

CHAPTER – IV
WORKS EXPENDITURE

SECTION “B” PARAS

ROADS AND BUILDINGS DEPARTMENT

4.1. World Bank aided Gujarat State Highways Project

4.1.1 Introduction

An agreement with the World Bank for loan of US \$381 million was entered into (October 2000) by the Government of India to assist the Government of Gujarat in implementing Gujarat State Highway Project (GSHP). The project is expected to be completed by 31 December 2005.

4.1.2 Financial targets and management

Year-wise funding details were as under:

Year	Projected budget			Equivalent Indian Rupees @ Rs.43.78	Actual budget provision	Expenditure	Reimbursement claimed
	World Bank release	Government release	Total				
2000-2001	55.00	22.40	77.40	338.86	117.97	117.60	14.02 75.71
2001-2002	83.00	32.20	115.20	504.35	105.78	105.78	63.11
	138.00	54.60	192.60	843.21	223.75	223.38	152.84

Less drawal of loan resulted in liabilities of Rs.3.38 crore

(a) As per agreement with World Bank (Bank), commitment charges at 0.75 per cent on less drawal of loan was payable. Against the estimated disbursement of US \$138 million i.e. Rs.604.16 crore, the actual reimbursement claimed was Rs.152.84 crore only. Thus, less drawal of Rs.451.32 crore resulted in commitment charges of Rs.3.38 crore. Government stated (August 2002) that though the grant was required to be released as per the project appraisal document, it could not be provided due to financial constraint and priority given to other ongoing projects. This was not tenable as less release of fund had resulted in avoidable payment of commitment charges to World Bank. Also there were pending liabilities of Rs.34.48 crore to contractors.

Inadequate budget resulted in avoidable payment of Rs.23 lakh to contractors

(b) Due to delay in making payments to the contractors, Government had to pay interest of Rs.23 lakh to them.

Achievement of target was far below due to slow progress

4.1.3 Physical targets and achievement

The project targeted to improve 886.4 Km of State Highways (SH) (14 works) by June 2005. Against this only five works consisting of 246.6 Km were taken up as on October 2000. Though the works were scheduled to be completed by April 2003, due to slow progress they were lagging behind the schedule as shown in Appendix-XXIX.

About 1000 Km of Sate Highway were to be maintained upto good standard by June 2004; but only 254 Km (25 *per cent*) roads were completed by October 2001. Further, no works were taken up till March 2002. Government, however, stated (February 2002) that targets would be achieved by the end of the project.

4.1.4 Programme management

(a) Failure of flexible pavement design of State Highways

Defective designs of road resulted in wasteful expenditure of Rs.1.08 crore

Five[♥] works of strengthening and paving of shoulders costing Rs.297.55 crore under the project were commenced during 2000-2001. It was noticed (February 2002) that all the contractors had issued a notice (September-October 2001) to the Construction Supervision Consultancy (CSC) M/s. Louis Berger International Inc. that the materials for sub-grade were poor and also poor sub-surface drainage planning had affected the works adversely. CSC reported (October 2001) that there was design deficiency and consequent failure of pavement. The Superintending Engineer (SE) also endorsed the opinion of CSC. Ultimately the design was revised (January 2002). As a result, Wet Mix Macadam (WMM) work already done at a cost of Rs.1.08 crore was required to be removed to adjust the new pavement design. This resulted in wasteful expenditure. Due to revision in design, additional financial burden was Rs.24.82 crore. Government stated (August 2002) that the defective design was not the only reason for pavement failure but the worsened conditions of the road also contributed to failure of design. This was not tenable as Kadodara-Bajipura road was periodically maintained by Ministry of Road Transport and Highways (MORTH) at a cost of Rs.2.41 crore since 1998-99 where also failure of pavement was noticed. Since the existing roads had worsened, design should have been modified before acceptance of tenders.

(b) The work of strengthening and paving of shoulders of SH.25 from Rajkot to Jamnagar Km 3/0 to Km 63/0 was entrusted (October 2000) to a contractor at tendered cost of Rs.76.50 crore against the estimated cost of Rs.80.53 crore with stipulated date of completion by April 2003.

♥ 1. Sarkhej to Viramgam Km 11/0 to Km 59/0 GSHP-1
2. Mehsana to Palanpur Km 76/0 to Km 141/0 GSHP-2
3. Rajkot to Jamnagar Km 3/0 to Km 63/0 GSHP-3
4. Kadodara to Bajipura Km 17/4 to Km 53/0 GSHP-4
5. Halol to Godhra Km 335/0 to Km 373/0 GSHP-5

Before the design was revised stretches from Km 7/6 to Km 17/5 were completed (October 2001) up to Dense Bituminous Macadam (DBM) at a cost of Rs.8.29 crore as per original design without introducing GSB. This resulted in failure of the road as was reported (August 2001) by the consultant and later confirmed (March 2002) by the Executive Engineer (EE).

4.1.4.1 Improper planning of work

Incorrect decision led to wasteful expenditure Rs.1.61 crore

According to MORTH specifications in cases of widening of existing two lanes into four lanes, the additional two lanes should be constructed first and traffic diverted to it and thereafter existing carriage way should be given treatment. The work of strengthening and paving of shoulder of Mehsana-Palanpur road Km 76/0 to Km 141/0 was entrusted to a contractor (October 2000) at a tendered cost of Rs.70.51 crore with stipulated period of completion as April 2003. To facilitate the flow of traffic during construction a provision for construction of diversion road at a tendered cost of Rs.1.61 crore was made and Rs.88 lakh was spent by October 2002. As the same road was also selected in Phase II A for conversion into four lane, a provision of Rs.1.61 crore on diversion proved wasteful. Government stated (August 2002) that widening and strengthening were to be taken up first and four laning next as per priority. The reply was not acceptable as the decision was not in consonance with MORTH specifications and led to waste.

4.1.4.2 Avoidable expenditure of Rs.71.36 lakh

Provision of Surface Design contrary to MORTH over granular surface resulted in wasteful expenditure of Rs.71 lakh

According to MORTH specification application of single coat of low viscosity liquid bituminous prime coat is to be laid over an absorbent granular surface preparatory to superimposed bituminous construction. Such primed granular surface could be opened for traffic. In the following three road works, flexible pavement design of the roads consisted of granular surface followed by prime coat, surface dressing (SD), bituminous macadam (BM) and wearing course in the form of SD/mix seal surface at the top. Thus, superimposition of bituminous construction over SD was irregular.

Description	Area covered in Sq.meter	Tender rate Rs. for SD	Amount paid (Rs. in lakh)
Dholera-Bhavnagar road Km 113/0 to Km 169	1.18 lakh	30 per Sq.mt.	35.45
Mahuva-Rajula road Km 115/0 to Km 134/0	1.31 lakh	22 per Sq.mt	28.91
Pipli-Dholera road Km 93/0 to Km 130/0	0.34 lakh	21 & 19 per Sq.	7.00
Total			71.36

Executive Engineer (EE), State Road Project (SRP) Division, Gandhinagar, Rajkot stated (May 2002) that for smooth passage of traffic over primed granular surface, SD was provided as primed granular surface could not sustain the axle load and it was technically necessary. The reply was not tenable as according to MORTH specifications, 24 hours after application of prime coat, the traffic could be allowed on granular surface. Government stated (August 2002) that as primed granular surface, without laying SD over it, was not strong enough to sustain traffic load, SD was laid over it. The reply was not acceptable in view of MORTH specification. Further, the contractor allowed (September 2001) traffic on such surface in Mehsana-Palanpur sector. CSC also confirmed (October 2001) this as a standard practice.

4.1.4.3 Wrong execution of work of Rs.12.15 crore

Wrong selection of road resulted in creation of extra financial burden of Rs.39.72 crore

The work of strengthening and paving of shoulders of Kadodara-Bajipura National Highway between Km 17/4 and Km53/0 was taken up at a tendered cost of Rs.39.72 crore. The work order was issued on October 2000 by the EE, SRP Dn. Vadodara for completion by April 2003. According to 12th RA bill (March 2002) value of work done and paid was Rs.12.15 crore. Inclusion of this road which was a National Highway, under the project for State Highways was irregular. Government stated (August 2002) that upgradation of the road to National Highway was not known in advance. The reply was not acceptable as the above road was converted to National Highway in August 1998 itself and NH Division, Bharuch was maintaining it.

4.1.5 Other points of interest

4.1.5.1 Wasteful expenditure of Rs.25 lakh

Expenditure incurred on survey etc. became unfruitful

Maintenance of Tarapur-Borsad road was already taken up under Housing and Urban Development Corporation (HUDCO) financed project in October 2000. This was also included in State Highways Project and consultant was paid Rs.25 lakh for preparation of plans and estimate for the maintenance of the road. Thus, due to lack of proper co-ordination expenditure of Rs.25 lakh which was incurred on survey, design, drawings and estimate submitted by Project Co-ordinating Consultant (PCC) was avoidable.

Government stated (August 2002) that services provided by PCC upto tendering stage had been useful for HUDCO project. Reply of Government was not tenable as it was separately done under HUDCO project.

4.1.5.2 Quality Control

Failure to follow the technical policy of Government resulted into substandard work.

According to Government instructions (December 1997), Deputy Executive Engineer (DEE)/EE should inform SE, Chief Engineer (CE) and also the SE/CE of the Quality Control Wing before execution of asphaltic work so as to ensure quality assurance. Construction Supervision Consultancy (CSC) working as Engineer did not follow this policy. Thus the quality assurance of executed work could not be ascertained. Government stated (August 2002) that this was not applicable to International Competitive Bid. The reply was not correct as CSC was to follow the Government instruction on quality assurance.

4.2 Loss of Rs.8.71 crore as toll tax revenue

Delay in issue of notification by Government led to recurring loss of toll tax of Rs.8.71 crore per annum in respect of National Highway, Ahmedabad and Rajkot

A Project for widening the NH 8A into four lane, between Ahmedabad and Rajkot, was approved in principle by the Ministry of Road Transport and Highways (MORTH) in August 1998. The total estimated cost of the project was Rs.369.00 crore which was to be met mainly (70 per cent) by borrowing loans from HUDCO. The entire cost of the project including interest payable to HUDCO was to be recovered by way of toll tax.

Audit scrutiny of records of NH Division, Rajkot (December 2001) revealed that the work commenced in August 1997 was completed in September 2001 by incurring an expenditure of Rs.188.42 crore (March 2002). The Division had also constructed toll tax Plaza Building at Bamanbore Junction in June 1999 by incurring an expenditure of Rs.23 lakh (upto March 2002). As per Project report, the collection of toll tax was to be commenced from October 1999. The tender for fixing the agency for collection of toll tax was invited in March 1999 and subsequently in May 1999. The tender of agency 'A' at tendered value Rs.8.14 crore (estimated value Rs.7.31 crore) per annum was accepted by R&B Department in April 2000 after a lapse of 9 months. However, the work order authorising the agency to collect the toll tax was not issued. Later on, Department cancelled (March 2001) the tender since it was decided to collect the toll tax departmentally from April 2001. The tender for installation of electronic toll collection system was invited in April 2000. Work order was given in January 2001 with time limit of completion by three months. The work was yet to be completed (November 2002) pending successful trial of commissioning the complete system alongwith performance test of the system for fifteen days as per agreement though an expenditure of Rs.65 lakhs had already been incurred.

As per Memorandum of Agreement (March 2001) GOI agreed to allow GOG to recover the cost of project by way of toll fee as per the rates specified by GOI. However, the GOG had not issued any notification so far for collecting the toll fees. It was noticed in audit that R&B Department had sent a proposal

to R&B Minister on 7 November 2001. Minister R&B Department suggested (November 2001) to hold meeting with Principal Secretary (FD) and Finance Minister for fresh consideration of toll tax recovery. Meeting was held on 20 December 2001 and draft notification submitted on 2 April 2002 after a lapse of three months. The notification was yet to be issued (November 2002).

Thus, the delay at each stage right from EE to Government and failure to issue notification for levy of toll tax even after completion of four laning works by September 2001 and toll tax building by June 1999 resulted in loss of revenue of Rs.8.71 crore (October 2001 to September 2002) worked out on the basis of traffic census conducted in September 1999 and at rates applicable.

EE replied (December 2001) that the matter was pending for issue of notification by the Government and for deciding the mode of recovery of toll tax (manual or computerised). Thus, the delay in deciding the mode of collection of toll tax and issue of notification resulted in huge recurring loss.

The matter was reported to Government in January 2002; reply has not been received (November 2002).

4.3 Irregular selection of quarry site resulted in loss of Rs.1.06 crore

Decision to use the quarry material a distant quarry without justification resulted in excess expenditure of Rs.1.06 crore on account of lead difference.

According to Government instructions (August 1982) Roads and Buildings Department was required to select nearest quarry at the time of preparation of the estimate to minimise the expenditure. The Executive Engineer has to record a certificate on the draft tender papers (DTP) that rate analysis was checked by him personally and was economical.

Scrutiny of records of the Executive Engineer, Roads and Buildings Division, Mehsana (Division) revealed that while entering into agreement for supply of quarry materials for Government hot mix plant at Palodar, the division had selected Watrak quarry at a distance of 144 km based on the earlier DTP approved in September 1996 whereas it was noticed (August 2001) in audit that there was a nearby quarry at Chitrasani at the distance of 80 km. The material of Chitrasani quarry was also usable. The lead charges of Watrak quarry based on schedule of rates (SOR) 1998-99 worked out to Rs.273.84 per cum. whereas the rate for Chitrasani quarry was Rs.173.07 per cum. During 1998-2002 the division procured 105658 cum. of quarry materials from Watrak quarry resulting in excess expenditure of Rs.1.06 crore owing to the lead difference between two quarries.

On this being pointed out in audit, Executive Engineer stated (August 2001) that while the material available in Chitrasani quarry was satisfactory in quality, sufficient quantity was not available. He further stated that the proposal to procure the above material from Watrak quarry was based on

earlier DTP for supply approved by Government (September 1996). The reply was not tenable as the department failed to get the confirmation about availability of materials from Chitrasani quarry before awarding the work. The Assistant Geologist, Palanpur informed (December 2002) audit that sufficient material was available at Chitrasani quarries and that during the period from 1997-98 to 2001-2002, 474534 cum. of quarry material was extracted from there. Thus, wrong decision of the department to bring materials from a distant quarry unnecessarily resulted in excess expenditure of Rs.1.06 crore.

The matter was reported to Government in May 2002; reply has not been received (November 2002).

4.4 Acceptance of unworkable tender resulted in wasteful expenditure

Injudicious acceptance of unworkable tender led to wasteful expenditure of Rs.38.24 lakh Chalala-Khambha-Nagesri Road

Tender for the work of widening of Chalala-Khambha-Nagesri Road (km0/6 to 25/6 km) providing WBM, 20 mm thick carpet with seal coat was awarded to contractor 'A' at his tendered cost of Rs.34.99 lakh (estimated cost Rs.37.96 lakh) in August 1996, with the stipulation for completion within 24 months (August 1998). After executing the work valuing Rs.10.42 lakh upto August 1998 the contractor abandoned the work (August 1998) and subsequently the contract was terminated by Executive Engineer in November 1998. On retendering the balance work in March 1999 the contract was awarded to contractor 'B' for Rs.40.60 lakh (E.C. Rs.23.50 lakh) in August 1999. The second contractor too left April 2000 after executing work valuing Rs.15.82 lakh. After terminating the second contract in December 2000 a new estimate with 20 mm carpet with seal coat in full width of road of double lane at an estimated cost of Rs.1.07 crore was approved in April 2001. The work was incomplete (November 2002).

Scrutiny of records of Executive Engineer, Roads and Buildings Division, Amreli (May 2000 and January 2002) revealed that while entrusting the work to the first contractor, the rates quoted by him were 25.27 per cent below the current SOR (1995-96). His capabilities to execute the work with such low rate were not assessed. The contractor finally abandoned the work. The second contractor too left the work citing reasons of non-cooperation from the supervisory staff of the department.

Meanwhile due to lapse of five years in carrying out the work (carpet and seal coat) on widened portion, the middle surface of the road got damaged requiring extra treatment at an increased cost. It was decided in April 2001 to provide double lane work (in full width of road) instead of the originally approved metalling work in 1 meter on both sides with 20 mm manual carpet and seal coat. The road work which could have been completed at a cost of Rs.34.99 lakh in August 1998 remained incomplete as of November 2002 and.

the expenditure of Rs.38.24 lakh incurred so far (March 2002) was rendered wasteful.

The Executive Engineer stated (May 2000) that lowest and unworkable rates were not recommended by the Division, but Government had taken a view that in case the agency which quoted unworkable rates failed to execute the work, they would be penalised by way of cancellation of contract and forfeiture of Security Deposit. Failure to ensure workability of quoted rates and failure to take action against defaulting contractors resulted in wasteful expenditure of Rs.38.24 lakh, creation of additional liability of Rs.38.8 lakh besides delay of five years.

The matter was reported to Government in September 2000; reply has not been received (November 2002).

4.5 Avoidable expenditure of Rs.27 lakh

Contrary to MORTH specification extra provision of Tack Coat resulted in excess use of asphalt valuing Rs.27 lakh
--

According to MORTH specifications application of tack coat is not required when the laying of a bituminous course is followed by another bituminous course. Contrary to this stipulation it was noticed during audit (January 2002) of Executive Engineer, Roads and Buildings Division, Anand that in respect of the work of improving, widening and strengthening Bagodara-Vataman-Tarapur-Vasad road from 30/5 km to 57/7 km entrusted (June 1999) to a contractor at the tendered cost of Rs.18.65 crore against the estimated cost of Rs.14.36 crore, the work of Open Graded Carpet (OGC) was immediately followed after Built up Spray Grout (BUSG) by applying tack coat and then laying OGC over BUSG. This resulted in excess consumption of asphalt of 158.595 MT valued Rs.18 lakh which was paid in July 2001.

Similarly the work of improving, widening and strengthening of road from km 75/0 to 90/0 was awarded (July 1999) to a contractor "B" at a tendered cost of Rs.9.14 crore against the estimated cost: Rs.7.81 crore. It was noticed that tack coat was applied before laying of OGC which was immediately followed after BUSG. This resulted in excess consumption of asphalt of 80.174 MT valuing Rs.9 lakh. This was paid for in August 2001.

Thus, irregular and unnecessary use of tack coat resulted in avoidable expenditure of Rs.27 lakh.

Executive Engineer stated (January 2002) that tack coat was applied for proper bonding between BUSG and OGC. The reply was not tenable in view of MORTH specifications.

The matter was reported to Government in March 2002; reply has not been received (November 2002).

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

4.6 Blocking of fund

Awarding of work without adequate land and change in design midway led to blocking of fund and avoidable expenditure

Dhatarwadi-II Water Resources Project (Project) was administratively approved in January 1997 for Rs.25.93 crore. The tenders for construction of earthen dam, spillway, tail channel and head regulator etc. were invited in April 1997 and lowest offer of contractor 'K' was accepted at his tendered cost of Rs.20.75 crore in September 1997 against estimated cost of Rs.11.26 crore. Executive Engineer (EE) Irrigation Division, Una (Division) issued work order in October 1997 with the stipulated date of completion by April 2000. The work was still in progress (September 2002). Scrutiny of the records of the division revealed (December 2001) the following:

Non-acquisition of land led to blocking of Rs.22.63 crore

(i) For completion of the project, 427.18 ha. of land (dam sheet-93.14 ha. borrow area 100.19 ha. and submergence 233.85 ha.) was required. According to codal provisions more than 75 *per cent* of land was required to be obtained before issue of work order. Further, Government while approving Draft Tender Paper (DTP) in May 1997, directed the Superintending Engineer (SE)/EE to acquire the required land before inviting the tenders. However, the tenders had been invited in April 1997 though only 160.56 ha. (33 *per cent*) of land was acquired. Since about 234 ha. of land including a village was not acquired, the contractor stopped the work (July 1999) after executing the work valued at Rs. 22.63 crore. Failure to ensure availability of required land before the commencement of work resulted in blocking of fund of Rs.22.63 crore.

Change in design of spillway led to excess/avoidable expenditure of Rs.4.08 crore

(ii) The design and estimate of chute spillway and construction of cut off wall of upstream and downstream based on safe 'Soil Bearing Capacity' (SBC) as 23 Tonne/M² was approved (May 1997). However, the Chief Engineer and Joint Secretary (CE&JS), Narmada, Water Resources and Water Supply Department, noticed during his visit (December 1997) that required foundation strata was not available at the estimated depth at RL 25m. Therefore it was proposed (March 1998) to construct ogee shaped gravity spillway with 32 vertical lift gates between chainages 160m. and 811.17m. in place of chute spillway between 160m. and 954.40m. The design was approved (April 1998) by the Central Design Organisation (CDO). But, by this time the contractor had executed the work of 13160 cum. of excavation in foundation, 4057 cum. masonry work and other items of work valued to Rs.37.56 lakh which was not found necessary due to change in design. Therefore, expenditure on these became unfruitful. The change in design further resulted in execution of excess quantity beyond 30 *per cent* of the estimated quantity amounting to Rs.1.58 crore and extra item amounting to Rs.2.50 crore, which was paid to the contractor in March 2002.

Wrong estimate of quantity of overburden led to avoidable expenditure of Rs.1.06 crore

(iii) Scrutiny of the estimated quantity put to tender revealed that while working out the net quantity of earth work, usable quantity of overburden of COT, drain and spillway was taken as 331644 cum. ignoring usable overburden available at tail channel to the tune of 372660 cum. Had this been considered no earth would have been required to be quarried and transported from borrow area. Instead 244470 cum. earth valued at Rs.1.06 crore was brought and paid for by May 2001. This resulted in avoidable expenditure.

Thus, awarding the work before the availability of adequate land, improper survey, delay in approval of design and incorrect estimate of the earth work resulted in blocking of Rs.22.63 crore and avoidable expenditure of Rs.4.45 crore apart from undue benefit of Rs.1.06 crore to the contractor.

The matter was reported to Government in March 2002; reply has not been received (November 2002)

4.7 Abandonment of Project

Wasteful expenditure of Rs.12.15 crore on abandonment of Thebi Irrigation project

Thebi Irrigation Project (project) was administratively approved (January 1990) for Rs.12.45 crore and technically sanctioned (November 1990) for Rs.6.35 crore to irrigate 1125 hectares of land in Amreli district. Accordingly the work of construction of spillway, spillway bridge and head regulator of the project was awarded (April 1991) to contractor 'A' at a cost of Rs.3.55 crore (estimated cost: Rs.4.45 crore) for completion by April 1994. However, as against the requirement of 580.58 hectares of land (private land 340 hectares, government waste land 240.58 hectares) only 145.50 hectares of land was available at the time of awarding the contract. Since land was not available the contractor stopped (November 1992) the work after execution of work valuing Rs.2.86 crore.

After the first contractor was relieved (May 1995) the work was completed departmentally in 1998 at the total cost of Rs.12.15 crore *against the estimated cost of Rs.8.10 crore.

Scrutiny of records revealed (May 2002) that the cost of land required for submergence was originally estimated at Rs.4.75 crore against which payment of Rs.9.10 crore was made as per land award. Aggrieved with the inadequate compensation and land owners filed land references in the Court (1993) which allowed (May 1996) interim payment of Rs.21.53. crore. This amount was deposited in the Court between March 1996 and December 2001. Thereafter due to further anticipated expenditure of Rs. 200 to Rs.250 crore as compensation to be given to 208 land owners , Government decided (January

* Spillway and spillway bridge Rs.4.80 crore, radial gates Rs.2.38 crore, earthen dam Rs.3.88 crore, rehabilitation Rs.0.83 crore and diversion of road Rs.0.26 crore.

2002) to abandon the project, to store the water only upto crest level and return the land acquired beyond crest level.

Thus, as a result of projection of unrealistic estimates of compensation for land and subsequent exorbitant increase in compensation led to wasteful expenditure of Rs.12.15 crore on the abandoned project besides blocking of Rs.30.63 crore paid/ deposited for land acquisition. No irrigation benefit could be derived so far.

Government stated (October 2002) that due to an unanticipated huge expenditure for compensation in acquisition of land, the project was abandoned and that compared to this the expenditure of Rs.12.15 crore was negligible. This was not tenable as the ill conceived project blocked Rs.42.78 crore since 1991 without generating any benefit to the people as intended

4.8 Additional expenditure of Rs.67 lakh and undue benefit to the contractor.

Improper estimate of soil quantity and quality resulted in undue payment of Rs.35 lakh to a contractor

According to general condition of contract, payment for items in excess of 30 *per cent* of tender quantity should be made as per Schedule of Rate (SOR) of the year in which excess quantities were executed.

The work of raising of existing earthen dam including construction of drainage system and W.B.M. road on top of earthen dam on Tappar Irrigation Scheme was awarded in May 1999 to a contractor at the tendered cost of Rs.1.20 crore (13.67 *per cent* below the estimated cost of Rs.1.39 crore) with the stipulated date of completion as May 2000. The work was completed in January 2001 at a cost of Rs.1.64 crore.

Test check of records of Irrigation Construction Division, Bhuj revealed (January 2002) that excess earth work of 112398 cu.m. in embankment amounting to Rs.67 lakh was executed due to non-availability of anticipated quantity of soil from excavation of tail channel (TC). The soil had to be brought from borrow area. For the quantity in excess of 30 *per cent* of tendered quantity, the contractor was paid at the rate of Rs.73 per cu.mt. as per current SOR during 2000-01 against the tendered rate of Rs.27.84 per cu.mt. Thus, payment of excess quantity (78228 cu.mt.) at the rate which was much higher than tendered rate resulted in undue benefit of Rs.35 lakh to the contractor.

Audit scrutiny revealed that soil of tail channel had been tested (January 1996) by Gujarat Engineering Research Institute (GERI), Rajkot and found to be sandy and silty which could not be reused. Contrary to this, Chief Engineer (M.I.) instructed (April 1998) the entire excavated earth to be used. EE prepared (May 1998) the estimate accordingly.

During actual execution, the soil was not found suitable for use and the contractor had to bring 112398 cu.mt.[@] earth more than the estimated quantity. This resulted in additional payment of Rs.67 lakh inclusive of avoidable payment of Rs.35 lakh.

Executive Engineer stated (January 2002) that trial pits were not dug, but the estimate was prepared considering the instruction of C.E. (M.I) and in consultation with Government.

Reply was not tenable as facts remained that estimates were prepared ignoring the test report carried out by GERI in January 1996. CE's instruction was observed without considering available data. This resulted in undue benefit of higher rate and avoidable excess payment.

The matter was reported to Government in March 2002; reply has not been received (November 2002).

4.9 Payment for fictitious works

Expenditure of Rs.35.89 lakh incurred by executing fictitious piece works

According to the Government in Narmada, Water Resources and Water Supply Department Resolution of July 1997, works like desilting of canals, jungle cutting, earth work, maintenance and repairs to canals, irrigation management, etc. are required to be executed through departmental labourers. Further, as per para 188 of Gujarat Public Works Department (GPWD) Manual, works costing less than Rs.50000 could be carried out on piece work forms (A1,A2 and D form) for which rates were required to be fixed by the Division by inviting rates/quotations from local agencies and getting approval of the Superintending Engineer.

Contrary to these instructions, Executive Engineer, Panam Project Division (Division) Godhra got executed 132 works of desilting of canal (53), earthen bund (40) and other labour incentive works (39) valued at Rs.62.31 lakh of Kadana Left Bank Main Canal (KLBMC) and its distributary on piece work rate between April -November 2000 despite the availability of 253 permanent labourers on pay roll of the Division of which 167 were surplus.

Scrutiny of the records of the Division revealed the following irregularities:

The estimates of the works were split up in 132 parts in order to keep the same within the financial powers of the Divisional Officer. The rates sanctioned for piece works were higher by 34 *per cent* compared to lowest rates of 2000-2001 available with the Division. Execution of 85006.92 cum. of desilting work, therefore, resulted in excess payment of Rs.8.84 lakh.

[@] Quantity of earth work executed	226298 cu.mt.
Less: Estimated quantity	113900 cu.mt.
Total excess quantity executed	----- 112398 cu.mt.

Further, for execution of similar work under B1 agreement the rate of Rs.26.22 per cum. paid included lead and lift up to 100 mtrs. whereas for piece work the rates ranged between Rs.41.90 and Rs.62.25 per cum for the lead between 500 mtrs. and 3 km. This resulted in additional payment of Rs.19.48 lakh towards lead difference. Despite wide lead difference the average execution of work ranged between 473 cum. and 906 cum. compared to 188 cum.per day under B1 agreement. The claim of Rs.19.48 lakh was, therefore, not free from doubt in the absence of any indication about location and destination of borrow area in the measurement books/running account bills.

Payment of Rs.7.57 lakh for execution of 15257 cum. earthwork in respect of 16 works was made on the same day as that of completion of work which was not free from doubt in view of normal time to be taken for measurements, preparation and checking of bills at various levels.

Divisional Officer stated that (November 2001) as water was required to be released during Kharif season, the work was got executed on piece work basis by utilizing tractors, JCB and other machines for speedy execution. This was not tenable as the Division had no information about the number of machines employed and labourers engaged by the agencies. Moreover, desilting work of entire length of KLBMC was executed in May 2000 on B-1 agreement. Hence, execution of the same work after one month in the same stretch on piece work basis on the ground of urgency was doubtful. It was also noticed that the similar work was carried out in 1992-93 by engaging daily wages labourers on Nominal Muster Rolls.

The matter was reported to Government in April 2002; reply has not been received (November 2002).

4.10 Extra expenditure due to non-acceptance of tender within validity period

Failure of Government to finalise tender within the validity period caused extra expenditure of Rs.29 lakh

According to the provisions of (Para 212 A) Gujarat Public Works Department (GPWD) Manual, tenders are required to be accepted within 120 days from the date of opening the tender for the works estimated to cost above Rs.20 lakh. The Government had also reiterated this in January 1972, September 1982 etc. and further clarified in November 1993 that if any tenderer withdraws or makes any modification after submission of tender not acceptable to Government, the Government shall forfeit his earnest money deposit (EMD).

It was noticed (January 2002) in audit that Executive Engineer (EE), Kachchh Irrigation Construction Division, Bhuj invited (June 2000) tenders for the work of "Source development scheme for Mandvi Area (Coastal Zone) Water supply scheme" (Estimated cost : Rs.2.18 crore) by two cover system. The pre-qualification document was opened in August 2000 and subsequently the

price bid was opened in December 2000. The lowest offer of Rs.1.22 crore was 45.77 per cent below the estimated cost. The validity of the tender was initially upto 13 December 2000 which was extended upto 31 March 2001 by the contractor on 12 December 2000. But on 14 December 2000, the contractor requested for cancellation of his tender as rates offered by him were erroneous and not workable. However, to avoid forfeiture of EMD and delisting from Contract Registration, the contractor agreed on 6 January 2001 to execute the work at quoted rates and furnished rate analysis. Superintending Engineer (SE), Kachchh Irrigation Circle, Bhuj recommended (January 2001) the tender for acceptance. Thereafter, SE reminded (March 2001) Chief Engineer cum Joint Secretary for acceptance of tender proposal in time as the validity of offer was upto 31 March 2001. However, Government could take the decision only on 18 April 2001 and the tenderer refused (April 2001) to extend the validity period beyond 31 March 2001. As such, the SE recommended (July 2001) the second lowest offer (contract value: Rs.1.51 crore) and the Government accepted it on 13 September 2001. The work order was issued in September 2001 for completion within 24 months.

Thus, non-finalisation of lowest offer within the extended validity period resulted in extra liability of Rs.29 lakh. The Chief Engineer cum Joint Secretary accepted the observation and stated (July 2002) that the Government had decided to fix responsibility and to take strict action against those found guilty.

GENERAL

4.11 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 Head of offices inspected with a copy to the next higher authorities. Government rules etc. provide for prompt response by the executive to ensure corrective action and accountability for the deficiencies, lapses etc. noticed during 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 (Audit). A half yearly report is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of the audit observations in the pending reports.

Inspection reports issued upto March 2002 pertaining to 85 and 160 Roads and Buildings(R&B)/Irrigation Divisions of Narmada, Water Resources and Water Supply Department(NWR & WSD) disclosed that 2123 and 2089 paragraphs relating to 564 and 833 IRs respectively remained outstanding at the end of October 2002. Of these, 111 and 293 IRs containing 209 and 670 paragraphs

respectively had not been settled for more than 10 years as detailed in Appendix-XXX. 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 30 Divisions of R&B and 19 Divisions of NWR & WSD out of 611 and 846 IRs issued between 1991-92 and 2001-2002 respectively. As a result serious irregularities involving 72 paras with money value of Rs.21.72 crore in R&B and 11 paras with money value of Rs.22.10 crore in NWR & WSD commented upon in these IRs as detailed below had not been settled as of October 2002.

Sr. No.	Name	Roads & Buildings Department		Narmada Water Resources and Water Supply Department	
		Number of paras	Amount	Number of paras	Amount
1	Over payment	8	79.67	--	--
2	Lapse of budgetary grant	1	4.13	--	--
3	Short/Non recovery of liquidated damages	8	80.64	1	0.22
4	Unfruitful expenditure/irregular booking of expenditure/Excess	5	756.40	--	--
5	Unauthorised aid to contractors	11	375.18	--	--
6	Avoidable payment of interest	4	5.70	--	--
7	Irregular/Excess/ Allotment of Job No.	3	508.76	--	--
8	Diversion of fund/ blocking of funds	1	9.84	2	56.64
9	Minus balances	2	14.79	--	--
10	Irregular payment of advance	5	32.06	1	1.50
11	Non-recovery of sales tax/toll tax	3	4.24	--	--
12	Irregular execution of works/slow progress	6	23.48	1	0.25
13	Undischarged liability	1	77.90	--	--
14	Outstanding water charges	--	--	1	1249.74
15	Works executed through Labour co-op. Societies	--	--	1	54.48
16	Excess/Wasteful/ Extra expenditure	14	198.92	4	847.11
	Total	72	2171.71	11	2209.94

A review of IRs which were pending due to non receipt of replies, in respect of R&B and NWR &WSD revealed that the Head of the Office/Department failed to send any reply. The Secretaries of the R&B and NWR & WSD 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 appropriate action against the defaulting officers facilitated 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 observation 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) to recover loss/outstanding advances/over payments in a time bound manner.

The matter was reported to Government in September 2002; reply has not been received (November 2002).