

Chapter-IV

Works Expenditure

Section-A-Reviews

Power Development Department

4.1 Generation, Purchase, Distribution and Sale of Electric Energy

Electric energy is generated mainly by hydro electric power stations in the State. Energy is also purchased from outside sources to bridge the gap between demand and supply. While generation of power is looked after by the Jammu and Kashmir Power Development Corporation, its distribution/sale is made by the department. Jammu and Kashmir State Electricity Board merely acted as an agency for raising of loans from various financial institutions. Performance in generation of power was unsatisfactory, transmission and distributions losses were more than three times the prescribed norm, power tariff fixed was lower than its cost and arrears of revenue increased. Significant points noticed during audit are as follows:

Highlights

- There was shortfall of 22 *per cent* in utilisation of capital funds during the period 1997-98 to 2000-01. Only 2 *per cent* of the revenue expenditure was incurred for operation and maintenance of the transmission and distribution system.

(Paragraph: 4.1.7)

- Loss per KWH of power sold increased from Rs 1.97 in 1996-97 to Rs 2.50 in 2000-01 and deficit of the department during the corresponding period increased from Rs 521 crore to Rs 886 crore.

(Paragraph: 4.1.9)

- Power generation in the State declined by 31 *per cent* from 827 mKWH in 1996-97 to 572 mKWH in 2000-01 despite increase in installed capacity by 9 *per cent*. Capacity utilisation of hydel power stations decreased from 45 *per cent* to 30 *per cent* during the same period.

(Paragraphs: 4.1.11 and 4.1.12)

- Transmission and distribution losses in the system ranged between 52 *per cent* and 68 *per cent* against the norm of 15 *per cent* during the period 1997-98 to 2000-01. Commercial losses due to non-accounting of energy drawn by the consumers or pilferage amounted to 7922 mKWH (cost: Rs 1134 crore) during 1996-2001. Shunt capacitors purchased at a cost of Rs 3.35 crore were not installed resulting in idle investment of Rs 3.35 crore

and non-achievement of the objective of saving energy losses to the extent of Rs 12.25 crore.

(Paragraphs: 4.1.15, 4.1.16 and 4.1.18)

- **Arrears of revenue increased by 301 per cent from Rs 134.45 crore in 1997-98 to Rs 539.62 crore in 2000-01.**

(Paragraph: 4.1.21 (a))

- **Non-application of the prescribed tariff and non-levy of surcharge during 1999-2001 resulted in short assessment of Rs 145.06 crore.**

(Paragraphs: 4.1.21 (b) and 4.1.22)

- **Number of installations inspected/surveyed and checked by the departmental staff and mobile magistrates for safety/recording commercial load and checking theft of energy respectively was insignificant during the period 1998-2001.**

(Paragraphs: 4.1.23, 4.1.24 and 4.1.25)

Introduction

4.1.1 Electric energy is generated in the State mainly by hydro electric generating stations. Energy is also purchased from outside sources to bridge the gap between generation and demand. The Government constituted (September 1972) State Electricity Board (SEB) under Section 3 of the Jammu and Kashmir Electricity (Supply) Act, 1972 to promote co-ordinated development of the generation, supply and distribution of electricity in the State. The Board, however, acted only as an agency for raising loans from various institutions like Life Insurance Corporation of India, Rural Electrification Corporation, etc.

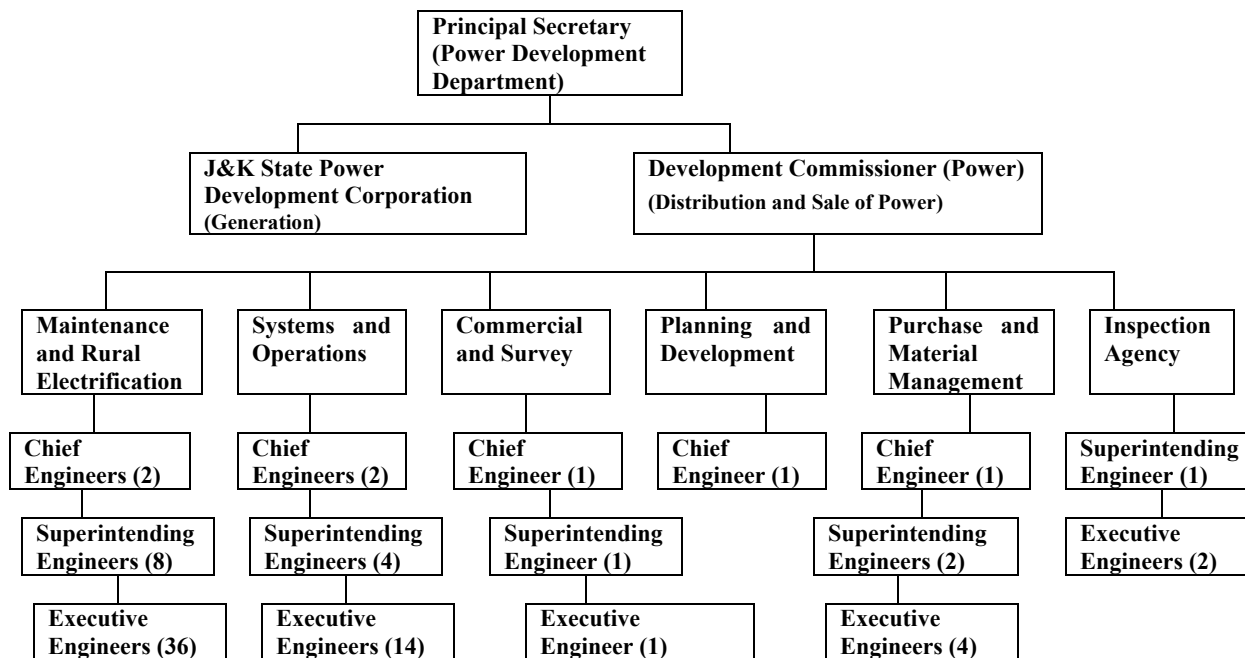
4.1.2 The Government transferred (June 1994) the work of generation of electric energy to Jammu and Kashmir State Power Development Corporation (a Government company). The function of transmission, distribution and sale of electric energy continued to be performed by the department (June 2002).

4.1.3 The total investment^ψ made by the Government in the power sector was Rs 3658.17 crore including equity of Rs 5 crore in Jammu and Kashmir Power Development Corporation, as of March 2002.

^ψ Excluding loans

Organisational set-up

4.1.4 Organisational structure of the department is given in the following chart:



Audit coverage

4.1.5 Audit, covering the period 1996-97 to 2000-01 and an expenditure of Rs 3061.18 crore (61 per cent) of the total expenditure of Rs 5020 crore, was conducted from December 2001 to June 2002 by test check of records of Development Commissioner (Power), Financial Advisor and Chief Accounts Officer (FA and CAO), 5 Chief Engineers[♦], 4 Superintending Engineers[♠], 18 Executive Engineers[♢], Assistant Director Planning and Accounts Officer Revenue Cell, Jammu.

Capital and revenue expenditure

4.1.6 The position of allocation and expenditure for power sector in the State during the period 1996-97 to 2000-2001, as per information supplied by the FA and CAO, was as follows:

♦ Commercial and Survey, Purchase and Material Management, Electric Maintenance and Rural Electrification (EM &RE) Jammu/Srinagar and Systems and Operations Jammu
 ♠ EM &RE Circles I and II Jammu, Batote and Inspection Agency Jammu
 ♢ EM &RE Divisions I, II, III and IV Jammu, Kathua, Udhampur; Transmission Line Maintenance Divisions Janipora, Gladni, Udhampur; Load Despatch Divisions Jammu/Srinagar; Transmission Line Construction Division I Jammu, Commercial Division Jammu; Survey Division Jammu, Grid Construction Division Gladni, Sub-Transmission Division I and II Jammu and Kathua

Table No 4.1

(Rupees in crore)

Year	Capital			Revenue		
	Allocation	Expenditure	Excess (+)/ Saving (-)	Allocation	Expenditure	Excess (+)/ Saving (-)
1996-97	377	394	(+) 17 (-)	558	445	(-) 113 (20)
1997-98	395	253	(-) 142 (36)	672	612	(-) 60 (9)
1998-99	338	222	(-) 116 (34)	759	769	(+) 10 (1)
1999-2000	311	303	(-) 8 (3)	919	793	(-) 126 (14)
2000-01	310	276	(-) 34 (11)	966	953	(-) 13 (1)
Total	1731	1448	(-) 283 (16)	3874	3572	(-) 302 (8)

4.1.7 Overall shortfall in utilisation of funds (capital) during the period 1997-98 to 2000-01 was 22 *per cent*. Revenue expenditure was incurred mainly on purchase of power and fuel (Rs 3061.36 crore; 86 *per cent*) and administrative expenses (Rs 439.06 crore; 12 *per cent*). Rupees 71.94 crore (2 *per cent*) only were spent on operation and maintenance of the system.

Working results

4.1.8 The working results of the department during the period 1996-97 to 2000-01, according to the figures supplied to Audit were as follows:

Table No 4.2

Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
Number of installations	690988	714326	787213	817924	857200
Number of employees	18500	18500	20500	20700	20925
Number of installations per employee	37	39	38	40	41
Expenditure on staff (Rs in crore)	59.19	61.06	91.23	107.88	119.70
Revenue [^] receipts (Rs in crore)	47.68	94.76	100.19	208.52	240.50
Energy sold (mKWH ^ψ)	2014.89	2577.90	2873.69	2637.68	2852.45
Revenue expenditure [^] including cost of power purchased from outside sources (Rs in crore)	445.18	611.82	769.47	793.17	952.72
Revenue expenditure per installation (in Rs)	6442.65	8564.99	9774.60	9697.35	11114.32
Revenue expenditure per KWH (in paisa)	220.94	237.33	267.76	300.71	334.00
Revenue realised per KWH (in paisa)	23.66	36.75	34.86	79.05	84.31
Revenue realised per installation (in Rs)	690.02	1326.56	1272.71	2549.38	2805.64
Average loss per installation (in Rs)	5752.63	7238.43	8501.89	7147.97	8308.68
Average loss per KWH (in paisa)	197.28	200.58	232.90	221.66	249.69
Depreciation and interest payable	123.99	143.57	165.23	173.53	173.53
Deficit (Rs in crore)	521.49	660.63	834.51	758.18	885.75

[^] Excludes taxes and duties on electricity

^ψ Million Kilo Watt Hours

4.1.9 Deficit of the department increased from Rs 521 crore in 1996-97 to Rs 886 crore in 2000-01. Average loss per KWH of energy sold increased from Rs 1.97 in 1996-97 to Rs 2.50 in 2000-01. Loss in the sale of energy per consumer increased from Rs 5753 (1996-97) to Rs 8309 (2000-01); an increase of 44 *per cent*.

4.1.10 Major reasons for losses as seen in audit were underutilisation of capacity, heavy transmission and distribution losses, non-linking of tariff with the cost of energy, non/short recovery of electricity charges, etc. as discussed in succeeding paragraphs.

Underutilisation of installed capacity

4.1.11 The installed capacity for power generation in the State increased from 371 MW in 1996-97 to 403 MW in 2000-01. However, power generation decreased from 827 mKWH in 1996-97 to 572 mKWH in 2000-01, a decline of 31 *per cent*. The position of installed capacity, power generated and capacity utilisation was as follows:

Table No 4.3

	Installed Capacity				Power Generated				Capacity Utilisation (<i>Per cent</i>)			
	Hydel	Gas	Diesel	Total	Hydel	Gas	Diesel	Total	Hydel	Gas	Diesel	O ve ra ll
	In MW (mKWH)				In mKWH							
1996-97	187 (1642)	175 (1533)	9 (78)	371 (3253)	743	74	10	827	45	5	12	25
1997-98	187 (1642)	175 (1533)	10 (86)	372 (3261)	892	49	10	951	54	3	12	29
1998-99	178 (1563)	175 (1533)	11 (95)	364 (3191)	699	6	8	713	45	&	9	22
1999-2000	178 (1563)	175 (1533)	13 (112)	366 (3208)	630	Nil	8	638	40	Nil	7	20
2000-2001	213 (1870)	175 (1533)	15 (128)	403 (3536)	559	4	9	572	30	&	7	16

4.1.12 The capacity utilisation of hydel power stations decreased from 45 *per cent* in 1996-97 to 30 *per cent* in 2000-01. The main reason for decline in power generation was attributed (September 2002) by the department to reduced discharge of water in rivers and derating of the equipment. However, in the case of Chenani Hydel Power Stage-I, it was seen in audit that though average water discharge during 1996-97 to 2000-2001 was more than the minimum discharge (200 cusecs) required for generation of power, the decline in generation ranged between 41 and 67 *per cent*.

Demand and availability of power

4.1.13 The requirement of electric energy in the State, as estimated by the Central Electricity Authority (Government of India), energy available/sold and losses during five years ending 2000-01 were as follows:

& Negligible

Table No 4.4

	(In mKWH)				
	1996-97	1997-98	1998-99	1999-2000	2000-01
Energy requirements	3871	4908	5445	5983	6386
Energy available:					
Self generation (excluding auxiliary consumption)	819	942	706	632	566
Purchased from outside source	3053	3967	4723	4347	4808
Total	3872	4909	5429	4979	5374
Energy sold	2015	2578	2874	2638	2852
Energy loss	1857	2331	2555	2341	2522
<i>Per cent</i>	48	47	47	47	47

4.1.14 The department, on an average generated only 15 *per cent* of the projected requirements of power in the State. Between 73 *per cent* and 87 *per cent* of requirement of power was purchased from NHPC, NTPC, etc. The availability of power in the State declined from 100 *per cent* (1996-97) to 84 *per cent* (2000-01) despite steady increase in purchase of power (increase: 73 to 87 *per cent*) during 1996-97 to 2000-01. While energy consumption in industrial sector increased marginally by 2.69 *per cent* of total consumption from 247.60 mKWH (1996-97) to 427.26 mKWH (2000-01), domestic consumption of energy supplied at lower tariff increased by 19.83 *per cent*. The shortage of energy was met by power curtailments of at least 4 hours/day (on an average) during 1999-2000 and 2000-01.

Energy losses

4.1.15 Against the maximum permissible norm of 15 *per cent* in a system prescribed by the Central Electricity Authority, energy lost in transmission and distribution network ranged between 47 *per cent* and 48 *per cent* of the available energy during the period 1996-2001. The loss exceeding the prescribed norm represented commercial losses (7922 mKWH; cost: Rs 1134 crore) due to non-accounting of energy drawn by the consumers or on account of pilferage. The department could not bifurcate the energy losses into technical losses and pilferage, as a large number of installations were unmetered^ψ and feeder-wise energy accounts were not maintained.

4.1.16 Test-check of records of Development Commissioner (Power), however, revealed that actual energy losses during the period 1997-2001 ranged between 52 *per cent* and 68 *per cent*. The losses had been understated by inflating the figures of energy sold as indicated in the following table:

Table No 4.5

	(mKWH)			
Particulars	1997-98	1998-99	1999-2000	2000-01
Energy available	4909	5429	4979	5374
Reported sale of energy	2578	2874	2638	2853
Sale of energy as per records of the Development Commissioner (Power)	1826	1751	2288	2558
Energy Loss (<i>per cent</i>)	3083(63)	3678(68)	2691(54)	2816(52)

^ψ Jammu: 53 *per cent* and Kashmir: 62 *per cent*

4.1.17 Incidence of high energy losses was attributed (April 2002) by the Development Commissioner (Power) to technical reasons, non-revamping and non-augmentation of the system due to financial constraints as also ineffective metering of the installations and pilferage. The department also stated (September 2002) that out of 4.50 lakh metered installations in the State, only 10 *per cent* had operational meters which too had out lived their life. These losses were proposed to be reduced by enforcing reforms in the department and launching a scheme for energy accountability by installing energy meters at all voltage levels up to 11 KV feeders and cent *per cent* metering of consumer installations.

Non-installation of shunt capacitors

4.1.18 In order to reduce transmission losses and improve power supply in the State, the department ordered (September 1995) 12 shunt capacitors (33 KVA) from BHEL Bhopal at a cost of Rs 3.35 crore for installation at specified grid stations. The capacitors received between April 1997 and February 1999 were yet to be installed (April 2002). Non-installation of shunt capacitors rendered the investment of Rs 3.35 crore idle and the intended objective of saving energy losses[#] (Rs 12.25 crore) was also not achieved.

Tariff not related to purchase cost of energy

4.1.19 Against the average cost of energy of Rs 1.15 to Rs 1.69 per KWH purchased from outside sources during the period 1996-2001, the tariff fixed for the major energy consumers *viz.* the domestic installations ranged between Re 0.28 to Re 0.85 only. Consequently, revenue realised (Rs 117 crore) from domestic installations during 1997-2000 covered only 30 *per cent* of the cost of power purchased (Rs 391 crore) during the period.

Inadequate billing of energy sales

4.1.20 The system of issuing bills to consumers for payment of electricity charges and its recovery was not effective. The number of consumers who were issued monthly bills by the department in Jammu Division ranged between 5.67 *per cent* to 8.83 *per cent* of the total consumers during 1996-97 to 2000-01. In Kashmir Division, 10.23 *per cent* of the total consumers were issued monthly bills during 2000-01 (information for 1996-97 to 1999-2000 was not made available).

Arrears of revenue

4.1.21 (a) The revenue realisation showed a declining trend from 43.65 *per cent* (1997-98) to 33.9 *per cent* (2000-01) of the total recoverable revenue which resulted in increase in arrears from Rs 134.45 crore to Rs 539.62 crore during the period. Against arrears of Rs 539.62 crore ending March 2001 worked out in audit, the department depicted Rs 460.89 crore only in its records. The variation of Rs 78.73 crore was not reconciled. About 76 *per cent* of arrears pertained to Kashmir region and remaining 24 *per cent* to Jammu region indicating slackness in the revenue collection efforts of the department.

[#] April 1999 to March 2002

(b) In respect of domestic and LT commercial (metered supply) categories of consumers, different rates of consumption of energy according to the connected load were sanctioned and power tariff revised from April 1999. Test-check of departmental records, however, indicated that demand charges in respect of aforementioned categories for 1999-2000 and 2000-01 were assessed at minimum tariff rates instead of average tariff rates prescribed, resulting in short assessment of revenue amounting to Rs 144.75 crore.

Non-recovery of surcharge

4.1.22 As per orders (March 1988) of the Government, surcharge of 10 *per cent* of the assessed amount was leviable for non-installation of capacitors of requisite capacities against such consumers whose aggregate load was 10 HP/KVA and above. Test-check revealed that this surcharge had not been levied in 79 cases resulting in short assessment of Rs 24.52 lakh. Similarly, surcharge of 1 *per cent*, per month was chargeable on the assessed amount if the consumer failed to remit the electricity charges for a particular month within fifteen days of the succeeding month. Surcharge of Rs 6.19 lakh was not levied on this account in 52 cases test-checked in audit.

Inadequate inspection of installations

4.1.23 The department had conducted only 1.49 to 3.88 *per cent* (excluding domestic and commercial consumers) of the required number of inspections, for testing consumer installations as per Jammu and Kashmir Electricity Rules, 1978. This not only prevented the department from identifying the installations unsafe for operation, but also resulted in loss of revenue of at least Rs 41.80 lakh as inspection fee for the period 1997-98 to 2000-01 as detailed below:

Table No 4.6

	1997-98	1998-99	1999-2000	2000-2001
Total number of installations required to be inspected	14539 ^{&}	29424	28244	13201 [#]
Inspections carried out	217	454	633	512
Percentage of inspections carried out to total number of installations	1.49	1.54	2.24	3.88

Inspection by Mobile Magistrates

4.1.24 Six Electrical Mobile Units (3 each for Jammu and Kashmir Division) headed by a Special Magistrate were set up in the department under Sections 38 and 43 of Jammu and Kashmir Electricity Act, 1997 for checking theft of energy. The number of installations checked by the Mobile Magistrates in Jammu Division during the period 1996-97 to 2000-01 ranged between 0.02 *per cent* to 0.06 *per cent* of the total connections. The information in respect of Kashmir Division was awaited (October 2002).

[&] Does not include figures for Kashmir

[#] Excludes figures for Jammu

Commercial and Survey Wings

4.1.25 Two Commercial Divisions and two Survey Divisions (one each for Jammu and Kashmir Division) were created in January 1998 and May 1998 for (i) looking after the job of collection of power dues (ii) surveying all installations (iii) recording commercial load and (iv) test-checking functioning of meters and identifying unmetered installations. These divisions were also required to enter into fresh agreement with the consumers on the basis of their energy requirement. Only 5964 and 16392 installations representing 1.49 *per cent* and 3.58 *per cent* of the total installations were surveyed for recording commercial load in the Jammu and Kashmir Divisions respectively, during the period ending December 2001. Expenditure of Rs 7.04 crore incurred on pay and allowances of the staff of these divisions during 1998-99 to 2001-02 was thus, by and large unfruitful.

4.1.26 The above points were referred to the Government/department in July 2002; reply had not been received (October 2002).

Public Works Department

4.2 Performance of the PWD (Roads and Bridges)

Public Works Department was created with the objective of construction and maintenance of roads, bridges and buildings. The department constructed 900 kms of road during the last 5 years incurring expenditure of Rs 1329 crore. Execution of works without administrative approval/technical sanctions and cases of defective estimation of cost of works, leading to unfruitful, wasteful and avoidable expenditure and diversion of programme funds were noticed. Significant points noticed were as follows:

Highlights

- Rupees 15.14 crore were advanced to sister divisions for procurement of stores and execution of works during 1997-2001 and Rs 5.47 crore credited to Civil Deposits (1997-2002) to avoid lapsing of funds. Unauthorised liability of Rs 2.46 crore was created during 1997-2002 by executing works without budget sanction.

(Paragraphs: 4.2.6 to 4.2.8)

- Due to non-submission of utilisation certificates, Central assistance of Rs 20.56 crore was not released to the State out of Central Road Fund during 2000-01. Because of the failure to furnish full details of expenditure, the State was deprived of Central assistance of Rs 5.58 crore under National Highways (bypasses) Programme during 1995-2002.

(Paragraphs: 4.2.9 and 4.2.10)

- Funds aggregating Rs 9.59 crore were diverted to activities/schemes not connected with the programmes. Utilisation or otherwise of Rs 192.06 crore released by the Central Government for reconstruction of gutted bridges was not intimated.

(Paragraph: 4.2.11)

- 502 works were taken up at an estimated cost of Rs 30.02 crore without administrative approval and technical sanction. This resulted in unfruitful/wasteful/extra expenditure of Rs 2.40 crore in 5 such test-checked cases.

(Paragraph: 4.2.14)

- There was cost overrun of Rs 24.75 crore on completion/implementation of 131 schemes in Jammu and Kashmir Divisions. Similarly, there was cost overrun of Rs 1.14 crore in respect of 6 works under the National Highway (bypasses) Programme.

(Paragraphs: 4.2.16 and 4.2.17)

- **Against target of Rs 1.12 crore for collection of revenue, the actual realisation was only Rs 0.84 crore during the period 1997-2001. The arrears of rent had accumulated to Rs 3.59 crore.**

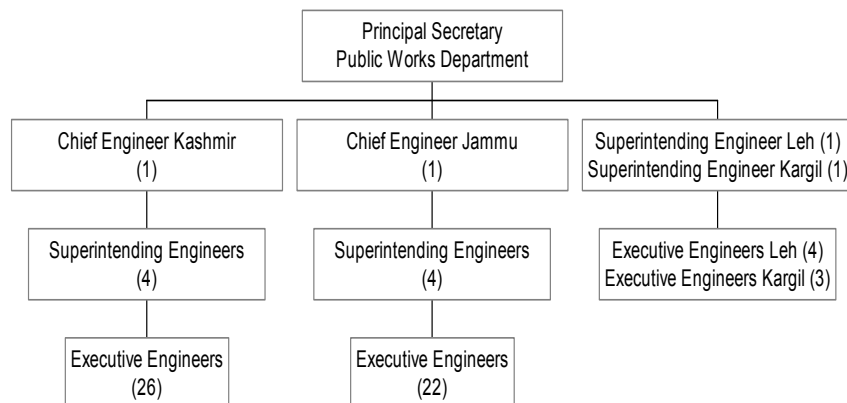
(Paragraph: 4.2.27)

Introduction

4.2.1 Road transport being the primary means of communication in Jammu and Kashmir, development of roads and bridges has received priority in the development plans of the State. The length of roads constructed/maintained by the department increased from 11230 km (surfaced: 9933 km; un-surfaced: 1297 km) as on 1 April 1997 to 12130 km (surfaced/un-surfaced) at the end of March 2002. This does not include 19805* kms of road length maintained (March 2000) by other agencies. The number of villages connected by roads increased from 4107 to 4274 (out of 6268 villages) during this period.

Organisational set up

4.2.2 The organisational structure of the department is given in the following chart:



(Superintending Engineers of Leh and Kargil districts exercised the powers of Chief Engineer)

Audit coverage

4.2.3 Working of the PWD (R&B) was last reviewed by Audit during 1997-98 and comments thereon included at Paragraph 4.1 of the Report of Comptroller and Auditor General of India for the year ended March 1997. The present review conducted from December 2001 to June 2002 is based on test-check of records of the administrative department, offices of the chief engineers (Kashmir/Jammu), superintending engineers (Jammu, Srinagar and Rajouri), and inspection of 14[≥] public works divisions covering the period from 1997-98 to 2001-2002

* Border Roads Organisation: 3715 kms; Forest Department: 9795 kms; Irrigation and Flood Control Department: 702 kms and CDNES Department: 5593 kms

≥ Construction Division No-I, II, III, Jammu, Udhampur, Kathua, Poonch, Rajouri, Budgam, Khanabal, Sopore, Construction Division I&II Srinagar, D&P Division Jammu, MC & TB Division Jammu

(expenditure covered: Rs 395.19 crore; 30 *per cent*). The results of the review supplemented by the information obtained from Planning/Finance Departments are brought out in the succeeding paragraphs.

Allocation and expenditure

4.2.4 In addition to the funds released by the State Government, the department received funds from the Central Government for construction/maintenance of National Highways (by-passes) and for works under Central Road Fund (CRF). Loans are also raised from National Bank for Agriculture and Rural Development (NABARD) for construction/upgradation of roads and bridges. The details of funds received by the department and expenditure incurred thereagainst during 1997-2002 was as under:

Table No 4.7

(Rupees in crore)

Year	Opening Balance	Allocations of State Government	Central Releases	NABARD Loans	Funds available	Expenditure out of			Total expenditure (per cent)	Closing Balance	
						State funds	Central funds	NABARD loans		Central Funds	NABARD loans
1997-98	-	367.86	2.35	-	370.21	363.66	2.22	-	365.88 (99)	0.13	-
1998-99	0.13	269.96	3.61	-	273.70	198.88	-	-	198.88 (72)	3.74	-
1999-00	3.74	236.51	4.90	37.93	283.08	167.95	1.50	33.82	203.27 (72)	7.14	4.11
2000-01	11.25	244.89	14.12	52.60	322.86	183.88	12.75	54.04	250.67 (77)	8.51	2.67
2001-02	11.18	250.86	8.22	74.71	344.97	225.71	8.23	76.46	310.40 (90)	8.50	0.92
Total		1370.08	33.20	165.24		1140.08	24.70	164.32	1329.10		

(Source: Departmental records)

4.2.5 Shortfall in utilisation of funds during 1998-2001 was also due to non/underutilisation of Rs 92.48 crore in respect of 159 schemes (Kashmir: 53; Jammu: 106). The overall saving of Rs 239.42 crore during 1997-2002 was despite diversion of Rs 9.40 crore during 1999-2000 on 15 schemes and excess expenditure of Rs 15.17 crore in case of 59 Plan schemes during 1997-98 to 2000-01. The following further points indicating lax financial control mechanism in the department were noticed.

Rush of expenditure

4.2.6 In 10 test-checked divisions (Kashmir: 3; Jammu: 7) out of total expenditure of Rs 398.88 crore, 32 to 100 *per cent* of expenditure (Rs 144.48 crore) was incurred during the last quarters of 1997-2002. Aggregate expenditure incurred in the month of March alone was Rs 78.06 crore and ranged between 20 to 100 *per cent*. Further, Rs 15.14 crore were advanced by 7 divisions (Kashmir: 2; Jammu: 5) in the month of March during the period 1997-2001 to sister divisions[♥] for execution of works/procurement of stores to avoid lapse of funds.

[♥] Procurement, Electric and Public Health Engineering Divisions, not under the administrative control of R&B Department

Operation of deposit head to avoid lapse of funds

4.2.7 Due to release of funds by administrative department/chief engineers at the fag end of 1997-98 to 2001-2002, Rs 5.47 crore were drawn and credited to '8443 - Civil Deposits' by 5^ψ Executive Engineers for utilisation in subsequent years to avoid lapse of allotment.

Unauthorised liabilities

4.2.8 4^Ω Executive Engineers, without any authority executed works in absence of any budget provision, thereby creating liability of Rs 2.46 crore during 1997-02*. The liability had not been cleared (September 2002) due to non-provision of funds for these works.

Non-release/reimbursement of Central assistance

4.2.9 Due to non-submission of utilisation certificates for Rs 10.28 crore released by the Central Government under CRF programme, balance assistance of Rs 20.56 crore could not be released to the State Government during 2000-01. Out of Rs 10.28 crore, Rs 2.88 crore were to be utilised on 12 approved schemes (Jammu: 9; Kashmir: 3) and the balance carried forward to the next year. The State Government, however, released the entire amount in 2000-01 for implementation on 9 schemes of which 5 schemes were not approved under CRF programme.

4.2.10 Expenditure on national highways (by-passes) is initially met by the State Government and reimbursement thereof is made by the Central Government, subsequently. Against expenditure of Rs 13.14 crore incurred on implementation of the programme during 1995-02, reimbursement of Rs 7.56 crore only was made (March 2002) by the Central Government due to failure of the department to furnish full details of the expenditure. Thus, the State Government deprived itself of Rs 5.58 crore which adversely affected execution of on-going works.

Diversion of funds

4.2.11 Funds aggregating Rs 331.10 crore were provided by the Central Government during 1996-01 for reconstruction of 157 major and 244 minor bridges gutted during militancy. Of these, Rs 139.04 crore only were released by the Planning Department to the executing agencies. The executing agencies unauthorisedly diverted Rs 6.23 crore to other schemes not connected with the programme (detail in *Appendix-12*). The utilisation or otherwise of the balance (Rs 192.06 crore) by the Planning Department was not intimated (September 2002). In addition State/District Plan funds aggregating Rs 3.36 crore were diverted to other activities not connected with the programme during 1997-98 to 2001-02.

^ψ R&B Division Budgam: Rs 2.09 crore; Kathua: Rs 1.37 crore ; Khanabal: Rs 65.03 lakh; Rajouri: Rs 21.57 lakh and Srinagar: Rs 1.14 crore

^Ω Budgam, Poonch, Rajouri and Sopore

* 1997-98: Rs 7.54 lakh; 1998-99 Rs 2.93: lakh ; 1999-2000: Rs 1.13 lakh; 2001-2002: Rs 2.34 crore

Locking up of borrowed funds

4.2.12 Rupees 86.26 lakh and Rs 7.20 lakh borrowed from NABARD at an annual interest rate of 12 *per cent* for construction of bridges at Dougrian, Surron and Ichama-Sadwani road were advanced irregularly to JKPC and SICOP by the Executive Engineers, R&B Divisions Poonch and Budgam in March 2001 and March 2002 respectively without obtaining cost offers from these agencies. The work on the bridges had, however, not been started resulting in locking up of Rs 1.01 crore (including State's share of Rs 7.20 lakh) with interest cost of Rs 18.28 lakh (September 2002).

Execution of works Shortfall in achievement of targets

4.2.13 The basis of setting up of annual targets for construction of roads/bridges and village connectivity was not on record. In Kashmir Division, against the target of construction of 413 Kms. of roads during 1997-2002, the shortfall in achievement was 47 *per cent*, while in Jammu Division against the target of construction of 546 Kms. the achievement was 680 Kms. In respect of village connectivity, the shortfall in achievement was 91 *per cent* in Kashmir Division (target: 559) and 56 *per cent* (target: 250) in Jammu Division. Reasons for shortfall were mainly non-completion of various targeted schemes as discussed at paragraphs 4.2.16 and 4.2.17.

Execution of works without administrative approval/technical sanction

4.2.14 Financial rules provide that no work should be taken up without obtaining administrative approval/technical sanction from the competent authority. Test-check of records of 7 divisions (Jammu: 6; Kashmir 1) revealed that 502 works (Jammu: 470; Kashmir: 32) were taken up at an estimated cost of Rs 30.02 crore during 1997-98 to 2001-02 without administrative approval/technical sanction. Execution of works without fulfilling these requirements indicated poor control mechanism in the department resulting in unfruitful/wasteful/extra expenditure of Rs 2.40 crore in 5 such test-checked works as detailed below:

Table No 4.8

(Rupees in lakh)

Name of the work	Division	Estimated cost	Expenditure	Period	Remarks
Upgradation/construction of roads (8)	Construction Division No 1 Jammu Construction Division No II, Sgr	162.22 460.58	27.95 36.27	1997-98 1998-99	The construction of drains, roads, retaining walls, macadamisation, etc. was left halfway due to non-provision of funds in subsequent years resulting in unfruitful expenditure of Rs 64.22 lakh.
Construction of Arai Link Road	R&B Poonch	19.55	5.65	February 1997 to August 1997	Work was taken up without conducting geo-technical investigation and due to bursting of natural water springs the road alignment was damaged resulting in wasteful expenditure of Rs 5.65 lakh.

Construction of Chandah Mohalla Kote Road	R&B Poonch	19.90	9.00	1997-98 and 1999-2000	Construction of the road was objected to by the locals whose land was falling in the alignment of the road. The work was abandoned after executing it up to 45 per cent resulting in wasteful expenditure.
Construction of steel bridge at Nallah Sarup and motorable bridge on Chaunta-Baugtaraina road	R&B Jammu	57.00	43.75	February 1998 to November 2001	The work on both the bridges was stopped during execution as change in the span of bridges was found necessary. Further works could not be completed due to non-availability of funds rendering the expenditure unfruitful.
Construction of Skarsum Bridge	R&B Kulgam	97.50	117.50	1997-98	JKPCC changed the design/specifications of the bridge without getting clearance from the department which resulted in extra expenditure of Rs 20 lakh.
Total		816.75	240.12		

Sub-standard execution of work on Shalteng-Sumbal Road

4.2.15 Shalteng-Sumbal road is maintained by the Border Roads Organisation (BRO). Despite this and without administrative approval/technical sanction, its upgradation work was taken up (1998-99) by the Executive Engineer, R&B Division, Sopore under the orders of the Chief Engineer, R&B Kashmir (estimated cost: Rs 15.25 crore). After executing the work to the extent of Rs 1.45 crore and after payment of Rs 76 lakh to the contractor, further execution of work was stopped (June 1999) as the BRO objected to its execution. The work undertaken by the Executive Engineer was sub-standard as it did not conform to the BRO specifications as pointed out (November 1999) by the Research Officer of the PWD, rendering the expenditure unfruitful.

Non-completion of NABARD assisted schemes

4.2.16 Audit scrutiny of records of 9^ϕ divisions revealed that out of 92 schemes taken up with the loan assistance of NABARD, only 12 schemes were completed within the stipulated time. Of these, two schemes were completed at a cost of Rs 3.13 crore involving cost overrun of Rs 12 lakh. The remaining 80 schemes were still in progress. Project cost of 43 such schemes was revised (March 2002) to Rs 49.86 crore (original estimated cost: Rs 39.96 crore) revealing cost overrun of Rs 9.90 crore as on that date. In Kashmir Division, there was cost overrun of Rs 14.73 crore on completion of 86 schemes (out of 113) which was attributed (May 2002) by the Chief Engineer, R&B Kashmir to change in quantities due to site conditions/higher tender rates. It was, however, noticed that the estimates of works (prepared by junior engineers without any contribution from senior officers) were not prepared after adequate ground study leading to inappropriate designs, change in alignment, execution of additional/substituted items, etc. and consequent

^ϕ Construction Division I,III Jammu, R&B Udhampur, Kathua, Rajouri, Budgam, Khanabal, Poonch and Doda

upward revision in costs as instanced in *Appendix 13*. Seven^ψ NABARD assisted schemes on which an expenditure of Rs 2.74 crore was incurred (March 2001) were left half way (December 2000 to March 2001) on account of adoption of non-attainable gradients in the estimates and security related problems. Similarly, work on eight other schemes on which expenditure of Rs 3.77 crore was incurred (March 2001 and March 2002) could not be continued as these roads passed through forest land for which permission of the Forest Department was not obtained. Execution of six other works on which an expenditure of Rs 1.96 crore was incurred (March 2002), had to be discontinued (March 2001) due to dispute between the contractors and department/landowners.

Non-completion of works under the National Highways (bypasses) programme

4.2.17 Out of 11 on-going works scheduled to be completed by 1999-2000 only 2 works involving a cost overrun of Rs 3.30 lakh were completed (March 2002). 9 works taken up for execution from 1992-93 to 1998-99 were incomplete (March 2002) with physical achievement of 40 to 98 *per cent* in respect of individual works and time overrun of 2 to 5 years. Out of 8 special repair/flood restoration works taken up for execution from 1992 at an estimated cost of Rs 4.51 crore to be completed by 2001-02, only 4 works were completed (December 2001) with cost overrun of Rs 1.11 crore.

Inventory management

4.2.18 To avoid locking up of funds on procurement of surplus stores and to facilitate inventory control, stock reserve limits have been prescribed for various divisions by the department depending upon their assessed requirements. Out of 14 test-checked divisions, 8[↔] divisions held stocks in excess of the prescribed sanctioned reserve limit as tabulated below:

Table No 4.9

(Rupees in lakh)

Year ending March	Sanctioned reserve limit	stock	Value of stocks held	Excess	Percentage
1998	24.00		135.46	111.46	464
1999	35.00		166.82	131.82	377
2000	36.50		200.69	164.19	450
2001	46.50		235.69	189.19	407

The excess stocks held by these divisions was not regularised.

Outstanding material at site account

4.2.19 Material-at-site accounts for material costing Rs 12.94 crore issued during 1997-98 to 2001-2002 to subordinate staff had not been maintained by 4^{*}

^ψ Construction of Sukrala-Machedi Road Kathua, Billawar-Katli Road Kathua, Banihal-Changloo road, Banihal-Mohu-Margel Road, Banihal-Laubar Road, Gulati to Sanyoti Link road, Shopian-Aglar Road

[↔] TB & MC Division Jammu, R&B Budgam, Poonch, Udhampur, Rajouri, Kathua, Construction Division I&III Jammu

^{*} Kathua, Udhampur, Construction Division-II Srinagar, Budgam

divisions. In 6 other divisions material worth Rs 4 crore was outstanding against 76 officials who were transferred to other divisions. Action had not been taken for effecting adjustment/recovery of cost of the outstanding material. Annual verification of such material was also not conducted in any of the 14 divisions test-checked.

Physical verification of stores

4.2.20 Audit scrutiny of the records of Chief Engineer, R&B Kashmir revealed that physical verification of stores had not been conducted for the year 1999-2000 in 11 divisions and for the year 2000-01 in 10 divisions. Shortage of stores (Rs 30.88 lakh) detected during physical verification (1978-79 to 1995-96) in 4 divisions had neither been investigated nor made good as of March 2002.

Manpower management Assessment of manpower

4.2.21 The department had no mechanism to monitor cadre-wise position of sanctioned and effective strength of its staff nor had it fixed any norms for assessing manpower requirement. This was essential in view of transfer (January 1988) of work relating to execution of civil works costing Rs 15 lakh or above to Jammu and Kashmir Project Construction Corporation (a Government company). In absence of any norms, manpower requirements were assessed on *ad hoc* basis.

Irregular appointment of daily wagers/class IV staff

4.2.22 Despite imposition (January 1994) of ban by the Government on engagement of daily wagers, 4 Executive Engineers engaged 42[±] daily wagers between February 1994 and May 2000. It was also noticed that 53 class-IV employees were appointed in Jammu Division during 1997-98 to 1998-99 by the Chief Engineer, R&B Department, Jammu reportedly on the recommendations of the Minister/Legislators without following the procedure of giving publicity to vacancies and constituting selection committee.

Other topics

Quality Control

4.2.23 Chief Engineer, R&B Jammu provided Rs 9.34 lakh to 5 divisions in 1997-98 for establishment of testing laboratories to ensure quality control of the engineering works. While the Executive Engineer, Udhampur constructed the building for the laboratory in 1997-98 (cost: Rs 5.47 lakh), 4 other divisions purchased laboratory equipment/chemicals costing Rs 3.87 lakh in the same year. While the laboratory building at Udhampur was not made functional for want of equipment, trained manpower, etc., the chemicals/equipment purchased by four

[±] Construction Division-II, Srinagar :12; R&B Division, Rajouri: 6; R&B Division, Udhampur: 15; R&B Division, Budgam: 9

divisions could not be utilised (May 2002) for want of basic infrastructure. Thus, the entire expenditure of Rs 9.34 lakh was rendered unfruitful.

4.2.24 The department had to ensure quality control of all the projects executed under the loan assistance programme of NABARD and for this purpose 1.5 per cent of the project cost was to be earmarked. Though, the department received assistance of Rs 1.36 crore (March 2001) for the said purpose, no expenditure was incurred on establishment of quality control mechanism, with the result, quality of the projects undertaken by the department could not be ensured.

Locking up of funds

4.2.25 Executive Engineer, R&B Division, Sopore advanced (August 1998) Rs 50 lakh to Mechanical Division, Baramulla for laying of macadam on Sangrama-Sopore-Kulangam road. Mechanical Division, Baramulla did not execute the work and purchased asphalt for Rs 32 lakh out of these funds. The asphalt so purchased was supplied to the R&B Division, Sopore and the balance of Rs 18 lakh had not been refunded to the division (June 2002) resulting in locking up of these funds.

4.2.26 Executive Engineer, R&B Division, Khanabal advanced (December 1997) Rs 9.80 lakh to SICOP[≈] for supply, fabrication and launching of a 1x 50 feet span RCC steel bridge on Ashaji pora-Kamad Road (District Anantnag) and Rs 3.82 lakh (March 1998) to Jammu and Kashmir Cements for supply of cement. The work of construction of abutments was allotted to a contractor (April 1998) at an estimated cost of Rs 8.56 lakh. The contractor could not start the work due to law and order problem and the cement supplied by Jammu and Kashmir Cements was used on other works. The SICOP did not supply the structure (June 2002) resulting in locking up of funds of Rs 9.80 lakh advanced to it.

Arrears of rent

4.2.27 The department earns revenue by way of sale proceeds of tender forms, rents for Government quarters/dak bungalows, etc. Against the target of Rs 1.12 crore for revenue collection, the actual realisation was Rs 83.74 lakh during the period 1997-98 to 2000-01. Failure of the department to ensure timely recovery of rent dues resulted in accumulation of arrears of Rs 3.59^v crore (August 2001). In addition, Rs 13.54 lakh were outstanding against the shopkeepers who were allotted shops in a shopping complex (BC Road) at Jammu (October 2002).

Non-maintenance of records of assets

4.2.28 The record of assets created under various programmes had not been maintained in any of the test-checked divisions.

4.2.29 The above points were referred to Government/department in August 2002; reply had not been received (October 2002).

[≈] Small Scale Industries Development Corporation

^v Government employees and shopkeepers: Rs 1.11 crore; Security forces: Rs 2.48 crore

Section-B-Audit Paragraphs

Irrigation and Flood Control Department

4.3 Infructuous expenditure on earthen embankment

Failure of the Executive Engineer, Flood Control Division, Akhnoor to execute balance work of the breached earthen embankment of river Chenab at village Garkhal, rendered the expenditure of Rs 21 lakh incurred thereon infructuous.

4.3.1 Superintending Engineer, Irrigation and Flood Control Circle, Kathua allotted (July 1998) without obtaining administrative approval/technical sanction, the work of restoration of breached earthen embankment and crate revetment on the left bank of river Chenab in village Garkhal[#] (estimated cost: Rs 27.65 lakh) to four different contractors. The work was to be completed within 3 to 4 months.

4.3.2 Audit scrutiny (February 2001) of the records of Executive Engineer, Flood Control Division, Akhnoor revealed that the contractors, prior to formal allotment, had started the work between March 1998 and May 1998. After execution of 37 to 66 *per cent* of the work, receiving payment of Rs 7.78 lakh and consuming departmental material[±] worth Rs 13.19 lakh, the contractors stopped (July 1998 to March 1999) the work on the plea that no earth was available in the area for filling behind the crates. The argument of the contractors was not accepted (December 2000) by the division and they were directed to complete the balance work. No action was taken thereafter by the division to get the balance work completed either departmentally or through any alternate agency. Penalty up to 10 *per cent* of the value of the contracts (Rs 14.92 lakh) leviable for failure to complete the work within stipulated time, was also not imposed on the contractors. Instead Rs 0.53 lakh, out of the security deposit of Rs 0.92 lakh deducted (October 1998 to March 1999) from running bills were released to them between June 1999 and July 2001 after they had stopped the work.

4.3.3 Thus, non-completion of the balance work by the Executive Engineer, rendered the expenditure of Rs 20.97 lakh infructuous, besides exposing the area to risk of floods for more than 3 years.

4.3.4 The matter was referred to the Government/department in April 2002; reply had not been received (October 2002).

[#] Tehsil Akhnoor, District Jammu

[±] Knitted crates: 552 Nos; Boxes: 470 Nos; BA Wire: 1752 Kgs

Public Health Engineering Department

4.4 Avoidable expenditure on construction of water treatment plant

The contract committee of the department failed to allot the work of construction of water treatment plant to the lowest tenderer within the validity period of his offer and subsequently allotted the same to JKPCC at a higher cost which resulted in avoidable expenditure of Rs 14.67 lakh.

4.4.1 Chief Engineer, Public Health Engineering Department, Kashmir invited (September 1998) tenders for construction of 1 MGD[€] capacity water treatment plant at Sherpathri Harran[≥], on turnkey basis. The lowest offer of Rs 47.33 lakh of the contractor, received (October 1998) for the job, valid for 6 months was extended from time to time up to January 2000.

4.4.2 Audit scrutiny (September 2001) of the records of Executive Engineer, Rural Water Supply Division, Srinagar revealed that the contract for the work could not be allotted to the contractor as the contract committee[∇] of the department cleared the allotment only in March 2000 i.e. after the validity period of the offer had expired. The contractor refused to work at his original tendered cost and demanded (June 2000) an increase of 40 *per cent*, raising the cost of the work to Rs 66.26 lakh. The work was finally awarded (March 2001) to JKPCC^β (a Government company) at a negotiated cost of Rs 82 lakh against which payment of Rs 62 lakh had been made (March 2002). Reasons for awarding the work to JKPCC at higher cost were not furnished by the department (July 2002).

4.4.3 Delay in finalisation of the contract by the contract committee of the department even within the extended validity period of the offer of the contractor, resulted in extra expenditure of Rs 14.67 lakh up to March 2002 which was likely to increase further on its completion.

4.4.4 The matter was referred to the Government/department in June 2002; reply had not been received (October 2002).

[€] Million Gallon per day

[≥] District Srinagar

[∇] Principal Secretary, Public Works Department (Chairman); Director, Design Directorate (Member); Joint Development Commissioner (Works) Public Works Department (member); Director Codes, Finance Department (Member); Chief Engineer, PHE Department, Kashmir (member secretary)

^β Jammu & Kashmir Project Construction Company Limited

4.5 Idle investment on ground service reservoir in Keran

Defective planning of the Chief Engineer, Public Health Engineering Department in implementing the scheme for augmentation of drinking water supply in Keran resulted in idle investment of Rs 9.83 lakh, besides avoidable expenditure of Rs 13 lakh on providing water through tankers. The cost of financing the non-performing asset worked out to Rs 7.05 lakh.

4.5.1 Chief Engineer, Public Health Engineering Department, Jammu allotted (May 1993) construction of one lakh gallon capacity RCC ground service reservoir (GSR), at an estimated cost of Rs 3.70 lakh, to a contractor for augmenting the drinking water supply to village Keran. The GSR to be completed in six months, was to be connected to central pumping station, Muthi (source) through existing GSRs at Chinore and Keran.

4.5.2 Test-check (January 2002) of records of the Executive Engineer, Water Supply Master Plan Division, Jammu revealed that the contractor took up the work during 1993-94 and after executing it up to walling level stopped further execution. The contract was closed (March 1997) after making payment of Rs 4.08 lakh to the contractor. The balance work (estimated cost: Rs 3.56 lakh) was allotted (July 1997) to another contractor and construction was completed in November 1997 at a total cost of Rs 9.83 lakh. The reservoir was, however, not commissioned as the proposed gravity main between GSR Chinore and GSR Keran was not laid, reportedly due to refusal of the people living in the area to allow its laying through their land. Meanwhile, the Executive Engineer proposed (April 1997) inter-connecting of the GSR to the existing GSR at Keran and to an alternative source *viz.* pumping station Bantalab, through rising mains (estimated cost: Rs 40.51 lakh) which was not implemented owing to reported non-availability of funds.

4.5.3 Thus, defective planning in implementing the drinking water supply augmentation scheme by constructing the GSR without laying the gravity/rising main, resulted in idle investment of Rs 9.83 lakh. Avoidable expenditure of Rs 13 lakh was also incurred on providing drinking water to the inhabitants of the village through tankers during April 1998 to July 2002. The cost of financing the non-performing asset worked out to Rs 7.05[♦] lakh.

4.5.4 The matter was referred to Government/department in April 2002; reply had not been received (October 2002).

[♦] Worked out at the minimum borrowing rate of 13.75 per cent for the State during the period 1995-2002

**Public Works Department
(Mechanical Engineering Department)**

4.6 Idle investment on Snow-Cutter-Blower Machine

Purchase of a sub-standard Snow-Cutter-Blower Machine by Chief Engineer, Mechanical Engineering Department, Kashmir resulted in idle investment of Rs 75.42 lakh. Cost of financing the non-performing asset to Government worked out to Rs 39.75 lakh.

4.6.1 Chief Engineer, Mechanical Engineering Department, Kashmir ordered (May 1998) purchase of a Snow-Cutter-Blower Machine*, at a cost of Rs 83.42 lakh from a Patna based firm for snow clearance on highways/main roads in Kashmir valley. As per terms of the supply, 90 *per cent* of cost of the machine and freight was to be paid in advance to the firm against proof of despatch of the equipment. Balance 10 *per cent* was to be released against certificate of satisfactory testing and commissioning of the machine by the consignee (5 *per cent*) and on receipt of bank guarantee from the firm for the equivalent amount (5 *per cent*), valid for one year after its commissioning. Payment of Rs 75.42 lakh was made to the firm by the Executive Engineer, Mechanical Division, Srinagar in May 1998 and the machine was received in March 1999.

4.6.2 Test-check (September 2000) of the records of the division revealed that the machine, despite its pre-despatch inspection at the site of works, did not perform satisfactorily during trial runs conducted at Srinagar in March 1999 and January 2000. Following unsatisfactory performance of the machine, the firm replaced (May 2000) its carrier vehicle. Subsequent trial runs of the machine in December 2000 and February 2002 at Gulmarg also did not reveal any improvement in its performance. Meanwhile, the bank guarantee for Rs 80000 valid for currency of the agreement, as security deposit and indemnity bond valid for 12 calendar months for satisfactory testing and commissioning of the machine and binding the firm to other terms and conditions of the supply order, expired on 31 March 2001. The balance 10 *per cent* had, however, not been released by the department. The Executive Engineer, in reply to an audit query stated (April 2002) that trial testing of the machine was in progress and needed to be conducted for prolonged periods so that departmental operator got fully trained in using the machine. The reply was not tenable as 3 years time from the date of receipt of the machine was sufficient for its trial testing and the operator to get used to its controls.

4.6.3 Thus, purchase of a sub-standard machine by the Chief Engineer despite its inspection at the supplier's works before despatch, rendered the investment of Rs 75.42 lakh thereon idle. The cost of idle funds to the Government amounted to Rs 39.75[&] lakh.

4.6.4 The matter was referred to the Government/department in June 2002; reply had not been received (October 2002).

* Bunce Snoblo Model 102/101 turbo with capacity of clearing 1550 tonnes of snow per hour

& Worked out at the minimum borrowing rate of 13.75 *per cent* for the State during the period 1998-2002

Public Works Department (Roads and Bridges)

4.7 Idle Investment on a road

Unplanned construction of the road from Batmalloo bus stand to National Highway By-Pass (track-II) by the Executive Engineer, (R&B) Construction Division I, Srinagar without ensuring availability of site, resulted in idle investment of Rs 25.55 lakh for more than 3 years. The cost of idle investment to Government amounted to Rs 16.14 lakh.

4.7.1 Executive Engineer, (R&B) Construction Division No I, Srinagar, without administrative approval/technical sanction took up (December 1997) construction of road (track-II) from Batmalloo bus stand to National Highway By-pass via Banapora (length: 1.42 Kms; estimated cost: Rs 58.48 lakh) for completion in 12 months.

4.7.2 Audit scrutiny (May 2001) further revealed that the division took up the work without acquiring the building coming in its alignment and getting the site cleared of encroachments. After executing soiling, metalling and other allied works up to 0.71 Km and incurring expenditure of Rs 25.55[‡] lakh thereon up to March 1999, the work was suspended due to non-acquisition of the structures and non-removal of encroachments. Execution of the work by the Executive Engineer without ensuring even the preliminary requirement of availability of hindrance free site, rendered the investment of Rs 25.55 lakh idle, the cost of this to the Government worked out to Rs 16.14[♠] lakh during the germane period.

4.7.3 On being pointed out in audit, the Executive Engineer stated that the authorities were not in a position to remove the illegal encroachment on this track for which a decision from High Level Committee was awaited (July 2002). Taking up of the work without ensuring availability of the site indicated unplanned construction of the road.

4.7.4 The matter was referred to Government/department in April 2002; reply had not been received (October 2002).

[‡] Includes Rs 8 lakh paid to Land Acquisition Officer, Circular Road Projects, Srinagar for land/building acquisition

[♠] Worked out at the minimum borrowing rate of 13.75 per cent for the State during the period 1998-2002

4.8 Wasteful expenditure and locking up of funds

Defective planning and purchase of material without any immediate requirement by the Chief Engineer, Public Works Department (R&B)/Executive Engineer, Construction Division III, Jammu resulted in wasteful expenditure of Rs 6.56 lakh and locking up of Rs 18.13 lakh for about six years. Cost of locked up funds to Government worked out to Rs 14.94 lakh.

4.8.1 Chief Engineer, Public Works Department (R&B) Jammu without administrative approval and technical sanction, allotted (December 1991) construction of left side abutment of the proposed 110 metre span foot suspension bridge over river Chenab at Mera Mandrian to a contractor at a cost of Rs 9 lakh, for completion in 18 months. Audit scrutiny (October 2000) of the records of the Executive Engineer (R&B), Construction Division No-III, Jammu revealed that part work executed by the contractor, for which a payment of Rs 6.56 lakh was made, got washed away in the floods of September 1992. The contractor was asked (September 1992) by the Executive Engineer, to stop further work pending re-examination of the bridge design. After more than 3 years, the Executive Engineer proposed (January 1996) construction of 140 metre span motorable pre-stressed cement concrete bridge (estimated cost: Rs 5 crore) in place of the foot bridge. Re-examination of the bridge design after starting construction of one of its abutments and subsequent change in specifications/type of the bridge indicated defective planning of the construction.

4.8.2 The Executive Engineer, notwithstanding stoppage (September 1992) of work on the foot suspension bridge purchased[&] steel wire rope for Rs 18.13 lakh. The material was not utilised and was lying in stores (July 2002). In reply to an audit query, the Executive Engineer stated (February 2002) that the administrative department had cleared the proposal of constructing the motorable bridge with NABARD assistance and the material was likely to be utilised on the new bridge. The work had not been taken up as of July 2002. Moreover, utilisation of these steel wire ropes was unlikely on the construction of motorable pre-stressed cement concrete bridge.

4.8.3 Thus, defective planning and purchase of material without any immediate requirement resulted in wasteful expenditure of Rs 6.56 lakh and locking up of Rs 18.13 lakh for about six years. Cost of the locked up funds to the Government worked out to Rs 14.94[≠] lakh.

4.8.4 The matter was referred to Government/department in May 2002; reply had not been received (October 2002).

[&] March 1996: Rs 8.24 lakh; May 1996: Rs 9.89 lakh

[≠] Worked out at the minimum borrowing rate of 13.75 per cent for the State during the period 1996-2002

4.9 Wasteful expenditure on construction of abutments

Allotment of construction work of sub-structure of a bridge without administrative approval/technical sanction, unauthorised changes in design and specifications of the work and its substandard execution resulted in wasteful expenditure of Rs 13.30 lakh in the R&B Division, Rajouri.

4.9.1 Superintending Engineer, PWD (R&B), Rajouri without administrative approval and technical sanction, allotted (January 1998) construction of abutments of 20 metres span, steel girder, motorable bridge on Kotedhara-Peeri road^β to a contractor at an estimated cost of Rs 6.60 lakh for completion in 12 months. The abutments forming the main part of the contract were to be constructed in plum concrete mix of M-10 grade (1:3:6) with 20 *per cent* plum (stones) at the quoted rate of 19.80 *per cent* below the sanctioned schedule of rates (SSR) of 1997. The abutment caps were to be constructed in mix concrete of M-15 grade (1:2:4) at 75 *per cent* above the SSR.

4.9.2 The Executive Engineer, R&B Division, Rajouri unauthorisedly changed the design and specifications of the sub-structure after its allotment and constructed the abutments in a concrete mix of M-15 grade which resulted in increase in the cost of work from Rs 6.60 lakh to Rs 24.69 lakh. The work, pending clearance of design by the Design Directorate, was stopped by the Executive Engineer in October 1998 by which time payment of Rs 13.30 lakh (CC-III) had been made to the contractor. The Chief Engineer, PWD (R&B), Jammu two years after stoppage of work, directed (August 2000) the division to finalise the contract by allowing the rate of 19.80 *per cent* below the SSR (1997) for concrete work of M-15 grade executed by the contractor. The final bill so prepared disclosed (November 2000) over-payment of Rs 7.35 lakh to the contractor, including non-recovery of Rs 1.36 lakh on account of cost of departmental material supplied to the contractor. Audit scrutiny further revealed (July 2001) that the division had paid for quantities in the 3rd running account bill 4 to 100 *per cent* more than those billed for in the final bill, accounting for extra payment of Rs 2.26 lakh. The contractor had not remitted the amount as of April 2002.

4.9.3 A committee constituted (September 2000) by the Chief Engineer, R&B Jammu to investigate the matter, *inter alia*, reported (November 2000) use of plenty of stones in the construction and execution of quantities less than those required as per drawings. The structure was, however, abandoned and fresh tenders for the work (estimated cost: Rs 21.90 lakh) invited in September 2001. Further progress in the matter was awaited (April 2002).

4.9.4 Allotment of the work by the Superintending Engineer without administrative approval/technical sanction and unauthorised changes in design/specifications and its substandard execution by the Executive Engineer rendered the expenditure of Rs 13.30 lakh thereon wasteful. Action against the defaulters had not been taken as of April 2002.

4.9.5 The matter was referred to Government/department in April 2002; reply had not been received (October 2002).

^β Rajouri District