against estimated cost of Rs.6.25 crore and extended upto May 1998 at a premium of 5 *per cent*. From June 1998 to 7 December 1999 tax was collected departmentally by the Division. From 8 December 1999 the work was entrusted to contractor 'B' at his tendered cost of Rs.13.53 crore against estimated cost of Rs.8.62 crore. Tax was collected upto 12 May 2000 by the contractor B and stopped thereafter due to stay order from High Court of Gujarat. Tax collection from 13 May 2000 onwards was done departmentally. Though, the stay

was vacated on 29 May 2000, collection of tax was not started by the contractor despite reminders as of November 2000.

Test-check of records of the division (September 2000) revealed that as against average collection per day of Rs.2.38 lakh and Rs.3.60 lakh during April 1997 to May 1998 and December 1999 to May 2000 by contractor 'A' and 'B' respectively, the average daily collection by the department was Rs.1.61 lakh during 1996-97, June 1998 to December 1999 and 13 May 2000 to August 2000.

Thus, during departmental collection, there was a huge downfall in average daily tax collection by 32 *per cent* to 55 *per cent* compared to the average collection by the contractors. Half yearly census of traffic conducted by the Department revealed that traffic was more by 6 *per cent* to 13 *per cent* during the period of departmental collection compared to the period of collection through contractor. Despite this, the collection was low even compared to potential based on existing traffic. The Division spent Rs.57.77 lakh on pay and allowance of staff engaged in Toll Plaza and thus net collection was a meagre Rs.1.54 lakh (average daily collection).

Compounding increase in revenue due to increased traffic would have been Rs.6.45 crore. The EE stated (September 2000) that the Department had to work as per labour laws and service rules applicable to Government servants. Further, insufficient security from Government and ways and means of the contractor might not be applicable to the department and period of departmental collection covered two monsoon periods.

Even considering that efficiency in departmental collection was lower than through the contractors, the fall in collection was drastic. Incidentally shortfall in collection of tax on Kantoli Khadi, Valsad was pointed out in paragraph 4.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil)-Government of Gujarat. It was noticed that on closure of departmentally collection of tax at Valsad, 17 junior clerks out of 18 employed in Valsad were deployed for collection of tax at Bharuch. Hence possibility of similar malpractices in collection of tax revenue in Valsad cannot be ruled out. The matter calls for investigation.

The matter was reported to Government in November 2000; reply has not been received (September 2001).

4.4 Link road not used for 8 years

Lack of co-ordination with Railway authorities resulted in non-completion of railway level crossing for 8 years and Rs.2.08 crore spent on the link road lies unfruitful since 1993

Administrative approval and technical sanction for the work of construction of missing link of Limbdi-Ranpur-Botad road for linking three Districts i.e. Surendranagar, Ahmedabad and Bhavnagar to State Highway through a short route were accorded for Rs.1.17 crore in September 1990. The work was split into two parts (i) 27.50 km. to 37.00 km. (estimated cost: Rs.53.37 lakh) and (ii) 37.00 km. to 44.65 km. (estimated cost Rs.51.43 lakh). The work stipulated to be completed in two years was taken up for execution in March 1991 and completed in March 1993 by Executive Engineer (EE) District, Roads and Building Division, Ahmedabad. Though the road was completed in 1993, it could not be put to use for the vehicular traffic even in October 2001 as the road was crossing the railway line near outer signal of Alau Railway Station towards Dhandhuka. Upto 2000-2001 Rs.2.08 crore was spent on the road works.

Test-check of records of the Division (August 2000) revealed that though the works including the construction of level crossing were included in the Administrative Approval (AA) and Technical Sanction (TS) of September 1990 and in the absence of railway crossing the road would not be put to use, the Executive Engineer (EE) requested the railway authority only in April 1992 for construction of a level crossing between Alau and Sarangpur Station at km. 168/0 to 169/0 on Botad-Ahmedabad railway line. The matter remained under protracted correspondence between the department and the Railway authorities upto 1999 and Rs.28.71 lakh was deposited with the Railway authority only in March 1999. The Railway authority however prepared no estimates for the work even as of October 2001. The completion of the work is therefore uncertain in near future.

Thus, due to failure of the department in synchronising work of railway crossing and pursuing the matter vigorously with Railway authorities, road constructed at a cost of Rs.2.08 crore could only be partially used (for small vehicles) since its completion.

EE stated (August 2000) that the work of construction of level crossing was to be carried out by the Railway authority and hence the delay. This was not tenable as action for construction of railway crossing was not synchronised and pursued vigorously with the railway authority.

The matter was reported to Government in November 2000; reply has not been received (September 2001).

4.5 Inordinate delay in completion of approaches to Railway Over Bridge

Failure of the Department in completing approaches to Railway Over Bridge for more than 12 years resulted in cost overrun of Rs.1.34 crore

Delay in completion of approaches to Railway Over Bridge on Karjan-Miyagam-Samni road due to failure of department for acquisition of land, soil testing, preparation of designs and drawings etc., termination of contract without recovering contractual liabilities and fixing of new agency was commented upon in paragraph 4.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 (Civil) – Government of Gujarat. Test-check of records of Executive Engineer (District) Roads and Buildings Division Vadodara (April 1999 and May 2001) revealed that delay persisted as two successive attempts of the Government to get the leftover work executed through contractors did not succeed as they abandoned the work half way. The work was finally terminated in November 1998. Thereafter, tenders were invited twice (December 1998 and May 1999) which were rejected (March and July 1999) by the Government on the plea of ‘high costs’. In July 1999 Government directed the Superintending Engineer to complete the work departmentally. The left over work was taken up departmentally through piece work tender in December 1999 and was completed in October 2000 at a cost of Rs.77 lakh. Thus, the total cost of the work amounted to Rs.2.12 crore as against the estimated cost of Rs.0.60 crore.

Scrutiny revealed that while relieving the first contractor in December 1994 the Government directed Superintending Engineer to get the remaining work done departmentally. This order was not implemented by SE on the plea that the execution of the work departmentally after inviting rates of material and labour would be inconvenient and non co-ordination of work amongst various agencies would cause delay in completion of work. However, the work was ultimately executed departmentally. Thus, non compliance of Government order by the SE (December 1994) resulted in delay of 5 years and cost escalation of Rs.1.34[#] crore. Further the total delay in the case was for over 12 years (from July 1988 to October 2000).

The matter was reported to Government in June and October 1999; reply has not been received (September 2001).

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Total Expenditure	Rs.2.89 crore	Rs.2.89 crore
Less Rs.0.76 crore expenditure on over bridge & diversion and Rs.0.79 crore original tender cost of Ist contractor		Rs.1.55 crore
Cost over run (Excess expenditure)		Rs.1.34 crore

4.6 Diversion road lying incomplete for more than seven years

Issue of work order for construction of road without acquiring forest land resulted in unfruitful expenditure of Rs.53.18 lakh for over seven years and possible cost overrun of nearly Rs.30 lakh

Gujarat Public Works Manual provides that works should not be commenced on land which has not been duly made over by the responsible Civil officer. When tenders for works are being accepted, position of acquisition of land should be ascertained from concerned authority before orders to commence the works are issued. This has been reiterated by the Government from time to time. Test-check of records of Executive Engineer, Roads and Buildings Division, Himatnagar (May 2000) revealed that the tenders for the work of construction of “diversion road outside Modasa town” were invited by the division and accepted by the Government, Roads and Buildings Department in January 1991. The tender of contractor ‘A’ of Rs.63.83 lakh (estimated cost of Rs.57.51 lakh) was accepted and work order was issued in February 1991 with the stipulated date of completion by February 1994. As against required land for 8.50 km. road, the Division had in its possession land for 7.04 km. and the balance (1.46 km.) was in forest land which was not made over to the Division at the time of issue of work order.

The contractor executed the work valued Rs.53.18 lakh as of January 1994 and stopped the work as the balance land was not made available to him. Government relieved the contractor from the work in February 1994 and final bill of Rs.53.18 lakh was paid in September 1997. Work order issued to the contractor in violation of codal provisions resulted in non-completion of diversion road for over seven years after incurring an expenditure of Rs.53.18 lakh. Further, for completion of balance work of Rs.10.65 lakh, estimate of Rs.40.48 lakh was submitted to Government in January 2000. This is likely to result in cost overrun exceeding Rs.29.83 lakh.

Government stated (May 2001) that the action of the Executive Engineer in fixing and starting the work was correct as 83 *per cent* of the land was in possession and proposal for the remaining land was made to the Forest Department well in advance. However, this is hardly tenable as the department failed to make available the required land to the contractor, as a result of which the diversion road was not completed for seven years and put to use as of August 2001.

4.7 Irregular expenditure on purchase of vehicles and office equipments out of Revenue Receipts

Rupees 48.51 lakh was spent on vehicles, office equipments etc. from revenue receipt of Government

The clause of agreement of Built Operate and Transfer (BOT) provides for payment of supervision charge of the Engineer in charge and his subordinates. This is in the nature of revenue to the Government. According to codal provisions receipt of government is required to be credited into treasury immediately on realisation and no expenditure can be incurred there from. It also provides that no expenditure can be incurred without a properly sanctioned estimate. Further, as per instructions issued by Roads and Buildings Department in May 1986, purchase of vehicles was to be made after making necessary budget provision and through Superintending Engineer, Roads and Buildings (Mechanical) Circle, Ahmedabad.

In disregard of these provisions and instructions, test-check of records (August 2000) of Executive Engineer (EE), National Highway Division, Bharuch revealed that supervision charges of Rs.1.50 crore recovered during 1998-2000 from the contractor, executing work of construction of second bridge on river Narmada at Jadeshwar on NH.8 on BOT basis, were credited under 'Public work-Deposit' instead of the concerned Revenue head as required. Out of these amounts Rs.48.51 lakh was spent by EE. (1998-2000) for purchase of vehicles (Rs.14.17 lakh), office equipments (Rs.15.12 lakh), hiring vehicles (for officers of Ministry of Surface Transport (MOST) at New Delhi) and miscellaneous purposes (Rs.19.22 lakh). The vehicles and office equipments were allotted to the higher officers/other offices not connected with Divisional works as indicated in Appendix-LXVIII. It was also noticed that:

- (i) The expenditure was incurred without properly sanctioned estimate, the vehicles were purchased at market rate instead of through DGS&D and SE, Mechanical Circle, Ahmedabad as required.
- (ii) No Budget provision for such purchases were made in the relevant years as required.
- (iii) Rupees 13.39 lakh was spent towards hire charges of three Ambassador cars used by Chief Engineers, Superintending Engineers and Personal Assistant to Director General of MOST at New Delhi. Also the paid vouchers (bills) did not indicate the details of name of offices who utilised/hired the vehicles, kms. used etc. Thus possibility of misuse of the vehicles for personal use cannot be ruled out.

Evidently, thus Government revenues were misutilised for meeting sundry departmental expenses in violation of rules, EE stated (August

2000) that vehicles were purchased as per sanction of competent authority and booked under 'Civil deposit' as funds were available in the deposits head of accounts. The vehicles were provided on hire basis as per instruction of 'higher authority' and debited against the revenue estimate on supervision charge. This was not tenable in view of the facts mentioned in the para.

The matter was reported to Government in October and November 2000; reply has not been received (September 2001).

4.8 Execution of work without preparing plans and estimates and payment for excess quantities

Executive Engineer National Highway Division, Vadodara executed works valued Rs.45.64 lakh without preparation of plans and estimates

The work of widening of existing two lane road to four lane in reaches kms. 109/00 to 110/00 with improvement to Dena and Halol Junction on Vadodara by-pass in Ahmedabad-Bombay Section of National Highway No.8 was awarded by the Executive Engineer, National Highway Division, Vadodara (November 1997) to a contractor at his tendered cost of Rs.3.57 crore (estimated cost of Rs.4.11 crore) for completion by November 1999. The work was completed in June 2000. Extension of time upto 26 May 2000 was granted but extension applied for by the contractor beyond 26 May 2000 was not approved as of May 2001.

While the work was in progress, the Executive Engineer also executed the work of widening of existing two lane to four lane in km. 108/00 to 109/00 (this work was not included in the original estimates) through the same contractor treating it as excess quantities of the original widening work. Government approved this in June 1998 and thus work valued Rs.45.64 lakh was executed without preparing plans and estimates and invitation of tenders.

Executive Engineer stated (May 2001) that due to tremendous increase of traffic the four lane facility was extended in additional one km stretch for smooth and continuous flow of traffic. This was not tenable as execution of work in adjoining length of the road without preparation of plans and estimates and inviting tenders was irregular.

The matter was reported to Government in June 2001; reply has not been received (September 2001).

4.9 Irregular appointment of architect

A private architect was engaged by Principal Secretary to Governor without inviting competitive rates and was paid exorbitantly for the work of renovation and upgradation of Rajbhavan

For renovation and up-gradation of existing Raj Bhavan estimated to cost Rs.6.50 crore (July 1999), Government appointed (December 1999) Centre for Environmental Planning and Technology (CEPT) a private organisation as Architect for a lump-sum fees of Rs.41 lakh. Test-check of records (February 2001) of Executive Engineer, Capital Project Division No.2, Gandhinagar revealed that though services of Chief Architect and one Roads and Buildings (R&B) (Design) Circle with qualified technical experts for design and planning work were available with the State Government, CEPT was appointed without assigning any reason. The architect was selected by Principal Secretary (PS) to Governor (October 1999) without inviting tenders/quotations and without consulting Roads and Buildings Department. Though fees for attending or rendering similar services was paid upto 3.5 per cent of total estimated cost in some recent cases*, CEPT was paid Rs.41 lakh at the rate of 6.31 per cent of estimated cost of Rs.6.50 crore on lump sum basis. Thus there was approximate excess payment of Rs.18.25 lakh in this case. Chief Engineer, Financial Advisor to R&B and PS, Finance Department opined that the rate was quite high and not competitive and did not recommend the case (September 1999). The Chief Secretary also observed (September 1999) that the architect's rate was high and that the Secretary to Governor unilaterally approached the architect by-passing the R&B Department. He desired that CEPT should be requested to reduce this rate to level of the Government rate for such work. The Secretary R&B approved the revised rate of Rs.41 lakh in October 1999. The final approval to this proposal was given by Chief Minister in November 1999. Further, as there was no budget provision, first two RA Bills amounting to Rs.20.50 lakh were paid by drawing advance from the Contingency Fund (Rs.20 lakh) in violation of provisions of its drawal as the work was neither unforeseen nor was of an emergent nature.

The Executive Engineer stated (May 2001) that decision regarding appointment of CEPT was taken at Government level and fees of Rs.41 lakh was decided by the Government on the basis of professional fee fixed by the All India Council for Architect and School of Interior Designs. This was not tenable as engaging a private architect without inviting competitive bidding resulted in high fees and consequently excess payment of Rs.18.25 lakh *vis-à-vis* payments made for similar cases.

* (i) High Court Building at Sola (Ahmedabad); year 1993-1998
(ii) Udhog Bhavan at Gandhinagar year 1986-1994

The matter was reported to Government in July 2001; reply has not been received (September 2001).

4.10 Failure in tender finalisation within validity period

Delay by Government in processing tenders beyond validity period without sufficient reason resulted in extra expenditure of Rs.32.31 lakh in 3 cases

According to codal provision, tender should invariably be processed immediately and finalised in ninety days in case of works estimated to cost up to Rs.10 lakh and 120 days in case of works above Rs.10 lakh. This provision was violated in the following cases:

(I) Tenders for incomplete work for improvement including widening to 5.50 metre of Jhagadia-Limet-Valia Road from Km. 0/0 to 19/2 valued Rs.24.04 lakh were invited by Executive Engineer (EE), Roads and Buildings Division, Bharuch in August 1998. The validity period of the bids was due to expire on 09 February 1999. EE recommended (November 1998) second lowest tender of contractor 'B' at his tendered cost of Rs.43.28 lakh as the first lowest offer of contractor 'A' at Rs.30.60 lakh being below 24.12 *per cent* of SOR 1998-99 was considered unworkable. Government however, accepted the tender of first lowest contractor 'A' on 09 February 1999 without assigning any reason and intimated the contractor telegraphically. The message was received by the contractor on 10 February 1999. As the validity period expired on 09 February 1999 the contractor 'A' refused (19 February 1999) to execute the work. Second lowest also refused to execute work. However, without consulting third lowest tender, the Government approved (July 1999) negotiated tender of fourth lowest contractor 'D' at his tendered cost of Rs.45.46 lakh. This was 89 *per cent* above the estimated cost of Rs.24.04 lakh which resulted in extra cost of Rs.14.86 lakh due to delay in accepting tender at first invitation.

(II) Tenders for the work of construction of godown and office building of Central Medical Store Organisation at Gandhinagar were invited in February 1995 by EE Capital Project Division No.4 Gandhinagar. The lowest offer of Rs.92.60 lakh of contractor 'A' was submitted to Government by SE (April 1995). The validity period was extended twice first up to 31 August 1995 and then upto 30 September 1995. However the Government accepted the lowest tender in February 1996 but the contractor refused (March 1996) to execute work at quoted rate.

Tenders for the work were re-invited (August 1996) and the work was completed through contractor 'B' at a cost of Rs.104.80 lakh in January

2000 which resulted in extra cost of Rs.12.20 lakh for delay in finalisation of tender.

(III) Tenders for the work of "Improvement and Widening to four lane of State Highway Joining Pilgrim Centre" estimated to cost of Rs.39.89 lakh were invited by EE, Roads and Buildings Division, Kheda, Nadiad in April 1997. The first lowest tender of contractor 'A' at his tendered cost of Rs.37.68 lakh (below 5.54 *per cent* of estimated cost) was recommended by EE/SE in May 1997/June 1997. Validity of tenders was to expire on 12 September 1997. The Government called for rate analysis and extension of validity period on 23 July 1997 and on 19 September 1997 respectively to which contractor 'A' refused (October 1997) on the ground of increase in rates. As a result tender of second lowest contractor 'B' was accepted by Government in April 1998 at Rs.42.93 lakh which resulted in extra liability of Rs.5.25 lakh. There was delay of 346 days in finalisation of tender. EE stated (June 1999) that the delay was at Government level. Thus, the delay at the level of Government in accepting tenders within validity period resulted in extra expenditure of Rs.32.31 lakh. Government stated for (II) above (May 2000) that the acceptance of tender was delayed because of insufficient budget provision. This was not tenable, tender should not have been invited without sufficient budget provision.

In remaining cases matter was reported to Government in August 1999-October 2000; reply has not been received (September 2001).

4.11 Soil Bearing Capacity Test not carried out

Executive Engineers, Roads and Buildings Division, Himatnagar and Bhavnagar failed to carry out Soil Bearing Capacity Test resulting in extra expenditure of Rs.27.01 lakh

Roads and Buildings Department instructed all SEs and EEs in October 1995 that Soil Bearing Capacity (SBC) test and approval of design should be completed before awarding work to the contractor. The following cases of violation of this instructions and consequent avoidable expenditure and delay were noticed in audit.

(a) The work of construction of bridge across river Hathmati on Himatnagar diversion road was awarded to a contractor 'A' at his tendered cost of Rs.one crore (estimated cost of Rs.94.60 lakh) by Executive Engineer, Roads and Buildings Division, Himatnagar in September 1997 for completion by September 1999. The required SBC test/investigation of soil and site conditions which were required to be conducted before awarding the work were actually conducted in August and September, 1998. As a result of the test, execution of excess quantities was necessary due to change in design for piers and

strengthening of the foundation. Consequently extra expenditure of Rs.15.83 lakh was incurred by the division.

(b) Construction of Sales Tax Office building at Mahuva (District Bhavnagar) was entrusted to contractor 'A' at his tendered cost of Rs.20.39 lakh (estimated cost Rs.18.96 lakh) in August 1995 by Executive Engineer, Roads and Buildings Division, Bhavnagar for completion by August 1996. After issue of work order (August 1995) it was noticed by the division (October 1995) that the foundation design proposed for the building was not suitable as the site was of slushy soil in old pond area which was below the road level by 3 mts. and prone to water accumulation. Therefore, SBC test was carried out and changes in design of foundation were made. Consequently line out for starting the work was not given to contractor 'A' upto August 1996.

The revised design was provided to contractor in August 1996. The contractor 'A' demanded an extra 20 *per cent* of the tendered amount and extension of time limit. Government acceded (March 1997) the extra amount. However, the contractor did not start the work and the contract was terminated in October 1997.

Tenders were re-invited in September 1997 (even before termination of first contract) and the lowest offer of contractor 'B' at his tender cost of Rs.33.50 lakh was accepted in March 1998 and work order issued in May 1998.

However, as the re-invited tenders were based on the pre-revised estimates prepared on the basis of old design, the contractor 'B' demanded extra amount for excess work in foundation and plinth. Government approved (April 2000) excess for Rs.1.59 lakh and Superintending Engineer approved (November 2000) excess for Rs.0.55 lakh.

Thus, failure to conduct investigation of soil and site conditions resulted in delay in execution of work for 41 months and extra expenditure of Rs.11.18 lakh (cost overrun of Rs.9.04 lakh due to fixing of new contractor plus payment of excess of Rs.2.14 lakh to second contract).

The matter was reported to Government in August 1999; reply has not been received (September 2001).

4.12 Irregular payment of price difference

Incorrect calculation of star-rate* resulted in excess payment of Rs.30.82 lakh
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Clause 59 B of tender agreement for price variation (star-rate) for the materials viz. cement, steel, asphalt etc. brought by the contractor was applicable to work estimated to cost above Rs.15 lakh and linked with RBI Index. The basic rate including all taxes (excise duty and sales tax) of material for cement/steel etc. shall be taken at the rates as shown by RBI in its bulletin and for asphalt as declared by Oil Company in the month in which Draft Tender Papers (DTPs) were approved. The said rate shall be incorporated in the tender as star-rate.

(a) Test-check of records of three[⊗] Divisions during May 2000 to February 2001 revealed that:

(i) Executive Engineer (EE), Roads and Buildings Division, Dahod mentioned the basic rate of materials (cement/steel) of March 1993 though the DTPs were approved in March 1998. Adopting lower rate of materials resulted in over payment of price variation of Rs.6.72 lakh towards star-rate to the contractor.

(ii) EE District R&B Division, Vadodara adopted for work of construction of a high level bridge across river Mahi near village Kanoda, rate of materials prevailing in May 1992 instead of March 1994 as a basic index rate. This resulted in over payment of price variation of Rs.9.26 lakh to contractor.

(iii) EE, National Highway Division (NH Dn.), Godhra mentioned in tender copies in respect of four road works rate of asphalt per tonne as per SOR of 1999-2000 and not the rate of asphalt charged by Oil Company in the month in which DTP for the road works were approved. This resulted in overpayment of price difference of Rs.6.01 lakh.

EE, Dahod stated that the month in which DTPs were approved was shown as March 1993. Hence the basic rates of March 1993 were taken. Contention of EE is not tenable as DTPs for this work were approved by Government in March 1998 only.

While admitting irregularities EEs, District R&B Division, Vadodara and NH Division, Godhra stated (May 2000 and April 2001) that action to recover the amount would be taken. Further developments were awaited (April 2001).

(b) The basic rate of asphalt includes cost of asphalt, excise duty and sales tax. The current rate of sales tax during 1999-2000 on asphalt

* The adjustment in increase or decrease in the rate of steel, cement and asphalt payable or recoverable from the contractors.

⊗ (1) Roads and Buildings Division, Dahod, (2) District Roads and Buildings Division, Vadodara and (3) National Highway Division, Godhra.

was 12 *per cent*. According to terms and conditions of star-rate read with instructions issued in November 1998, the contractor was entitled to difference between the rate of asphalt paid by him and that shown in tender agreement.

In three Divisions ♦ test-checked it was revealed that while working out the basic rate of asphalt, either sales tax component was not taken into account or was taken as 5 *per cent* instead of 12 *per cent*. Thus, non-inclusion/lower rate of Sales Tax resulted in over payment of Rs.8.83 lakh to contractors in five works during 1999-2000.

While EE, Bhavnagar accepted (March 2001) the audit objection whereas EEs, Navsari and Surat stated (December 2000 and August 2000) that the contractors filed the rate of complete item of work taking into account the rate of asphalt shown in the tender copies. Hence there were no overpayment. This was not tenable as their action was in violation of codal provisions and Government instructions.

Thus, failure to adopt correct basic rates of materials resulted in overpayment and undue financial aid to the contractors for Rs.30.82 lakh.

The matter was reported to Government in May 2001; reply has not been received (September 2001).

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

4.13 Unnecessary expenditure on work charged staff

In 15 projects 2238 work charged staff were continuing without any work, costing the Government Rs.88.12 crore during 1996-97 to 2000-2001

According to codal provisions, work charged establishment should be discontinued when works on which they were employed were stopped/completed. Further, as per Government Resolution of January 1980, employment of work charged staff on maintenance and repair of the projects/schemes is specifically prohibited.

It was seen in audit (April-May 2001) that although 15 projects/schemes were completed between 1954 and 2000, work charged establishment continued and expenditure of Rs.88.12 crore

♦ Roads and Buildings Divisions, Navsari and Bhavanagar and District Roads and Buildings division, Surat.

was incurred on their pay and allowances during 1996-2001 as shown in the Appendix-LXIX. Further, as per provision of Gujarat Public Works Manual, expenditure on work charged establishment was to be restricted to two *per cent* of expenditure to be incurred on works. However, in 7 division under 15 projects expenditure on work charged establishment during 1996-97 to 2000-01 ranged between 8 *per cent* and 227 *per cent*. The excess was attributed by the Circle Officers (April-May 2001) to revision of pay scales and increase in rates of allowances.

Scrutiny revealed that 1487 (including 899 daily wages) work charged employees engaged at the beginning of 15 projects (1949-97) increased to 2626 (1004 WC and 1622 DW) during execution, of which 2238 (689 WC and 1549 DW) (85 *per cent*) were continued after completion of projects. In Kadana Project circle, 262 work charged employees were continued without work on five projects completed in March 1997 and recurring expenditure of Rs.1.47 crore on an average per annum was incurred. In the same circle, on another project completed in June 1979, 7 work charged employees were continued without work with recurring expenditure of Rs.5.43 lakh (approx.) per annum. Moreover, except Kadana Project circle the work charged staff was continued after completion of projects without approval of Circle office.

Superintending Engineers stated (April-May 2001) that the work charged staff was engaged on maintenance work. This was not tenable as the Government Resolution of January 1980 specifically prohibited employment of work charged staff on maintenance and repair works of the projects/schemes.

The matter was reported to the Government in July 2001; reply has not been received (September 2001).

4.14 Unnecessary extra expenditure on canal lining works

Execution of lining works of canal at abnormally high rates on the plea of urgency led to extra expenditure of Rs.48.51 crore
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To increase velocity, prevent seepage of water and to increase irrigation facility for 18022 ha. cement concrete lining work of “Kakrapar Left Bank Main Canal (KLBMC) and its branch canals” was administratively approved by Government in Narmada, Water Resources and Water Supply (NWR&WS) for Rs.92.67 crore in July 2000. NWR&WS accorded Overall Technical Sanction (OTS) and Detailed Technical Sanction (DTS) for Rs.73.43 crore and Rs.69.05 crore respectively in July 2000. As the work was to be executed during closure period of canal between 16 November 2000 and 31 January 2001 (77 days) it was split-up by NWR&WS department in 21

packages. Draft Tender Papers (DTPs) of 18 packages were approved on 9 August 2000 and Superintending Engineer, Surat Irrigation Circle, (SE) Surat, on the ground of urgency of work, invited tenders by short notice on 28 July 2000. Government accepted the tenders valuing Rs.115.30 crore as against estimated cost of Rs.66.79 crore in November 2000 and the works were completed between 23 January 2001 and 31 January 2001 at an expenditure of Rs.115.58 crore as of March 2001. Of this, payment of Rs.33.45 crore was made by 31 March 2001 and liabilities of Rs.82.13 crore was deferred to 2001-2002 on account of insufficient grant. Test-check of records of SE, Surat and two Divisions[#] during April 2001 revealed the following:

(i)(a) Unjustified urgency of Work

Lining work to existing unlined canals of KLBMC project was planned (April-May 1998) to be taken-up in phased manner with the assistance of National Bank for Agriculture and Rural Development (NABARD) during 2000-2003. NABARD sanctioned Rs.93.20 crore only in March 2001 but no fund was allotted by Government before taking up the work. Thus, there was no budget provision during the year 2000-01 and hence no urgency to accept such abnormally high tenders without reinvitation of tenders.

(i)(b) No additional irrigation

Further, AA provided for increasing irrigation facility for 0.18 lakh ha. Scrutiny revealed that in Navsari and Surat divisions though 99 *per cent* irrigation potentials (2.15 lakh ha. area) were created out of total Culturable Command Area (CCA) of 2.16 lakh ha. average yearly actual utilisation of CCA during 1998-2001 was only 0.23 lakh ha. in Navsari and 0.59 lakh ha. in Surat. While utilisation of even the existing potential was low because of well/bore irrigation, khar land, grass land, non-agricultural land and insufficient rain in the area, there was hardly any justification for creation of additional irrigation facilities and thus the AA for creation of so much CCA was uncalled for. Further, details of areas to be covered or any proposal for extension of canals to cover additional areas were not available on record to support the AA. Beside, Tail area work for which Rs.4.38 crore was provided in AA was not taken up and hence there was little scope of utilisation of the potential to be created. Thus, the plea for coverage of additional area and that too on urgent basis was doubtful. The haste in incurring the expenditure was thus unjustified.

(ii) Tender process

As per codal provision and existing instructions, tender notice was to be issued only after (i) approval of DTPs, (ii) sufficient budget provision and (iii) 45 days time for filing tenders. In this case, DTPs for works were approved in August 2000 whereas tender notice was

[#] Executive Engineer (EE) Ambica Division, Navsari and EE Surat Canal Division, Surat.

issued in July 2000 and that too without any provision in the budget. The work-wise details were as shown in Appendix-LXX.

It was noticed that the tenders for all the 18 packages amounting to Rs.115.30 crore were accepted against total estimated cost of Rs.66.79 crore. It was further seen that in 10 out of 18 packages Tendered Cost (TC) of accepted tenders were more than 80 *per cent* above Estimated Cost (EC) and the rest were above 9 *per cent* to 68 *per cent*. Out of 18 lowest tenders accepted, in three cases, (Tender Cost Rs.21.60 crore) single tender was received and accepted which were above EC by 48 to 85 *per cent*. In four packages, (tender cost Rs.20.28 crore) only two tenders were received and were above EC by 25 to 85 *per cent*. Thus, rates were abnormally higher than the estimated cost which involved 49 *per cent* of total tendered cost and the department evidently failed to obtain competitive rates. Out of 18 packages, 13 agencies to whom the works awarded were from Ahmedabad of which four agencies were awarded more than one package. Secretary (NWR&WS) held negotiation with contractors. Only Rs.3.10 crore (2.6 *per cent*) as against total tendered amount of Rs.118.40 crore could be reduced during negotiation. No serious efforts were made to bridge the wide gap between lowest and highest bidders by Government in 18 packages. Secretary, Narmada, Water Resources and Water Supply Department (NWR&WS) recommended (November 2000) the higher rates on the plea of time constraint and retention of confidence of farmers in the Government in future. However, the Principal Secretary (Expenditure) and Additional Chief Secretary (Finance) did not recommend the proposal of acceptance of higher rates on the ground (November 2000) that assistance of NABARD was not received, rates were abnormally high and that in past higher rates between 5 *per cent* and 10 *per cent* were only agreed to in exceptional circumstances. However, Finance Minister overruled these suggestions and sanctioned (09 November 2000) the rates on the plea that as the work was to be executed in short time, the rates would be above SOR and that NWR&WS was also of the opinion of entrusting works at those rates. However, this argument was untenable as the work was spilt up in 21 packages specifically to speed up completion and therefore there was little justification for such abnormal rates on the plea of speedy execution. In any case the urgency was also fictitious as discussed in para 1(i) (b).

(iii) Execution of works

The rates of items quoted by highest bidder and lowest bidder (accepted tender) in earthwork and paver lining in main canal and branch canals are shown in table below:

(In Rupees)

Bidder	Earthwork (lead/lift 50 mt. per cm)		Earthwork (all lead/lift per cm)		Paver lining in bed per sq.mt.		Paver lining in slope per sq.mt	
	Main canal	Branch canal	Main canal	Branch canal	Main canal	Branch canal	Main canal	Branch canal
Highest bidder	90	60	115	100	325	245	350	270
Lowest bidder	35	22	60	60	240	200	250	210
Difference	55	38	55	40	85	45	100	60

Thus, even though the site of work and nature of work was same there was wide gap in rates offered by different agencies ranging from 9 per cent to 85 per cent above the estimates. Further, as certified by the department, the lowest bidder completed the work satisfactorily within the stipulated period and as per specification and hence the bids with higher rates were not justified. The acceptance of unjustified higher rates resulted in excess expenditure of Rs.11.82 crore in Main canal and Rs.13.58 crore in Branch canal work. Thus, compared to lowest bids total excess expenditure was Rs.25.40 crore, which was grossly unjustified.

(iv) Similar works executed by other divisions at lower rates

EE, Kakrapar Right Bank Main Canal Division, Surat under the jurisdiction of the same circle executed works of similar nature at the rates below EC by 0.32 per cent to 4.56 per cent during March 2000 and August 2000 and the works were completed satisfactorily.

Thus, audit scrutiny revealed that the expenditure of Rs.115.58 crore by executing works hastily at abnormally high rates, in disregard of the opinion of Finance Department and without budget provision on the ground of urgency unnecessarily resulted in extra expenditure of Rs.48.51 crore and creation of liabilities of Rs.82.13 crore. The matter calls for investigation to fix accountability for causing huge extra expenditure on the exchequer on doubtful grounds.

The matter was reported to Government in July 2001; reply has not been received (September 2001).

4.15 Unauthorised financial aid to contractor

Executive Engineer helped the contractor unauthorisedly for Rs.1.31 crore by not obtaining performance bond and security deposit and additional security deposit

The work of construction of spillway, Masonary dam, head regulator and spillway bridge of Ozat –II Water Reservoir Project was entrusted to a contractor by Executive Engineer, Irrigation Project Division,

Junagadh (Division) in September 1995 at tendered cost of Rs.11.32 crore (estimated cost of Rs.10.38 crore). The work due for completion by March 1999, was to be completed by September 2002 as per new schedule. Total expenditure on this work was Rs.13.83 crore as of September 2001.

Scrutiny of the transactions and related records in Irrigation Project Division, Junagadh relating to a contract in the construction of spillway etc. of Ozat II water reservoir revealed that despite gross failure in timely execution of work and fraud in furnishing the performance bond/security deposit by the contractor the department showed undue favour in revising the rates of items of works with consequential benefit of Rs.3.13 crore to the contractor and extension of time limit as discussed below:

Fraud by contractor and undue favour shown by Executive Engineer in issue of work order.

(a) According to clause-1 of the tender, for works estimated to cost more than Rs.15 lakh, the contractor was required to furnish Performance Bond of any Scheduled Bank equivalent to five *per cent* of an estimated amount put to tender alongwith initial security deposit of 2.5 *per cent* before issue of work order. All compensations, liquidated damages etc. payable by contractor to Government under the terms of contract were to be deducted from those deposits.

In disregard of these provisions, work order was issued by Executive Engineer, Irrigation Project Division (Division), Junagadh in September, 1995 to the contractor without obtaining Performance Bond of Rs.0.52 crore. For initial security deposit of 2.5 *per cent* of Estimated Cost (EC) amounting to Rs.0.26 crore, the Divisional Officer did not obtain original Bond of Sardar Sarovar Narmada Nigam Limited (SSNNL) as was required as per instruction of May 1993 and verify fact of remittance of money from Punjab National Bank. He instead relied on a FAX message of 28 September, 1995 of the contractor addressed to EE indicating that the payment of initial security deposit amounting to Rs.25.95 lakh in the form of SSNNL Bond which shall be issued by Nigam in due course and issued work order in September 1995. Thus the work order was not backed by any security at all. The contents of the FAX message were later found to be false as no amount was deposited by the contractor with the bank as verified by the Division with bank in October 1996. The EE took no action for fraud but only issued reminders to the contractor (October 1996 to September 1998) for payment of the security deposit. The contractor paid the SD only in December 1998 i.e., after a delay of 38 months from September 1995.

The contractor, submitted Performance Bond for Rs.0.50 crore (instead of Rs.0.52 crore as required) only in January, 1997, i.e. after 15 months of issue of work order with validity upto 9 January, 1998. The Bond

was renewed upto 15 September 2001 after a lapse of 12 months from September 1999.

In order to ensure that contractor would complete the work at his quoted rates additional security deposit of Rs. 0.18 crore was to be obtained from the contractor before issue of work order. This was not done and the amount was furnished by the contractor only in November 2000 i.e., after a delay of 61 months from September 1995.

Failure on the part of the Divisional Officer to obtain security deposit, performance bonds/additional deposits before issue of work order as per codal provisions and instruction of Government resulted in unauthorised financial aid to the contractor amounting to Rs. 1.31 crore for the period ranging between 15 months and 61 months.

Undue favour in execution of work

(b) The work was stipulated to be completed by March 1999. The contractor did not do so and abandoned the work (May 1997) after executing work valued Rs.3.00 crore (27 per cent) and did not resume the work despite several reminders between February 1996 and August 1999. As the contractor did not maintain the prescribed schedule of work, liquidated damages amounting to Rs.1.04 crore was leviable from the contractor but this was not levied by Executive Engineer on the plea that the department could not ensure excavation work, dewatering of river portion departmentally and that providing work site in piece-meal was not acceptable to the contractor. Instead of rescinding the contract, Government approved (March 2000) price rise as per Schedule of Rate of 1999-2000 on the grounds of avoiding litigation, delay in fixing new agency and restricting abnormal price rise due to lapse of time.

Scrutiny of records revealed that the charges of departmental failure for slow progress and consequent abandonment of work by the contractor were vehemently contested by the Division up to September 1998. However, after site visit by the Minister of Irrigation on 25 December 1998 followed by meeting of contractor and Irrigation Minister and the Senior Officers i.e. Chief Engineer, Dy.Secretary, S.E., Bhavnagar Irrigation Circle, and EE of Irrigation Department, in the chamber of the Irrigation Minister on 29 December 1998, the Minister held that the contractor has to start the work immediately and the demand of contractor was to be decided as per provision of agreement or as per established procedure. It was further noticed that the contention of the contractor of attributing delay on the part of the department and demand of price rise were accepted (March 2000) by Government. Further though, the agreement did not provide for price rise, it was granted by the Government as per the demand of the contractor on the ground of avoiding arbitration, litigation and delay in completion of work. For the balance work (Rs.8.32 crore) payment as per SOR of 1999-2000 (Rs.11.45 crore) was also approved. This resulted in additional payment of Rs.3.13 crore to the contractor beside

granting extension of time limit (from March 1999 to September 2000).

The earthen dam work of the project was entrusted to the mechanical wing of the department in January 1995. It was noticed that as against earthwork of 16.77 lakh cm. for earthen dam to be carried out by Mechanical Wing of the Department, only 0.13 lakh cm. negligible earthwork was completed upto 1995-96. However, work order was issued in September 1995 without synchronising the work with Mechanical Wing. Thus, issue of work order by the Division was premature. The contractor did not even start works like spillway-bucket, head regulator, protection wall etc. under the pretext that the department had not completed the work though it had no relevance with these items of works to be executed by him. However, instead of terminating the contract, time was wasted on correspondence with the contractor. In February 1999 the division changed its stand and accepted departmental failure and recommended price rise which was approved by the Government in March 2000.

Thus, irregular issue of work order without security deposit/bond, non-initiation of any action for fraud on Government, non-termination of contract and dragging the case despite failure of the contractor and grant of price rise amounted to undue favour to the contractor and consequential benefit of Rs.3.13 crore. The case calls for investigation.

The matter was reported to Government in February 2000; reply had not been received (September 2001).

4.16 Non-recovery of share of expenditure from Gujarat State Fertiliser Company

Executive Engineer failed to raise the demand for share of expenditure of Rs.1.27 crore for four years from Gujarat State Fertiliser Company

Work of study on water resources planning for the State of Gujarat was entrusted to a foreign consultant by Government of Gujarat in October 1994 at a cost of US \$17,25,000 to be paid partly in US \$ and partly in Indian currency. As per terms of agreement with the Gujarat State Fertiliser Company, Vadodara (GSFC) 50 *per cent* cost of the study was to be borne by GSFC and was payable by them on raising demand by the Government as per invoice received from the consultant. The study was completed and payment was made in full i.e. Rs.7.98 crore to the consultant by June 1998. As against share of Rs.3.99 crore recoverable from GSFC, only Rs.2.72 crore were remitted by GSFC as of March 1997 and Rs.1.27 crore remained outstanding as of March 2001.

Test-check of records of Executive Engineer Ahmedabad Irrigation Division, (October 1998) revealed that though the payments of Rs.2.54 crore was made to the consultant by the division, the Executive Engineer failed to raise the demand of 50 *per cent* of share (Rs.1.27 crore) recoverable from GSFC. This resulted in non-recovery of Rs.1.27 crore for over four years beside loss of interest of Rs.63.63 lakh computed at an average rate of borrowing by Government of 12.50 *per cent* per annum.

The Executive Engineer stated (November 1998 and March 2001) that procedure for recovery was in progress. Further development was awaited (August 2001).

The matter was reported to Government in May 2001; reply has not been received (September 2001).

4.17 Irregular utilisation of amount of Deposit work

Executive Engineer suppressed expenditure of Rs.1.17 crore incurred in excess of grant under service head by debiting it to deposit head

Government in Narmada, Water Resources and Water Supply Department sanctioned (January 1997) Rs.1.19 crore to Sardar Sarovar Narmada Nigam Limited (SSNNL) for providing irrigation facilities to the affected persons of Narmada Project in command area of Jojwa-Wadhvana irrigation scheme. In turn SSNNL deposited Rs.1.18 crore with Executive Engineer (EE), Vadodara Irrigation Division (Division) in March 1998 for execution of the work. The Division took up (March 1999) the work as deposit work. The work was completed (July 2001) at a cost of Rs.1.10 crore by Gujarat Water Resources Development Corporation (GWRDC).

Test check of records of the Division (June 2000) revealed that excess expenditure of Rs.50.85 lakh incurred on other works during the year was debited in March 1998 against the deposit of SSNNL. Similarly, during 1998-99 excess expenditure of Rs.65.81 lakh incurred on pay and allowances of work charged establishments was also debited against the said deposit in March 1999. Thus, Rs.1.17 crore spent on other works were irregularly debited to 'Deposit Head' in March 1998 and 1999. Further debiting of expenditure of Rs.7.29 lakh pertaining to deposit work in July and September 1999 resulted in minus balance of Rs.5.95 lakh under the Deposit Head. Government decided (January 2000) to get the work carried out through GWRDC and intimated the division to remit the amount to GWRDC out of deposit of SSNNL. The division issued cheque of Rs.one crore to GWRDC, but it bounced back due to insufficient balance. Government therefore, again sanctioned Rs.one crore in March 2000, for the same work and placed

at the disposal of GWRDC which resulted in debiting of Rs.one crore twice to the same work (January 1997 Rs.1.19 crore and March 2000 Rs.1.00 crore).

The EE stated that to restrict the excess expenditure under service head during 1997-98 and 1998-99 Rs.1.17 crore was transferred to Deposit head and cheque of Rs.1.00 crore was issued as per telephonic instructions of Superintending Engineer. Thus, the deposit received from SSNNL was misused for unrelated expenditure, while the work for which deposit was taken, was delayed by 39 months. Eventually, when deposit was to be transferred, the Divisional Officer issued a cheque without having any balance in the bank to support it.

The irregularity was encouraged when further funds were provided by the Government to cover the lapse of Divisional office.

The matter was reported to Government (September 2000); reply has not been received (September 2001).

4.18 Unauthorised payment of Rs.79.02 lakh to contractor

Failure of the department to carry out proper survey and investigation and preparation of plans and estimates without due care resulted in excess and unauthorised payment of Rs.79.02 lakh

The Government in Narmada, Water Resources and Water Supply Department (NWR&WS) while accepting the tender (September 1997) and the Executive Engineer (EE) Project Construction Division No.4 Rajkot while issuing work order for the work of "construction of Triveni Thanga Water Reservoir Project" (Project) mentioned that in case of items where the rates were more than 25 *per cent* of Schedule of Rates (SOR), excess in quantity should be executed after approval of Government and where the rates were less than 25 *per cent* the excess quantity should be executed with due care with reference to quality of works. The approval of Govt/SE/EE as the case may be was required to be obtained as per codal provision.

Work order for Project at the tendered cost of Rs.5.19 crore (28.74 *per cent* above estimated cost of Rs.4.03 crore based on SOR of 1995-96) was issued in October 1997. The work was completed in July 1998 at a total cost of Rs.5.76 crore. The work involved excess execution of item costing Rs.0.79 crore (15.22 *per cent*) mainly due to geological reasons and variation in strata (Rs.44.42 lakh), execution of new items (Rs.22.19 lakh) and variations in estimates (Rs.12.41 lakh).

Test-check of records of the division (October 2000) revealed that (i) the work was started in October 1997 and within two months of commencement of work, excess in quantities in 26 items rates were between 28 and 85 *per cent* was noticed by Engineer in charge. (ii)

Further, apart from execution of excess quantities and consequential payment of Rs.44.42 lakh for miscalculation on depth of over-burden and variation in strata, three new items and six items of rectification in error in estimates were also got executed through the same contractor treating them as excess to tendered quantities. This resulted in additional payment of Rs.34.60 lakh and irregular payment of Rs.9.94 lakh due to payment of excess quantities upto 30 *per cent* at tendered rates which were 7.11 *per cent* above SOR of 1997-98. (iii) Approval of Government/SE was not obtained by Executive Engineer before execution of excess quantities as required under Gujarat Public Works Department Manual and Rs.79.02 lakh was paid towards excess quantities and proposal for regularisation of excess (June 1998) was yet to be approved by Government as of August 2001.

The information furnished (August 2001) by the Division revealed that as per the initial survey and investigation of project carried out by SE, WRI Circle No.3 Rajkot, there was no over-burden on right side of earthen dam and on left side it was only 0.61 mts. But in actual execution of work 3 to 4 mts of overburden was encountered in most of the chainages. As such, foundation was required to be taken deeper. This resulted in payment of Rs.44.42 lakh for execution of excess quantities.

Thus, failure to conduct proper survey and investigation, preparation of estimates without due care to avoid calculation mistakes and award of work for new items after a preparation of estimates and inviting tenders resulted in undue favour of Rs.79.02 lakh to the contractor apart from the payments without approval of Government.

Executive Engineer stated (May 2001) that the excess quantities of work was executed as per instructions of Geologist and Superintending Engineer (Geo) and 'higher officer' who visited site of work and payment was made keeping in view grant allotted to the Division at the end of financial year.

This was not tenable as execution of excess quantities outside the scope of tender and at rates higher than agreement rates without approval of competent authority was irregular and beyond competence of EE. The matter calls for investigation to fix accountability for the lapses, excess payment and faulty estimate of the work.

The matter was reported to Government in February 2001; reply has not been received (September 2001).

4.19 Irregular transfer of Rs.67.61 lakh to deposit accounts

Executive Engineer drew Rs.67.61 lakh without immediate requirement and credited to deposit account to avoid lapse of budget grant

According to Bombay Treasury Rules 283(2) no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money in anticipation of demands or to prevent the lapse of budget grant.

Executive Engineer, Project Construction Division No.4, Rajkot drew Rs.67.61 lakh (March 1999) for making payments to the landowners for acquisition of land for Brahmani-II Irrigation Scheme and credited the amount to deposit head as the award was not declared.

It was noticed in audit (October 2000) that the Divisional Officer proposed to the Land Acquisition Officer for acquisition of land for Brahmani-II Irrigation Scheme through private negotiation by making 3/4th advance payment only in March 1999. Though notification of acquisition of land was published in July 1999, Land Acquisition Officer issued orders for payments only in January 2001 and Rs.48 lakh was paid to the landowners in March 2001. The land was acquired and work commenced in July 2000. However, final award was yet to be declared and therefore balance of Rs.19.61 lakh not required for immediate disbursement was to be refunded to Government.

Executive Engineer stated (May 2001) that the budget was allotted at the fag end of financial year and as per discussion made with Land Acquisition Officer the amount was taken into deposit in anticipation of declaration of land award to utilise the budget grant. The reply corroborates the audit observation.

4.20 Blocking up of funds

Retention of funds outside Government account resulted in loss of interest of Rs.41.16 lakh

With a view to combat the drinking water problem of the villages falling under non-scarcity area, Government introduced Master Plan 1996-97. As per the Master Plan Government released grant of Rs. five crore for Panchmahals District and placed the amount at the disposal of Collector, Godhra (Rs.three crore February 1997 and Rs.two crore August 1997) for execution of Master Plan 1996-97.

Out of Rs. five core, Rs. 4.02 crore only was spent as of March 1998. Though the Master Plan 1996-97 was over by July 1997 Rs. 0.98 crore was not surrendered and lying idle with India Bank in the non-interest bearing account as of January 2001. As a result of retention of Rs. 0.98

crore out side Government Account for more than three years, there was loss of interest of Rs. 41.16 lakh[♥] (September 2001). Beside, possibility for mis-utilisation/ diversion of funds can not be ruled out.

The matter was reported to Government in February 2000; reply has not been received (September 2001).

GENERAL

4.21 Lack of response to Audit findings

Accountant General (Audit) – AG conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of offices inspected with a copy to the next higher authorities. Government rules etc. provide for prompt response by the executive to the IRs issued by the AG to ensure corrective action and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the office of the AG. A half-yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued up to December 2000 pertaining to 85 and 160 Roads and Buildings/Irrigation Divisions of Roads and Buildings/ Narmada, Water Resources and Water Supply Department disclosed that 1861 and 2519 paragraphs relating to 552 and 929 IRs respectively remained outstanding at the end of June 2001. Of these, 122 and 329 IRs containing 163 and 703 paragraphs respectively had not been settled for more than 10 years as detailed in Appendix-LXXI. Year-wise position of the outstanding IRs and paragraphs are detailed in the Appendix-LXXII. Even the initial replies which were required to be received from the Heads of Offices within four weeks from the date of issue were not received in respect of 28 Divisions of Roads and Buildings and 33 Divisions of Irrigation out of 454 and 686 IRs issued between 1991-92 and December 2000 respectively. As a result serious irregularities involving 136 paras with money value of Rs.131.61 crore in R&B Department and 101 paras with money value of Rs.51.40 crore

[♥] Computed at the minimum borrowing rate by Government.

commented upon in these IRs as detailed in Appendix-LXXIII had not been settled as of June 2001.

A review of IRs which were pending due to non-receipt of replies, in respect of Roads and Buildings and Narmada, Water Resources and Water Supply Departments revealed that the Head of the Offices/Department whose records were inspected by AG, and the Head of Department of Roads and Buildings and Narmada, Water Resources and Water Supply Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/ Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in IRs by AG. The Secretaries of the Roads and Buildings and Narmada, Water Resources and Water Supply Departments, who were informed of the position through half yearly reports, also failed to ensure response from the concerned officers of the Department to take prompt and timely action in the light of audit observation.

Lack of proper action against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

It is recommended that Government should carry out a serious review of the matter to ensure that higher executive responsiveness to audit observations is quick for effecting remedial action and frame procedure for initiating action (a) against the officials who failed to send replies to IRs/paras as per the prescribed time schedule and (b) follow up action to recover loss/outstanding- advances/overpayments in a time bound manner.

The matter was reported to Government in July 2001; reply has not been received (September 2001).