

## Overview

This Report has 6 chapters containing observations on the financial transactions of Water Resources, Public Works, Public Health Engineering, Forest and other Works Departments of the Government of Madhya Pradesh for the year ended 31 March 2000. The chapters include 3 Reviews and 30 Paragraphs arising from audit of financial transactions. A synopsis of the findings contained in the Audit Reviews and important Paragraphs is presented in this overview.

### 1 Audit Reviews

#### *1.1 Development of Bridges in Madhya Pradesh*

In order to develop transport facilities in Madhya Pradesh, the Public Works Department proposed to construct 242 bridges at an estimated cost of Rs.259.58 crore during 1992-93 to 1999-2000. However, only 98 bridges were completed at the cost of Rs.143.76 crore against the estimated cost of Rs.105.12 crore. Faults in Build, Operate and Transfer (BOT) scheme unduly benefited the contractors by Rs.4.16 crore at the cost of the user public. Users were forced to follow longer routes due to missing links on two bridges increasing operational cost by Rs.107.50 crore. The huge cost overrun of Rs.46.56 crore and inadequate physical achievements were due to failure to complete the work within scheduled period, selection of unsuitable sites for bridges, inadequate survey and investigation, inappropriate drawings, which had to be changed either prior to or after tendering, non-synchronisation of works of bridge and approaches, delay in acquisition of land for approaches, inadequate monitoring during construction, etc. The following points also emerged during the Review.

- Unsuitable site selection, inadequate survey and investigation, incomplete estimation and inappropriate designs delayed execution and increased the cost by Rs.11.70 crore.
- Delays of 1 to 188 months in construction led to idle investment of Rs.56.21 crore and contributed to cost increase of Rs.46.56 crore. Delay in construction of Paury bridge caused a loss of revenue of Rs.2.83 crore and non-construction of approaches of Ahiran bridge led to avoidable liability of Rs.60.71 lakh.
- Abandonment of the railway over bridge at Chhindwara and Chhoti Mahanadi bridge resulted in loss of Rs.2.26 crore.
- Unwarranted expenditure on mild steel liner in pile foundations (Rs.0.73 crore); unauthorised payment of escalation (Rs.11.61 lakh) and excess payment (Rs.18.13 lakh) were noticed.

- Delayed acceptance of tenders led to avoidable liability of Rs.91.80 lakh. Changes in design after tender led to additional expenditure of Rs.2.66 crore and infructuous expenditure of Rs.88.33 lakh.
- Rs.84.70 lakh were paid in excess for the work done and already paid for. Injudicious time extensions led to avoidable payment of Rs.51.92 lakh and excess payment of Rs.26.63 lakh. Penalty of Rs.17.03 lakh was leviable but not levied.
- Acceptance of substandard work of Rs.43.72 lakh unduly benefited the contractors and variation in steel reinforcement led to substandard work of Rs.2.58 crore.
- Deficiencies in planning and implementation of BOT scheme unduly benefited the contractors by Rs.4.16 crore.
- Non-finalisation of accounts of Setu Nigam led to non-accounting for Rs.29.93 crore. Incorrect booking of expenditure of Rs.1.24 crore and unauthorised drawal of Rs.3 crore to avoid lapse of grant were also noticed.
- Additional interest liability of Rs.1.12 crore and avoidable expenditure of Rs.51.61 lakh were also noticed.

*(Paragraph 2.1)*

**1.2 Widening of Dewas-Indore road and construction of bypass around Indore City on National Highway-3**

National Highway-3 between Agra and Mumbai passes through Dewas and Indore cities of Madhya Pradesh. Ministry of Surface Transport approved (March 1993) the strengthening and widening of the existing two lane road by constructing a four lane divided carriage way between Dewas and Indore and a bypass at a cost of Rs.102.97 crore, which was taken up late (1997) due to delay in final designs. The project intended to provide socioeconomic benefits to the region and to provide an internal rate of return of 31.4 and 21.7 per cent on completion of the 4 laning of roads and bypass road, respectively. Construction, financed by a World Bank loan, started in 1997 for completion by 2001 at a cost of Rs.188.89 crore. Review highlights the delayed construction of the project (4 years) due to delay in finalisation of design. This also led to a cost overrun of Rs.112.22 crore. Expenditure of Rs.165.08 crore (77 per cent), upto March 2000 exceeded physical progress, which was only 65 per cent of the target. Following points also emerged in Audit.

- Increase in width for 2 lane pavement from 7 m to 8 m further increased the cost by Rs.11.60 crore.
- Abnormal time of 22 months in preparing tender documents (16 months), engaging reviewing agency (6 months), delays of 17 months in review work and 4 months in award of work led to cost over run of Rs.112.22 crore.

- The purpose of engaging a supervision consultant at a high cost of Rs.12.97 crore was not adequately fulfilled.
- Inadequate administration of the contract by the supervision consultant led to excess payment of Rs.6.41 crore to the contractor on account of provisional sums at higher rate (Rs.3.09 crore), incorrect fixation of rates for extra items (Rs.79.90 lakh), misclassification of strata (Rs.81.11 lakh) and non-recovery of liquidated damages (Rs.1.71 crore).
- Design mix of dense bituminous macadam and bituminous concrete approved by the consultant was inappropriate and resulted in substandard work of Rs.9.43 crore.
- Extra cost of Rs.5.56 crore was incurred due to inadequate provision in the agreement (Rs.4 crore), hire charges of vehicles (Rs.1.06 crore) and higher specifications (Rs.50.12 lakh).
- Excess payments of Rs.7.77 crore on increase in rates of foreign exchange (Rs.5.10 crore), incorrect extension of time (Rs.1.15 crore), non-deduction of shrinkage (Rs.1.03 crore) and price variation on labour (Rs.18.34 lakh); loss of Rs.30.59 lakh on non-utilisation of hard rock were also noticed.

*(Paragraph 2.2)*

### **1.3 Financial Management in Forest Department**

Forests in the case of Madhya Pradesh (MP) are vital from the revenue angle as also from the operational activities angle since 29.6 per cent of forest cover is accounted for by MP. Government's decision of May 1998 to distribute the net sale proceeds from minor forest produce to cooperative societies resulted in the Department losing its self-sustaining nature. The Chief Conservator of Forests (Finance and Budget) and Additional Principal Chief Conservator of Forests (Development) failed to exercise strict financial control over non-plan and plan expenditure, respectively. As a result large savings and excess occurred over the budget allotment. Following points also emerged in Review.

- Plan or development expenditure was less than 23 per cent of total expenditure between 1995-96 and 1999-2000. Plan and non-plan expenditure under various minor heads exceeded budget allotment by Rs.18.78 crore and Rs.103.31 crore during the years 1993-94 to 1997-98 and 1996-97 to 1999-2000, respectively.
- Unnecessary retention of funds by Government resulted in avoidable payment of interest of Rs.93.57 lakh.
- There were shortfalls in revenue collection of Rs.109.40 crore in 1998-99 and Rs.184.72 crore in 1999-2000.

- Only Rs.67.70 crore out of Rs.103.78 crore realised as forest development cess during 1985-86 to 1997-98, was released by the Government for development of forestry leaving Rs.36.08 crore unutilised.
- No effective action was taken to recover forest revenue of Rs.54.03 crore; of which Rs.24.10 crore were in arrears for over five years.
- Forest advances of Rs.35.61 lakh were transferred between 1996-97 and 1999-2000 violating Government instructions.
- Rs.1.38 crore remitted into the treasury by 27 Divisions during 1960-61 to 1998-99 were not accounted for in the monthly Consolidated Treasury Receipts (CTRs). Rs.5.50 crore shown in CTRs as deposited by 26 Divisions between 1960-61 and 1998-99 were not actually deposited by them. The differences remained unreconciled.
- Sale proceeds of Nistar Depots of Bemetara and Surajpur ranges amounting to Rs.9.89 lakh were embezzled.
- Rs.6.99 crore was unauthorisedly kept in Personal Deposit Account by 22 Divisions, out of which Rs.5.04 crore remained unutilised in 6 Divisions.

*(Paragraph 4.1)*

## **2 Other Points**

### **2.1 Rehabilitation of Pillowa, Kotwal and Pagara Dams**

The Government of MP accorded (1991) administrative approval for Rs.26.20 crore for rehabilitation of three dams (Pillowa: Rs.6.75 crore; Kotwal: Rs.6.22 crore; and Pagara: Rs.13.23 crore) under “Dam Safety Assurance and Rehabilitation Programme” assisted by World Bank for completion by September 1997. Despite incurring an expenditure of Rs.39.76 crore, the Pillowa and Kotwal dams remained in unsafe condition with no increase in flood control as a result of non-erection of radial gates. The points noticed in audit are discussed below:

- Over excavation and subsequent refilling with cement concrete resulted in excess payment of Rs.47.70 lakh and Rs.2.14 crore to the contractors. Higher rates for extra items led to excess payment of Rs.4.69 crore. Incorrect adoption of price indices resulted in over payment of Rs.2.91 crore. Adoption of higher rates for excavation led to excess payment of Rs.1.44 crore. Non-reduction in rates for under weight spillway gates led to excess payment of Rs.37.29 lakh.
- Breach of Pillowa dam led to a loss of Rs.13.53 lakh. Delays in execution led to escalation payment of Rs.2.75 crore.

- The entire expenditure of Rs.39.76 crore upto March 2000 remained idle due to non-erection of radial gates.

*(Paragraph 1.1)*

## **2.2 Pench Valley Group Water Supply Project**

The Pench Valley Group Water Supply Project administratively approved (August 1985) for Rs.9.99 crore for completion by August 1988 remained incomplete due to non-creation of source of water even after incurring an expenditure of Rs.14.68 crore upto March 2000. Following points were also noticed.

- 50 litre per capita daily (lpcd) water was being supplied to a population of 1.25 lakh against a designed supply of 100 lpcd for a population of 1.93 lakh.
- Rs.2.13 crore were spent on interim water supply arrangements due to departmental inefficiency and indecision.
- Avoidable expenditure of Rs.47.95 lakh was incurred on protection works of pick up weir.

*(Paragraph 3.2)*

## **2.3 Miscellaneous Works Advances**

Miscellaneous Works Advances (MWA) is a suspense head of account intended to record transactions in the divisions on account of sales on credit, expenditure incurred in excess of deposit received, losses, retrenchments, errors, etc. Following points were noticed in Audit.

- Rs.276.11 crore (Public Health Engineering Department: Rs.107.38 crore, Public Works Department: Rs.95.33 crore and Water Resources Department: Rs.73.40 crore) were lying outstanding (March 2000) under Miscellaneous Works Advances.
- Rs.9.23 crore (PHED: Rs.8.96 crore and PWD: Rs.0.27 crore) incurred in excess of deposits were placed under Miscellaneous Works Advance and were lying unadjusted over the last 5 to 20 years.
- Rs.1.71 crore were outstanding (March 2000) against 1715 individual officials/officers. Out of these Rs.0.99 crore were outstanding for the last six years.
- Rs.1.72 crore pertaining to the period extending upto 1957 were outstanding against 463 contractors.

*(Paragraph 5.1)*

**2.4 Excess payments**

- Excess payment of Rs.83.77 lakh due to incorrect computation of price escalation and in violation of agreement for hydraulic hoists was noticed in the work of design, fabrication, supply and erection of diversion and goose neck tunnel gates and hoists of Indira Sagar Project.

*(Paragraph 5.3)*

- Excess payment of Rs.0.61 crore due to incorrect fixation of rates for extra item and extra cost of Rs.1.37 crore due to adoption of costlier specification were noticed in construction of a State level Sports Complex at Bhopal.

*(Paragraph 5.4)*

- Excess payment of Rs.8.36 lakh and extra payment of Rs.16.93 lakh were incurred in construction of approaches to Degree Nallah Bridge in km 174/8 to 177/8 of Agra-Mumbai Road, National Highway-3.

*(Paragraph 2.4)*

**2.5 Extra cost and avoidable/excess expenditure**

- Injudicious rejection of a valid tender and acceptance of a costlier tender on re-invited bids resulted in avoidable extra cost of Rs.40.92 lakh on Tigra dam.

*(Paragraph 1.3)*

- Delay in acceptance of a tender within its validity period resulted in extra cost of Rs.44.38 lakh in construction of Degree Nallah High Level Bridge in km 177/2 on Agra-Mumbai Road, National Highway-3.

*(Paragraph 2.7)*

- Extra cost of Rs.50.28 lakh on adoption of costlier specifications and avoidable payment of escalation charges of Rs.13.13 lakh occurred in construction of New High Court building at Gwalior.

*(Paragraph 2.11)*

- Non-adherence to the ceilings of working expenses of state trading in timber resulted in excess expenditure of Rs.14.44 lakh.

*(Paragraph 4.3)*

**2.6 Non-recovery of dues from contractors**

- Extra cost of Rs.40.01 lakh on construction of spill channel and ogee weir of Bandia Nallah Project was not recovered from a contractor.

**(Paragraph 1.2)**

- Recovery of Rs.20.11 lakh was not made from contractor for the salvage aggregates in road renewal works in PWD Division, Deosar.

**(Paragraph 2.3)**

**2.7 Wasteful expenditure**

- Work on Chaldu Tank was suspended after incurring expenditure of Rs.2.52 crore rendering it nugatory. Machinery advance and interest thereon totalling Rs.22.52 lakh was not recovered from the contractor.

**(Paragraph 1.5)**

- Seedlings raised in nurseries remained un-utilised, resulting in wasteful expenditure of Rs.23.82 lakh.

**(Paragraph 4.5)**

- 5.85 lakh trees were marked but not felled, resulting in wasteful expenditure of Rs.19.56 lakh on marking.

**(Paragraph 4.6)**

- Expenditure of Rs.29.12 lakh on Neem plantation in Kanker Forest Division did not yield desired results.

**(Paragraph 4.4)**

**2.8 Losses and pilferage**

- Pilferage of 1045.865 MT bulk bitumen costing Rs.65.38 lakh occurred in PWD Divisions, I & II Raipur, Bilaspur.

**(Paragraph 2.8)**

- AC pipes worth Rs.26.11 lakh became surplus due to revision of design of Naila-Janjgir Water Supply Scheme.

**(Paragraph 3.3)**

- Loss of Rs.96.90 lakh due to failure of 27.48 lakh plants in 56 plantations was noticed in 5 Forest Divisions.

**(Paragraph 4.2)**

**2.9 Drawal of funds to avoid lapse of budget grants**

- Rs.40.15 crore were drawn and shown as spent but actually kept in deposit during 1996-97 to 1998-99 to avoid the lapse of budget grant by the various drawing and disbursing officers of Works Departments. The amount was spent during the subsequent years.

*(Paragraph 5.2)*

**2.10 Award of work without tender**

- Award of work without tender (Rs.24.39 lakh), execution of profile corrective course without requirement (Rs.31.58 lakh), fictitious adjustment of maxphalt (Rs.2.10 lakh) and unauthorised execution of built up spray grout (Rs.2.58 lakh) occurred in BT renewal work executed by PWD Division, Deosar.

*(Paragraph 2.12)*