# CHAPTER IV
# SECTION A : AUDIT REVIEWS

## Narmada Valley Development Department

### 4.1 Indira Sagar Project (canals)

#### 4.1.1 Highlights

***Indira Sagar Project (ISP) administratively approved in November 1990 with its updated cost of Rs.2167.67 crore (1988 price level) envisaged an annual irrigation of 1.69 lakh hectares (ha) and generation of 1000 Mega Watt (MW) of power. The construction of the project lagged far behind schedule due to non-release of funds; lack of planning and coordination, delay in acquisition of land, rehabilitation and resettlement (R&R) of project affected families (PAFs); and finalization of designs and fixing of agencies. After incurring an expenditure of Rs.1110 crore, dam and power house (Unit-I and III) were transferred (September 2000) to Narmada Hydroelectric Development Corporation (NHDC) Ltd. a Joint Venture of National Hydro Power Corporation (NHPC), an undertaking of Government of India and Government of Madhya Pradesh (GOMP).***

**Even after incurring Rs.283.41 crore, the construction of canal upto 81.59 km and irrigation of 36100 ha to be achieved by June 1999, was in progress as of July 2002.**

***(Paragraph 4.1.6.2)***

**Rs. 57.29 crore incurred by the Department on maintenance and establishment of Unit-I and III after their transfer to NHDC Ltd. was unwarranted.**

***(Paragraph 4.1.5.3)***

**Award of works on unrealistic estimates based on inadequate data resulted in extra cost of Rs.5.89 crore. Delays of 1 to 5 years resulted in avoidable escalation charges of Rs.70.91 lakh.**

***(Paragraph 4.1.6.2 (iii))***

**Design of cross-section of Punasa Tunnel was based on incorrect data and resulted in extra cost of Rs.2.18 crore and abnormal delay in completion led to avoidable payment of Rs.15.77 crore.**

***(Paragraph 4.1.7.1)***

**Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh. Rectification of over excavation of exit channel also resulted in extra cost of Rs.31.69 lakh.**

***(Paragraph 4.1.7.2 (ii) and (iii))***

**Separate provision for line drilling and pre-splitting & perimeter blasting in excavation of hard rock resulted in extra payment of Rs.47.26 lakh. Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection required investigation.**

***(Paragraph 4.1.7.2 (i) and (iv))***

**Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors. Rs.1.03 crore was paid to contractors for hard rock not stacked.**

***(Paragraph 4.1.7.3 (i) and 4.1.9.(ii))***

**Rs.7.89 crore was incurred on salary and allowances of idle staff.**

***(Paragraph 4.1.8)***

### 4.1.2 Introduction

Indira Sagar Project (ISP) on Narmada River is the most important major multipurpose project, located near Punasa village in Khandwa district of Madhya Pradesh. It envisages construction of a concrete dam of 92 m high and 653 m long with live storage capacity of 9750 million cubic metres (7.9 MAF) of water, a power house with an installed capacity of 1000 MW (8 units of 125 MW each) and canal system (433 km including Punasa facility) to irrigate 1.23 lakh ha of Culturable Command Area (CCA) with a total annual irrigation of 1.69 lakh ha. The project also provides regulated release of 8.12 MAF water to Sardar Sarovar Project (SSP) in Gujarat after power generation at Omkareshwar and Maheshwar projects down stream.

The Project was cleared for investment by the Planning Commission in September 1989. The Administrative Approval for Rs.2167.67 crore (1988 price level) was accorded by GOMP in November 1990. The revised estimate for Rs.3496.79 crore (1994 price level) was not approved till the date of transfer of Unit-I and III to NHDC (August 2000).

The project was scheduled for completion in three phases by 2008-09. Although the project was accorded priority in VIII (1992-97) and IX (1997-2002) Five Year Plans, it was lagging far behind schedule and even the Phase–I (irrigation of 36,100 ha and generation of 250 MW power), scheduled for completion by June 1999, was not achieved as of July 2002.

The GOMP, after having incurred an expenditure of Rs.1110 crore on Unit-I and III transferred their construction from September 2000 to NHDC Ltd., a Joint Venture of NHPC and GOMP under a Memorandum of Understanding

(MOU) signed in May 2000. The Unit-II i.e. the canal system, which remained with the GOMP and its Phase-I up to 81.59 km of ISP main canal was in progress as of July 2002.

### 4.1.3 Organizational set up

Narmada Valley Development Authority (NVDA) has a Chairman, a Vice Chairman and four full time members (Engineering, Finance, Environment & Forest and Rehabilitation). The Authority is assisted by 5 Chief Engineers (CE), 8 Superintending Engineers (SE) and 25 divisions each headed by an Executive Engineer (EE).

### 4.1.4 Scope and extent of review

A review of ISP covering the period from 1997-2002 was conducted. As the works along with all relevant records of Unit-I and III were transferred to NHDC Ltd. from September 2000, the records of only 7 divisions executing the work of Unit-II were test checked and information/documents collected from NVDA and 4 CEs during February 2002 to July 2002.

The important points noticed during test check are discussed in the succeeding paragraphs.

### 4.1.5 Cost estimates and financial management

#### 4.1.5.1 Cost estimates

**Estimates went up by 280 per cent**

The project report prepared in 1969 was modified in conformity with Narmada Water Dispute Tribunal (NWDT) Award (1979), in July 1982 with an estimated cost of Rs.920.90 crore. The project with revised cost of Rs.1392.85 crore at 1983 price level was administratively approved (September 1984) by GOMP. The revised estimates of Rs.2167.67 crore (December 1988 price level) were accorded administrative approval by the GOMP in November 1990. The project cost was further updated to Rs.3496.79 crore at 1994 prices, which has not been approved yet. Revisions were mainly due to increase in prices, inadequate provisions and new items of work.

#### 4.1.5.2 Under utilization of funds

The budget provision, allotment and expenditure in the last five years was as under.

**(Rupees in crore)**

| Year | Budget provision | Allotment | Expenditure | Saving |
|---|---|---|---|---|
| 1997-98 | 153.08 | 125.75 | 126.10 | 26.98 |
| 1998-99 | 154.66 | 154.66 | 134.80 | 19.86 |
| 1999-2000 | 156.30 | 153.21 | 148.13 | 8.17 |
| 2000-01 | 204.67 | 185.27 | 174.97 | 29.70 |
| 2001-02 | 137.66 | 135.79 | 109.81 | 27.85 |
| **Total** | **806.37** | **754.68** | **693.81** | |

(Figures are based on the information furnished by the NVDA).

**Expenditure lagged behind due to slow progress of R&R work.**

Though the actual allotment fell short of budget provisions, the expenditure lagged behind in all years due to slow progress of R&R work and ban imposed by the Government on payments.

The Budget provision and expenditure during last five years as per appropriation accounts was as under:

**(Rupees in crore)**

| Year | Budget | | Expenditure | | Excess(+) Saving(-) | | Percentage of Estt. Expr. w.r.t Works Expr. |
|---|---|---|---|---|---|---|---|
| | Estt. | Works | Estt. | Works | Estt. | Works | |
| 1997-98 | 19.34 | 108.15 | 37.05 | 94.25 | (+ )17.71 | (-) 17.90 | 39.31 |
| 1998-99 | 24.74 | 120.81 | 37.16 | 96.52 | (+) 12.42 | (-) 24.29 | 38.50 |
| 1999-00 | 24.20 | 123.52 | 58.08 | 84.82 | (+) 33.88 | (-) 38.70 | 68.47 |
| 2000-01 | 26.08 | 152.70 | 27.39 | 134.54 | (+) 1.31 | (-) 18.16 | 20.36 |
| 2001-02 | 24.26 | 102.50 | 23.94 | 84.04 | (-) 0.32 | (-) 18.46 | 28.37 |
| **Total** | **118.62** | **607.68** | **183.62** | **494.17** | **(+) 65.00** | **(-) 113.51** | |
| | **726.30** | | **677.79** | | **(-) 48.51** | | |

**Rs.65 crore were unauthorisedly diverted to establishment from works**

There were differences between the departmental and AG's figures, which indicate that the department did not reconcile the figures. The appropriation accounts also indicate that the funds of Rs.65 crore were unauthorisedly diverted to establishment from works.

The Government of India (GOI) sanctioned (1996-97) loan assistance under Accelerated Irrigation Benefits Programme (AIBP) as under.

**(Rupees in crore)**

| Year | CLA sanctioned | Actual amount received |
|---|---|---|
| 1996-97 | 50.00 | 37.50 |
| 1997-98 | 52.00 | 51.00 |
| 1998-99 | 75.00 | 37.50 |
| 1999-2000 | 40.00 | 40.00 |
| 2000-01 | 80.00 | 80.00 |
| 2001-02 (up to 9/2001) | 23.00 | 23.00 |
| **Total** | **320.00** | **269.00** |

**State Government's failure to contribute matching share led to non-release of Rs.51 crore by GOI.**

Shortfall of Rs.51 crore was due to failure of GOMP to provide matching contribution as per AIBP norms.

### 4.1.5.3 Unwarranted expenditure on maintenance of assets and establishment related to Unit-I and III

As per MOU, the Government/NVDA issued instructions (August 2000) to transfer entire assets, equipment and machinery to NHDC Ltd., by 31 August 2000, to avoid further expenditure on their maintenance.

**Expenditure of Rs.57.29 crore on maintenance of transferred assets and establishment was unwarranted.**

It was, however, seen in audit that an expenditure of Rs.36.06 crore was incurred on the maintenance of assets viz- hospital, schools, water supply system, buildings, roads, machinery, equipment etc and charged to Unit-I and III during September 2000 to March 2002. Besides, an expenditure of Rs.21.23 crore was also incurred on establishment under Unit-I and III upto March 2002.

This resulted in an unwarranted expenditure of Rs.57.29 crore which had not been transferred to NHDC Ltd. towards Equity as of July 2002.

In reply, the EEs stated that, despite repeated requests these assets had not been taken over by NHDC Ltd. The refusal on the part of NHDC Ltd. to take over these assets is apparently to escape the liability of incurring expenditure on social obligation and tantamount to violation of MOU.

### 4.1.6 Planning and Implementation

#### 4.1.6.1 Dam and Power House

**After spending Rs.1110 crore, the work of dam and powerhouse was transferred due to failure in tapping of financial resources.**

The work of construction of main dam and powerhouse was awarded to a contractor under two separate agreements at a cost of Rs.357.63 crore in May 1992 for completion by 2001. The work was badly delayed due to the failure of the Department to acquire land and R&R works (only 10026.44 ha was acquired against 44345 ha and only 430 out of 29967 project affected families were settled as of August 2000) and delay in tapping of financial resources. As a result the works of dam and powerhouse were transferred (September 2000) to NHDC Ltd after spending Rs.1110 crore.

#### 4.1.6.2 Canal system

The Canal system comprises of "Punasa Facility", a 9.36 km long water conveyor system (Approach Channel-3.23 km, Tunnel-3.68 km and Exit Channel-2.45 km to carry water to the main canal), the Main Canal (248.65 km) and the Distribution System (175 km).

**Even after incurring Rs.283.41 crore construction of canal in phase-I was behind schedule.**

According to revised construction schedule, the canal system was planned to be completed in three phases as under.

| Phase | Main canal Reach in km | Construction year | Cumulative area of irrigation in ha |
|---|---|---|---|
| **I** | Head to 81.59 km | 1991-92 to June 1999 | 36100 |
| **II** | 81.59 to 206.28 km | 1995-96 to 2004-05 | 82900 |
| **III** | 206.28 to 248.65 km and 0 to 83 km of Khargone Lift Canal | 1999-2000 to 2008-09 | 123000 |

The Phase-I was still in progress as of July 2002 even after incurring an expenditure of Rs.283.41 crore. NHDC Ltd. has now planned to complete the dam by year 2005. Hence, the canal system should also be completed by that time. It was, therefore, proposed in 10$^{th}$ Five Year Plan (2002-07) to provide Rs.1740 crore for Unit-II canal. However, the State Planning Board proposed to provide an amount of Rs.1088.32 crore only and the present position indicates that even Phase-I would not be completed by 2005.

**No priority was given for construction of canal system**

### (i) Low priority

No priority was given to the canal system to synchronise its construction with dam and appurtenances. Most of the agencies for canal works were fixed during 1998-2002 and the progress of work of structures was negligible. The agencies for construction of main canal from RD 58.85 km to RD 79.52 km were fixed in April/May 2002 without acquisition of (private/forest) land[1]. The agencies for distributaries except one were yet to be finalised (July 2002).

### (ii) Extra cost on survey

As per the orders of the Government (August 1996), no work of survey was to be awarded on contract, and was to be done departmentally.

**Contrary to the Government orders, survey work was out sourced at a extra cost of Rs.91.04 lakh.**

Despite the Government orders, the Notice Inviting Tenders (NIT) with probable amount of contract Rs.1.47 crore for survey work of main canal and its distributaries beyond 80 km were floated in 6 groups by the CE, ISP (Canals), Sanawad during May to September 2002. 4 groups were awarded to two contractors at a cost of Rs.91.04 lakh and remaining were still (September 2002) under consideration despite 5 surplus divisions, which became available after transfer of Unit-I & III to NHDC.

### (iii) Extra cost due to wide variation of strata and unauthorised payment

**Awarding of work on unrealistic estimates based on inadequate data led to extra cost of Rs.5.89 crore.**

(a) The scrutiny of records of three divisions (ND Division 10, 25 and 27) revealed that the works were awarded on unrealistic estimates of quantities based on inadequate data. As a result wide variation of strata and change of designs occurred which led to extra cost of Rs.5.89 crore (**Appendix XXV**).

**Delays of 1 to 5 years resulted in avoidable payment of Rs.70.91 lakh.**

(b) Moreover, due to delays attributable to Department, ranging between 1 year and 5 years, Rs.70.91 lakh was paid as escalation.

## 4.1.7 Financial Irregularities

### 4.1.7.1 Construction of Punasa Tunnel

**Design of cross-section of Punasa Tunnel on incorrect data resulted in extra cost of Rs.1.26 crore.**

(i) X-section of Tunnel (Clear way of 7.75m dia) was designed and approved (December 1994) by the Chief Engineer, ISP (Canals), Sanawad with 600 mm thick Reinforcement Cement Concrete (RCC) lining. Accordingly, the excavation of tunnel with 9.25m dia was done. But after the completion of excavation, the RCC lining of 600 mm was replaced (July 1999) by 350 mm plain cement concrete of same grade due to hard stable strata. This resulted in excess excavation and hence avoidable extra cost of Rs.1.26 crore[2].

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[1] This has been further elaborated in para 4.1.7.3 (iii) ibid.

[2] *Quantity of excess excavated strip of Tunnel*

*= $0.8293\{(9.25)^2-(8.75)^2\} \times 3676$=27437cum.*

*Extra cost = 27437x460.96=Rs. 1,26,47,457*

On this being pointed out, the EE stated (July 2002) that the revised lining of Tunnel was approved by the Chief Engineer after completion of excavation. The reply is not tenable, as the thickness of lining should have been decided only after proper validation of the survey data.

**Sanction of higher rates for replaced plain cement concrete lining resulted in extra cost of Rs.91.67 lakh.**

It was further seen that the contractor quoted the rate of Rs.1690.81 per cu m for $M_{20}$ $MSA_{20\ mm}$ grade RCC lining. But due to replacement of substantial (above 30 per cent) quantity of RCC into plain cement concrete lining of the same grade, the item of RCC and plain cement concrete became extra item in terms of agreement for which much higher rates of Rs.1941.13 and Rs.2046.76 per cu m respectively were sanctioned (June 2002) resulting in further extra cost of Rs.91.67 lakh excluding escalation.

(ii) As per agreement (5/1993-94), the work was to be completed by November 1997. But the contractor completed only 18.64 per cent work costing Rs.11.62 crore (excluding escalation of Rs.2.18 crore) against tendered cost of Rs.62.32 crore. The contractor did not accelerate the progress of work despite being served several notices by the EE. He was, however, granted five extensions of 67 months almost on the same grounds i.e. delays in handing over site, delay in supply of drawings and payments, unprecedented rains and monsoon, restriction of working area and change of RCC lining. Most of these were refuted by the EE while submitting the case for extension of time to the SE. The third extension (2 November 1999 to 1 November 2001) was granted (December 1999) by the SE by reserving the right to impose penalty but the fourth and fifth extensions (2 November 2001 to 30 June 2003) were granted (November 2001 and October 2002) under clause GC 50[3] without regularizing the previous extensions. Although the scope of work was reduced from Rs.62.32 crore to Rs.42.32 crore, the contractor could execute work costing Rs.38.14 crore (excluding escalation Rs.17.46 crore) in 111 months (as of February 2003) against the target period of 48 months. The work was still in progress (March 2003).

**Abnormal delay in completion of Punasa Tunnel led to avoidable payment of Rs.15.77 crore towards escalation and dewatering.**

Thus, by camouflaging the delays attributable to the contractor and shifting the burden on to the Department, avoidable payment of Rs.15.28 crore was made as escalation charges.

The delay also resulted in an extra payment of Rs 49.46 lakh (excluding escalation) on account of dewatering for 856714 KWH during the extended period up to February 2003.

In reply the EE stated (July 2002) that the extension of time was granted under GC 50 by the SE after examination of delays, which were attributable to the Department. The reply is not tenable in view of duration of time extensions and reduction of quantum of work from the scope of agreement.

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[3] *Clause GC-50 of agreement provides for grant of extension of time to contractor on delays attributable to Government.*

### 4.1.7.2 Construction of Exit Channel

#### (i) Incorrect payment due to separate provision for line drilling and pre-splitting and perimeter blasting

The work of excavation of Exit Channel (7160m to 9360m) was awarded (July 1991) to two contractors at a cost of Rs.6.80 crore. Line drilling and pre-splitting and perimeter blasting are the most essential item of work for excavation and are essential in hard rock to maintain line, grade and level as per design. As such these items are not provided in Unified Schedule of Rates (USR) separately.

**Separate provision for line drilling and pre-splitting & perimeter blasting for the hard rock excavation resulted in an extra payment of Rs 47.26 lakh.**

It was, however, seen in audit that line drilling and pre-splitting and perimeter blasting with 50 mm dia hole in rock at specified interval were also provided for separately in G-Schedule of both the agreements. This resulted in extra payment of Rs.34.41 lakh to the contractors.

Similarly, Rs 12.85 lakh were also paid extra for the items of line drilling and pre-splitting and perimeter blasting in excavation of Approach Channel from RD 1760m to 2330 m.

On this being pointed out, the EE stated that line drilling and pre-splitting & perimeter blasting are normal items of work for achieving the required slope in hard rock and are beyond the scope of main item of excavation. The reply is not acceptable as these items are part of the process of blasting for excavation of hard rock to achieve the line, grade and levels, and should not have been paid as extra items.

#### (ii) Wasteful expenditure due to unwarranted excavation in excess of required profile of Exit Channel and Canal

**Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh.**

As the Exit Channel involved heavy cutting, the X-section of channel was designed with two berms of 2.5m each with catch water drain. However, after the excavations of channel with catch water drain profile, it was found that the catch water drains were not required. This resulted in wasteful expenditure of Rs.41.05 lakh excluding escalation.

Similarly, the excavation of main canal of ISP from RD 29.419 km to 31.019 km (Group-ME-8) with the profile of catch water drain at first berm (2.5 m) resulted in wasteful expenditure of Rs 47.89 lakh.

On this being pointed out, the EEs, ND Division No-25 and 10 stated that the excavation of channel/canal had been got done as per approved drawings. Later on it was decided to remove the drain being not suitable. The reply is not acceptable, as the decision of deletion of drains should have been taken at the initial stage, as the stratification of the site was known.

#### (iii) Extra cost due to over excavation of Exit Channel

As per the agreement, any over excavation beyond 150mm were to be back filled with approved materials from excavation or concrete as directed by the Engineer-in-charge at the expense of the contractor.

**Rectification of over excavation resulted in extra cost of Rs.31.69 lakh.**

Even after incurring the extra expenditure of Rs. 34.41 lakh on line drilling and pre-splitting & perimeter blasting in the excavation of exit channel, the berms and slopes of the channel were damaged to a large extent and the bed width increased by 0 .5 m to 5.30 m beyond the designed width of 13m. This over excavation/breakage of rocks was rectified through another agency engaged (December 1998) for the work of shotcreting, which resulted in extra cost of Rs.31.69 lakh.

On this being pointed out, the EE stated that the work of shotcreting in these reaches was taken up after a lapse of 4-5 years after completion of excavation work during which side slopes and bed of channel deteriorated which ultimately converted into over excavation beyond designed section.

The reply is not acceptable, as the deterioration of hard rock strata to that extent is not possible but for careless blasting.

### (iv) Inadmissible payment on account of chiselling and chipping of hard rock

As per USR (April 1998) the special item of chiselling and chipping is applicable only for foundation of dams and canal structures.

**Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection**

The work of slope protection (shot Crete) of Exit Channel (7160m to 9360m) was awarded (December 1998) with an item for removal of hard rock by chiselling and chipping etc upto a thickness not exceeding 150mm before shot Crete work. It was specially mentioned in the agreements that the silt and deposits would be removed by the contractor free of cost.

The work of excavation of exit channel (7160 M to 9360 M) was completed (1992-93 to 1994-95) through other agencies by adopting line drilling and pre-splitting & perimeter blasting to obtain smooth surface. Despite this, over breakage occurred. The entire area of over breakage was rectified (December 1998) by slope protection work. This work did not require chiselling and chipping.

It was however seen in Audit that chiselling and chipping was paid for. Neither any specific sanction as directed by the NVDA was found on record nor were the hard bushes actually removed as confirmed from the surface obtained after shot Crete, making the entire exercise doubtful. This resulted in an inadmissible payment of Rs.23.38 lakh (excluding escalation).

In reply the EE stated (July 2002) that the rock surface of channel deteriorated due to weather action and flooding of water as the excavation had been done 4-5 years earlier. The reply is not tenable in view of the reasons mentioned above besides the item was not applicable for old deposits.

### 4.1.7.3 Construction of main canal

**Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors.**

**(i) Excess payment on account of escalation**

The scrutiny of escalation bills of various contractors revealed that: (i) the value of work done was reckoned with reference to date of payment of bill instead of actual date of work done; (ii) amount of secured advance (75 per cent) was considered instead of cost of material (100 per cent) on which it was granted/recovered; (iii) cost of material issued to contractor was not deducted from the value of work done; (iv) amount of extra items was added to the value of work done; (v) indices for labour component of Bhopal city were considered instead of nearest Indore city; and (vi) base indices were taken incorrectly.

These irregularities resulted in an excess payment of Rs 20.53 lakh[4] to various contractors under ND division No 10 & 27.

On being pointed out, the EEs agreed to recover the amounts after verification.

**(ii) Advance payment lying undisbursed with Land Acquisition Officers (LAO)**

**Undisbursed payment of Rs.11.43 crore lying with the LAO.**

Rs.11.70 crore had been advanced to LAO Khargone, Barwaha and Bhikangaon for acquisition of 383.284 ha private land. Out of this only Rs.26.62 lakh was paid to the landowners and remaining Rs.11.43 crore was (July 2002) lying undisbursed with the LAOs.

### *4.1.8 Personnel Management*

**Expenditure of Rs.7.89 crore on salary and allowances for the staff deployed without any work was unfruitful.**

The MOU between GOMP and NHPC envisaged deployment of 30 per cent of the executive staff and 70 per cent of non-executive staff from NVDA, MPEB and other Departments of GOMP in the Joint Venture on deputation basis. Further the entire staff engaged in R&R work was to be taken over by NHDC Ltd. However, only a negligible number of executive staff was sent on deputation to NHDC Ltd. 2 CEs, 7 Circles, 22 Divisions and 70 Sub-Divisions, work charged establishment and daily wages working for Unit-I and III were deployed on Unit-II without any plan or work. Thus the entire establishment expenditure (salary and allowances), which was Rs.7.89 crore per annum proved nugatory as the manpower largely remained idle. Illustratively the ND Division No.9, Bir was redeployed with headquarters at Sanawad without assigning any work of main canal for more than a year (January 2001 to February 2002) resulting in an unfruitful expenditure of Rs.64.08 lakh.

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*4 ND Div No.10:- Agt. 5DL/2000-01-Rs.0.98 lakh, 2DL/2001-02-Rs.0.12,2DL/1999-00-Rs.6.64 lakh ND Div No.27:- Agt.5DL/2000-01-Rs.0.39 lakh, 31DL/2000-01-Rs.0.37, 1DL/2001-02-Rs.4.00, 21DL/98-99-Rs.8.03 lakh.*

### 4.1.9 Other interesting points

#### (i) Laying of 150 mm dia GI pipe line for water supply from Narmada River to ISP Colonies

**Execution of substandard work resulted in an avoidable recurring expenditure of Rs.1.18 lakh per annum.**

Due to insufficient water supply to the ISP Colonies and Office complex of ISP at Sanawad, it was decided to lay 150 mm dia GI Pipe line from Narmada river to open well at ISP colony, Sanawad.

Accordingly the pipe line was designed by the EE, ND E&M Division, Sanawad, to lift 834 litre of water per minute (l/min) from Narmada river to departmental well, which was approved (February 2001) by the NVDA at a cost of Rs.28 lakh. After procurement of pipes at a cost of Rs. 24.15 lakh the work of laying of pipe line was awarded (July 2001) at a cost of Rs.3.65 lakh on item rate contract for completion within a month. The work was completed in November 2001 at a cost of Rs 3.57 lakh.

However, it was noticed that the actual yield of water at departmental well was only 200 l/min against designed output of 834 l/min. Even after repairing the pipe line, the adequate discharge of water could not be obtained. Hence the pipe line was cut to drop the water in a private well near Namokar Dham to be lifted up to departmental well by incurring additional monthly expenditure of Rs.9,800 (Rent of well Rs.4,800 and electricity charges Rs.5,000) from the date of completion of pipe line.

Thus the execution of substandard work resulted in an avoidable recurring expenditure of Rs. 1,17,600 per annum.

On this being pointed out, the EE admitted (May 2002) the facts and stated that action would be taken for rectification of pipe line.

#### (ii) Payment for work not done

**Payment of Rs.1.03 crore was made to contractors for stacking, which was not done.**

The work of excavation for construction of Punasa tunnel, Exit Channel, Approach Channel and different reaches of main canal of ISP were entrusted to various contractors during 1991-2002. The element of stacking of excavated hard rock was included in the item of excavation. Accordingly the contractors quoted their rates. However, it was seen in audit of ND division No. 10, 25 and 27 (May/July 2002) that the contractors dumped the excavated hard rock and there was no measurement etc. to show that these were stacked. This resulted in an excess payment of Rs.1.03 crore as detailed in **Appendix XXVI**.

Further scrutiny revealed that there was no action plan either for utilizing excavated hard rock or for disposing off by way of auction.

In reply, the EEs stated that the account of hard rock had been corrected in terms of USR and correspondence for its utilisation was in progress. The reply is not tenable, as the quantity of hard rock cannot be assessed in the absence of stack measurement.

The points referred above were reported to the Government in September 2002; reply had not been received (February 2003).

# PUBLIC WORKS DEPARTMENT

## 4.2 Integrated Audit of Public Works Department

### 4.2.1 Highlights

***The Department had constructed 68105.6 km roads up to March 2002 and residential and non-residential buildings in a built up area of 117.54 lakh sq. m area upto March 1999. Only 28.02 per cent of the villages were connected with roads. The construction of State Highways (SH) and Major District Roads (MDR) upto March 2002 was only 54.88 and 38.37 per cent of the target. Inadequate survey and investigation, unrealistic estimation, delay in floating and acceptance of tenders, delay in land acquisition, inadequate issue of letter of credits (LOC) slow progress of work etc. contributed to the poor achievement.***

**Targets for construction of buildings were not fixed. However, only 829 of the 1811 buildings were completed and 611 were in progress involving cost overrun of Rs.126.45 crore.**

***(Paragraph 4.2.9.2 )***

**Rs.17.19 crore was drawn in excess of LOC in 7 divisions and Rs.38.86 crore were kept in Civil Deposits to avoid lapse of allotment.**

***(Paragraph 4.2.7.2)***

**Rs.10.77 crore and Rs.49.15 crore per annum were being incurred on 2423 surplus staff and 20479 gangmen since August 2000. Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.**

***(Paragraph 4.2.8)***

**Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore on 12 roads.**

***(Paragraph 4.2.9.1 (iii))***

**Delay in taking penal action against defaulting contractor resulted in undue benefit of Rs.1.93 crore under Build, Operate and Transfer (BOT) Scheme.**

***(Paragraph 4.2.9.1 (iv))***

**Extra cost of Rs.6.56 crore were not recovered from defaulting contractors in 15 divisions.**

***(Paragraph 4.2.10 (i))***

**Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore under Dewas, Indore-I and Katni divisions.**

***(Paragraph 4.2.10 (ii) (b))***

### 4.2.2 Introduction

The Public Works Department (PWD) is the principal agency of the Government of Madhya Pradesh (GOMP) for survey, design, construction, improvement, repair and maintenance of roads, bridges and government buildings.

The state had a total of 68105.60 km (57667.40 km metalled and 10438.20 km unmetalled) of road as of March 2002. The road density was only 18.7 km (metalled) and 3.4 km (unmetalled) per 100 sq. km against the all India average of 42.4 km and 32.5 km, respectively. The road length per 1 lakh population in the State was 117.7 km (metalled) and 21.7 km (unmetalled) as against the all India averages of 146 km and 112.2 km respectively.

PWD was responsible for maintenance of residential and non-residential buildings in a built up area of 117.54 lakh sq.m area as of March 1999.

### 4.2.3 Organizational set up

The Public Works Department (PWD) is headed by a Principal Secretary and a Secretary at Government level for policy and planning activities. The Engineer-in-Chief (E-in-C) is the professional advisor. He is assisted by Chief Engineer (CE) Planning and Budget, Chief Architect cum CE, Research, Design & Development (RDD), 5 Zonal CEs, CE National Highway (NH) and CE Bridges. There were 9 circle offices headed by Superintending Engineers (SE), 92 Divisions (82 Civil and 10 Electrical & Mechanical (E/M)) headed by Executive Engineers (EE) and 312 sub-divisions (264 Civil and 48 E/M) headed by Sub-Divisional Officers (SDO).

### 4.2.4 Scope and audit coverage

A test check of the records for the period from 1997-2002[5] of the offices of the E-in-C, CE West Zone, Indore and 7 Divisions (Raisen, Guna, Rajgarh, Dewas, Ujjain, Ratlam and Katni) was conducted during December 2001 to May 2002. Information was also collected from other Departments/sources. The major findings of the review are given below.

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[5] *Wherever the word 'period' is referred to in the review, it indicates period from 1997-98 to 2001-02.*

### 4.2.5 Inadequate Planning

**71.98 per cent of the villages were not connected with road**

(i) The main objective of the IX Five Year Plan (1997-2002) was growth with social justice and equity and the major thrust was to link the villages for socio-economic upliftment. 51277 villages out of 70883 were not connected with road as of March 1997. Out of these only 385 villages were planned for connectivity and 258 were actually connected, raising the village connectivity marginally to 28.02 per cent i.e. a mere 0.36 per cent in five years.

(ii) According to Road Development Plan (RDP) for India (1981 to 2001) 14642 km SH and 28970 km MDR were to be constructed in the State by 2001. Further, it was necessary to have two lane pavement in at least 25 per cent of the SH, 5.5 m width pavement in 50 per cent and 100 per cent black topped with pavement structure suitably strengthened.

**Inadequate planning led to poor achievement (54.88 and 38.37 per cent) in construction of the State Highways and Major District Roads**

It was, however, seen that there was no proper plan to achieve these goals and only 8035.5 km (54.88 per cent) SH and 11114.5 km MDR (38.37 per cent) were available upto March 2002. Further, there was no change at all in the status of roads at the end of the plan period and it remained as it was in the beginning of IX Plan (April 1997) i.e. 8731.7 km of SH (8013.8 km black topped, 636.6 km water bound macadam (WBM) and 81.3 km unmetalled). Though 12 MDRs (1536.22 km) were declared (July 2001) as SH, neither their standard was raised nor were these removed from the list of MDRs.

### 4.2.6 Targets and achievements

Audit analysis of target and achievement for roads and bridges revealed the following.

**Mismatch of physical and financial achievements in SC/ST predominant area**

(i) Against the target of 53 major, 125 medium bridges, 3800 culverts and 1271 km roads under SC/ST predominant area, only 15 major (28.3 per cent), 56 medium bridges (44.8 per cent), 1000 culverts (26.32 per cent) and 527 km road (41.46 per cent) were constructed as of March 2002 at an expenditure of Rs.157.47 crore (72.43 per cent). The physical progress was not commensurate with the expenditure incurred.

**Under NABARD the achievement was only 38.81 per cent (roads), 68.42 per cent (bridges).**

(ii) 514 ongoing works (397 roads and 117 bridges) were taken up for completion out of interest bearing loan from National Bank for Agriculture and Rural Development (NABARD) under Rural Infrastructure Development Fund (RIDF) Schemes III to VII at an outlay of Rs.508.38 crore during 1997-2002 and targeted to be completed between March 2002 and March 2004. Out of 514 works, 344 works (268 roads and 76 bridges) approved at a cost of Rs.300.10 crore under RIDF Schemes III, IV and V and targeted to be completed by March 2002, only 156 works (45.33 per cent) (104 roads and 52 bridges) could be completed despite spending Rs.227.57 crore (75.81 per cent of Rs.300.10 crore) (March 2002). The physical progress of remaining 358 works (293 roads and 65 bridges) was between 50 to 80 per cent. The delay in completion of works was attributed to delay in finalisation of tenders, delay in land acquisition, inadequate issue of LOC and slow progress of works by contractors.

The mismatch between the physical progress and financial spending was mainly due to upward revision of estimates and higher tender rates.

### 4.2.7 Inadequate Financial Management

#### 4.2.7.1 Budgeting and expenditure analysis

Allotment and expenditure during 1997-2002 intimated by the E-in-C[6] was as under.

**(Rupees in crore)**

| Year | Plan/Non-Plan (NP) | Provision | Allotment | Expendi-ture | Percen-tage | Excess | Saving | Percentage |
|---|---|---|---|---|---|---|---|---|
| 1997-98 | Non-plan | 475.50 | 474.24 | 560.58 | 82 | 86.34 | - | 18 |
| | Plan | 176.68 | 159.26 | 126.42 | 18 | - | 32.84 | 21 |
| | **Total** | **652.18** | **633.50** | **687.00** | | **86.34** | **32.84** | |
| 1998-99 | Non-plan | 459.26 | 458.95 | 498.44 | 80 | 39.49 | - | 9 |
| | Plan | 211.85 | 180.80 | 126.00 | 20 | - | 54.80 | 30 |
| | **Total** | **671.11** | **639.75** | **624.44** | | **39.49** | **54.80** | |
| 1999-2000 | Non-plan | 467.34 | 308.04 | 330.29 | 74 | 22.25 | | 7 |
| | Plan | 793.60 | 174.42 | 118.25 | 26 | - | 56.17 | 33 |
| | **Total** | **1260.94** | **482.46** | **448.54** | | **22.25** | **56.17** | |
| 2000-01 | Non-plan | 389.70 | 323.96 | 312.43 | 67 | - | 11.53 | 35 |
| | Plan | 342.49 | 309.67 | 150.74 | 33 | - | 158.93 | 51 |
| | **Total** | **732.19** | **633.63** | **463.17** | | **-** | **170.46** | |
| 2001-02 | Non-plan | 318.82 | 260.94 | 218.94 | 47 | | 42.00 | 16 |
| | Plan | 498.64 | 450.93 | 244.81 | 53 | - | 206.12 | 46 |
| | **Total** | **817.46** | **711.87** | **463.75** | | **-** | **248.12** | |

**Decline in expenditure under non-plan was mainly due to reduction in work charged and daily wages staff.**

**The savings increased to 46 per cent in 2001-02 from 21 in 1997-98.**

The decline in expenditure during 1998-2000 under Non Plan was mainly due to reduction in work charged and daily wages staff and less provision for asphalting, renewal, widening and strengthening of roads. During 2001-02, it was due to bifurcation of staff strength on re-organisation of MP on 1 November 2000.

Though, allotment under plan was substantially increased to Rs.450.93 crore (2001-02) from Rs.159.26 crore in 1997-98, the department could utilise only Rs.244.81 crore in 2001-02 and the savings increased to 46 per cent in 2001-02 compared to 21 per cent in 1997-98 due to delay in land acquisition, delay in fixing of contract agencies, delay in finalising drawings and design as well as slow progress of works by contractor.

#### 4.2.7.2 Financial control in the Department

(i) Government introduced Letter of Credit (LOC) system for cheque drawing officers in the State in 1976 to ensure control over expenditure.

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[6] *Under Grant numbers 24, 42, 64, 67, 68, 76 and 58*

**Rs.17.19 crore was drawn in excess of LOC in 7 divisions.**

It was, however, seen that Rs.17.19 crore was drawn in excess over LOC in seven divisions during 1999-2002 as the CEs failed to control the excess drawal of funds.

**Security deposit of Rs.79.08 lakh was refunded out of LOC for NABARD works.**

(ii) Although CEs were required to issue LOC work-wise, they issued it Head/Grant-wise resulting in unauthorized diversion of funds. For example the EE, Dewas refunded the security deposit of Rs.79.08 lakh to the contractors out of LOC of NABARD works during October 2001 to March 2002.

**Rs.91.81 lakh was wrongly allocated and booked under maintenance and repair of roads.**

(iii) E/M Division, Jabalpur spent Rs.91.81 lakh on other items during April 2001 to May 2002 from LOC wrongly allocated for and booked under maintenance and repair of roads.

**Rs.38.86 crore were kept in Civil Deposit to avoid lapse of allotment.**

(iv) Rs.26.76 crore unspent budget allotment were transferred to Civil Deposits during 1996-2001 to avoid lapse of Central assistance. Similarly, Rs.12.10 crore were also kept under the Civil Deposits by five divisions test-checked on the grounds of ban on payments after 15 March bypassing the LOC system.

### 4.2.7.3 Improper maintenance of registers

#### (i) Miscellaneous works advances (MWA)

**Rs.45.85 crore were outstanding for adjustment under MWA.**

Rs.45.85 crore were awaiting adjustments for 15 years or more under MWA as of March 2002.

#### (ii) Material Purchase Suspense Accounts (MPSA)

**Rs.103.88 crore remained unadjusted under MPSA, including Rs.66 crore outstanding AG's adjustment memos.**

Rs.103.88 crore remained unadjusted under MPSA as of March 2002 including Rs.66 crore outstanding AG's adjustment memos. The amount of outstanding AG’s adjusting memos (Rs.4.72 crore) was more than the amount of MPSA (Rs.2.38 crore) in Raisen Division indicating incorrect position of the MPSA.

#### (iii) Deposit Register and Register of Deposit Works

**Rs.1.38 crore were incurred in excess of Deposit for works.**

Deposit Registers and Register of deposit works were not maintained properly. The register was also not being reviewed periodically by EEs and items lying unaffected for more than 3 years were not allowed to lapse to Government. It was seen during test check of 3 divisions that Rs.1.38 crore was incurred in excess of deposits received by un-authorisedly diverting the LOC of other works.

### 4.2.8 Manpower management

#### *(i) Surplus staff*

**Government notified 614 surplus staff in June 1999.**

With the introduction of 'District Government' from 1 April 1999, the Department was restructured and Government notified (June 1999) 614 persons as surplus and sanctioned 614 supernumerary posts.

**Rs.10.77 crore per annum were being incurred on 2423 surplus staff since August 2000.**

The GOMP further decided (February 2000) to down size the staff strength by 30 per cent and 1636 vacant posts were abolished. 3851 posts were declared supernumerary to be abolished on retirement of staff or promotion to next higher posts. 1428 posts would only be abolished by the year 2005 and 2423 post still remain surplus after 2005. Rs.10.77 crore per annum was being paid on this surplus staff.

The actual men-in-position and cadre wise details of surplus staff was not available with E-in-C. Further the deployment of staff was not proportionate to workload. The surplus staff was not transferred to the surplus cell from where they could be redeployed.

### (ii) Incorrect deployment of daily wage staff

**Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.**

The Department informed that 4833 daily wage labourers were incorrectly employed after 31 December 1988 in violation of Government order to whom wages of Rs.26.86 crore were paid. The services of 4426 labourers were terminated as of June 2000 and 258 labourers were still being paid wages due to court injunctions. The Department did not furnish the particulars regarding action taken against the concerned officers and to recover the amount from them as directed (February 2000) by the Government in General Administration Department.

### *(iii) Ambiguous posts*

**20479 gang men were being paid Rs.49.15 crore annually.**

22354 gang men were not borne on the regular establishment of the department, 1744 were retired after completion of 30 years of service or attaining 60 years of age and 131 were removed after being found medically unfit. 20479 gangmen were still on pay roll (December 1999) and they had filed writ petitions in different courts seeking various remedies admissible to persons in Government service. They were being paid Rs.49.15 crore annually.

## 4.2.9 Irregularities in execution

### 4.2.9.1 Roads and bridges

**Incomplete construction of road resulted in unfruitful expenditure of Rs.58.89 lakh.**

(i) Goras to Padon road (11.20 km) SH-23 in Guna district was sanctioned (November 1971) at an outlay of Rs.6.52 lakh. Scrutiny of records revealed that even after incurring expenditure of Rs.58.89 lakh as of January 2002 and lapse of 31 years, the road was incomplete due to heavy rock cutting of 300 metre in initial reaches. Further the expenditure of Rs.52.37 lakh incurred in excess over AA and TS was not regularized.

On this being pointed out, EE, PWD Division, Guna stated (January 2002) that due to non-availability of funds and high tender rates, work of rock cutting was not executed. Reply was not tenable, as road had no connectivity due to incomplete rock cutting in initial reaches and the expenditure of Rs.58.89 lakh remained unfruitful.

**Abandoning of work due to non-availability of land led to infructuous expenditure of Rs.8.47 lakh.**

(ii) Completion of Aron Raghogarh via Budhoria road (3 km) was sanctioned (July 1997) under NABARD assistance (RIDF-III scheme) at a cost of Rs.27.30 lakh. The work was abandoned (October 2001) after incurring Rs.8.47 lakh due to non-availability of land.

**Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore.**

(iii) Test check of records regarding 12 roads under construction with NABARD assistance (RIDF III to VII) revealed that in 4 cases provision (Rs.0.98 crore) for land acquisition was inadequate; in 12 roads, the quantity of sub-grade 165761 cum costing Rs.0.42 crore was increased; in 7 roads quantity of sub-base was increased by 23988 cum costing Rs.0.37 crore and in 8 roads the quantity of WBM consolidation was increased by 8453 cum involving Rs.0.28 crore. Thus inadequate survey and investigations led to extra cost of Rs.2.05 crore besides inordinate delay and cost over run of Rs.6.17 crore in three roads (Bada Barkheda Rs.0.62 crore, Mangrol Bagalwada Rs.3.08 crore and Kanta Phod-Punjapura Rs.2.47 crore).

**Delay in taking penal action against the defaulting contractor resulted in undue benefit of Rs.1.93 crore.**

(iv) The reconstruction of 2 medium bridges, 10 culverts, renewal and maintenance of Jaora-Ratlam-Badnagar Lebad roads and Ratlam bypass road (130.4 km) was awarded to a contractor under BOT scheme by EE PWD, Division Ratlam in April 1999 to be completed in five years. The cost of the work estimated at Rs.18.99 crore was to be borne by the contractor, against which he was given the right to collect toll tax at specified rates for a period of 3147 days starting from the date of completion of the initial work.

Against the anticipated investment of Rs.5.57 crore the contractor executed work costing Rs.4.82 crore only as of January 2002 and collected toll tax of Rs.6.75 crore. The work too was grossly sub-standard as pointed out by CTE(V) and Collectors Ratlam and Dhar. However, no action was taken by EE and CE before 1 January 2002 when the right to toll collection was cancelled by the EE without rescinding the contract. The work stood suspended since January 2002.

This resulted in undue benefit of Rs.1.93 crore to the contractor (1 January 2002) in toll tax collection over and above the contractor's investment in road construction.

### *(v) State sector Road Development programme from the Central Road Fund*

**Only Rs.37.93 crore were spent against allotment of Rs.102.88 crore.**

The GOI, Ministry of Road Transport and Highway (MORT&H) under Central Road Fund (CRF) approved 52 works (1196.7 km) at an outlay of Rs.181 crore between May 1999 and December 2001. Only Rs.37.93 crore were spent against the allotment of Rs.102.88 crore as of March 2002 on 52 works (2 completed) due to delay in fixing the agencies and slow progress by them.

**Non-submission of utilization certificates led to short release of Rs.84.44 crore.**

As the GOMP failed to furnish utilization certificates, only Rs.29.98 crore against Rs.114.42 crore was released to the State by GOI during 2000-02.

### (a) Incorrect selection of village roads under CRF

**9 village roads costing Rs.12.93 crore were incorrectly approved under CRF.**

The guidelines for selection of roads to be financed from CRF stipulated that rural roads were not to be included in the programme as the funds for these roads were being provided under the "Pradhan Mantri Gramin Sadak Yojna" (PMGSY). However, 9 village roads (141.26 km) estimated to cost Rs.12.93 crore were identified and got approved under CRF.

**Ongoing work of a village road with an expenditure of Rs.2.59 crore was incorrectly included under CRF in 3 parts at a cost of Rs.20.82 crore.**

Similarly, another village road i.e. Batera-Bamhori-Silwani-Sultanganj road (66.50 km) in Raisen district already in progress under another scheme (MNP) from 1979-80 on which Rs.2.59 crore were spent (November 2001) was incorrectly got approved (January 2001) under CRF at an outlay of Rs.20.82 crore. The progress was very slow and also left a gap of 7 km, which was constructed, only in earthwork.

On this being pointed out in audit, EE, PWD Division, Raisen stated (January 2002) that earlier work in MNP was totally stopped when the new work was sanctioned under CRF. He further stated that the missing link was due to non-approval of patch by Government and assured that it would be got included in supplementary estimates.

The reply was not tenable as the road should not have been taken up for construction under any other scheme when selected for CRF fund in accordance with the guidelines for selection of road under CRF.

### (b) Construction of roads without Forest clearance

**Bandhi-Jhiri village road was incorrectly taken up at a cost of Rs.3.76 crore under CRF without forest clearance.**

(i) Forest conservation Act 1980, lays down that no work in the forestland was to be carried out without prior forest clearance of GOI. It was, however seen that the administrative approval was accorded (January 2001) for construction of Bandhi Jhiri road (25 km), by the GOI, MORT&H at an outlay of Rs.3.76 crore under CRF to be completed by March 2003. The GOMP, Forest Department (June 1988) and Chief Forest Conservator permitted (June 2001) construction of road subject to certain conditions including retention of right over the road.

Further, though the sanctioned estimate was for metalled road in a width of 5.50 metres in the existing trekking road, it was restricted to a width of 3.5 metres only. The work was completed in February 2003 at a cost of Rs.3.85 crore. Not only its selection under CRF was wrong but unauthorised construction without forest clearance from GOI was not correct.

(ii) Another village road, Kantaphod-Punjapura road (21 km) was approved at a cost of Rs.2.08 crore by NABARD under RIDF-V scheme to be completed by March 2002 remained incomplete even after spending Rs.2.49 crore as of January 2003. It also passes through dense reserved forest area (km 7 to 22).

On this being pointed out, the EE stated (May 2002) that work was sanctioned by GOI and tenders were accepted by GOMP, as such selection of road cannot be challenged at this stage.

The reply was not tenable as the road connects two villages in the rural area through dense forest and was constructed without forest clearance. Further, GOI sanction was contrary to their own guidelines.

**(vi) Sluggish progress under State roads/bridges of Inter State or Economic Importance**

GOI, MORT&H provided cent per cent financial assistance upto the approved cost for roads selected under Inter State scheme and 50 per cent for roads/bridges under schemes of economic importance. The State Government was to send 2 or 3 proposals in order of priority under the above said programme in accordance with the guidelines within the stipulated time for consideration.

**None of the 17 proposals for Rs.238.79 crore was approved due to late submission of proposals**

(a) 17 proposals of roads (1189.30 km) at an outlay of Rs.238.79 crore were submitted to GOI for sanction between November 1997 and November 2001 after the due dates (30 April) without following the guidelines, which were not approved.

**Detailed estimated and designs were awaited for the work agreed for Rs.10.40 crore**

(b) GOI agreed (September 2001) for widening and strengthening of Satna Chitrakoot road at a cost of Rs.10.40 crore under cent percent finance scheme. However, detailed estimate and designs were still awaited (June 2002) from CE, PWD, Rewa (E-in-C May 2002). Resultantly only Rs.11.63 crore (42.37 per cent) out of Rs.27.45 crore allotted by GOI were spent as the Department failed to mobilize all available resources.

### *4.2.9.2 Buildings*

**Targets were not fixed for completion of buildings.**

Targets were not fixed for completion of buildings while according administrative approval (AA) by the Government. Out of 1811 buildings approved during 1994-2001 to be constructed on behalf of different departments at a cost of Rs.264.80 crore, only 829 were completed at a cost of Rs.245.34 crore as of March 2002. 611 buildings were in progress and construction of 371 was not even started. Department assessed a real cost of Rs.391.25 crore for completion of all the buildings resulting in a cost overrun of Rs.126.45 crore.

Further analysis revealed the following:

**64 buildings of Education Department were not started for want of site selection.**

(i)(a) Construction of 64 buildings of Education Department sanctioned upto August 1998 was not started for want of land, revised sanction and shortage of funds. 197 buildings were incomplete due to poor progress of work by contractors, delay in handing over work sites, layout, drawing and design and delayed payments.

(b) Un-authorised expenditure of Rs.11 lakh was incurred on construction of Girls Degree College and Hostel building at Dhar without Administrative Approval (AA) on a private land.

(c) Construction of hostel building for SC students, Ujjain sanctioned (5 June 1995) for Rs.54.90 lakh was yet to start (May 2002) for want of site.

**Work of the College was suspended for want of funds after incurring Rs.43.94 lakh**

(d) Construction of Degree College building, Narsinghgarh was sanctioned (May 1995) for Rs.76.80 lakh and the work was awarded (1996-97) for completion within 24 months. The work on which Rs.43.94 lakh were spent till March 2002 remained incomplete for want of funds.

**56 buildings of Health Department were not started due to non-availability of land and drawings.**

(ii)(a) Construction of 56 buildings of Health Department sanctioned upto August 1998 at a cost of Rs.14.75 crore were not started due to non-availability of land and drawings. Instead of upgradation of existing Public Health Center (PHC) buildings to 30 bedded community centre buildings, process of fresh construction was initiated at 20 new sites without revised sanction leading to revision in cost to Rs.7.04 crore from Rs.2.87 crore.

**Sanction of Rs.85.47 lakh for 3 existing buildings and 2 under submergence area was irregular.**

(b) Sanctions for construction of PHC buildings at Bijawar (Chhatarpur), Sonkatch (Dewas) and Aron (Guna) at cost of Rs.26.28 lakh, Rs.14.54 lakh and Rs.14.54 lakh were granted though the buildings already existed.

Similarly, construction of PHC buildings at Harsood (Khandwa) and Nisarpur (Dhar) was sanctioned in March 1995 and April 1998 respectively though the buildings came under areas of submergence of Indira Sagar Project. However, construction has not yet started.

**Work was awarded against lapsed sanctioned of Rs.16.66 lakh.**

(c) As per rules sanction stands lapsed after 3 years. However, the work of PHC building at Piploda (Ratlam), though sanctioned on 17 July 1994 at a cost of Rs.16.66 lakh, was awarded on 17 August 1998.

**28 sub-jails were not functional since 1990 due to non-completion of allied works.**

(iii) With an objective to provide a jail building for every court at Tehsil level and to reduce the crowd in existing jails, 70 sub jail buildings were constructed. Out of these 70 completed sub-jails, 28 (40 per cent) constructed at a cost of Rs.10.87 crore were not functional since 1990 due to non-completion of allied works viz. water supply arrangements, electrical fittings, approach road etc. As per the latest estimates (1999-2000) Rs.3.22 crore was further required to make them functional.

**Only 40 per cent of the funds allotted were spent, due to delay in supply of drawings and slow progress of work by contractor.**

(iv) Construction of Collectorate building at Rajgarh was approved in September 1997 at a cost of Rs.1.92 crore. Technical sanction of Rs.2.11 crore was accorded (July 1999) without drawing and design. The work was entrusted (January 2000) to contractor 'A' by the EE, PWD Division, Rajgarh for completion within 24 months. Only Rs.84.49 lakh( 40 per cent) were spent till February 2003 out of the allotment of Rs.2.12 crore.

### *(v) Building works under 11th Finance Commission*

**The building costing Rs.1.39 crore was not functional for want of approach road and water supply.**

(a) The Collectorate building at Katni was to be constructed (February 2000) on a plinth area of 3050 sq. m at a cost of Rs.1.25 crore. Subsequently, the plinth area was restricted to 2500 sq. m to keep the expenditure within the sanctioned cost. Though the building has been completed and the expenditure had already exceeded by Rs.14 lakh, the building was not functional (April 2002) for want of approach road and water supply.

**Rs.6.64 crore was kept under Civil Deposits as drawings and designs were not prepared.**

(b) The allotment of Rs.6.64 crore provided in 2000-2001 for up gradation of 11 Diagnostic Centres under 11th Finance Commission, was drawn and credited to Civil Deposits and remained unutilized as the drawings and designs were not prepared by EEs in consultation with the Chief Medical Officer.

### 4.2.10 Contract Management

**Extra cost of Rs.6.56 crore were not recovered from defaulting contractors.**

#### (i) Non-recovery of extra cost from defaulting contractors

In 15 divisions Rs.5.85 crore remained unrecovered from defaulting contractors as of March 2002 though revenue recovery certificates (RRCs) were issued. In 41 other cases, no steps were taken to realize Rs.70.91 lakh. Also no action to cancel the registration of defaulting contractors was taken.

#### (ii) Extra cost due to delayed acceptance of tender and at higher rates

**Acceptance of tender after validity resulted in extra cost of Rs.14 lakh.**

(a) Tenders received for construction of high level bridge across Anas river in km 10/4 of Jhabua Meghnagar road were valid till 16 August 2000. Government accepted the lowest offer for Rs.1.14 crore only on 17 August 2000; the contractor refused the acceptance of tender.

Fresh tenders were invited (November 2000) and the offer of contractor 'A' was accepted (June 2001) at Rs.1.28 crore, resulting in extra cost of Rs.14 lakh.

**Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore.**

(b) Test check of records disclosed that in five cases in Dewas, Indore-I and Katni divisions tenders were accepted at much higher rate of 1.70 per cent to 33.31 per cent above the then prevailing trend (of 1.71 per cent below to 7.77 per cent above) resulting in extra cost of Rs.7.04 crore.

#### (iii) Excess payment to contractor

**Excess payment of Rs.26.10 lakh to contractor in violation of quality parameters.**

While black topping Gopalpur-Gorakhpur Chada village roads from km 1 to 41 in Dindori (Mandla) contractors were paid for open graded premix carpet (OGPC) for an average thickness of 25 mm against 20 mm thick as per MORT&H specifications. Thus excess execution of 529.73 cum of OGPC was unwarranted and resulted in excess payment of Rs.14.51 lakh.

Similarly tack coat over the WBM road surface @ 10 kg bitumen per 10 sqm was laid against the specification of 3.5 to 4 kg bitumen. This resulted in excess payment of Rs.11.59 lakh.

The EE PWD Division, Dindori stated in reply that the items executed were as per site condition of the road. The reply was not tenable as the items of work were in violation of quality parameters.

### (iv) Execution of sub-standard work in renewal of road

**Loss due to inadmissible payment of Rs.13.53 lakh on repair of substandard work of Rs.1.39 crore.**

The work of black topping (BT) National Highway[7] 7 (NH-7) was awarded between April 1998 and May 1999 under 5 agreements to a contractor for Rs.1.11 crore for completion within 1 to 4 months. As per the contract, if any damage or imperfection was noticed during execution within six months of the completion of work, the contractor had to make good the same at his own expense. The contractor completed the work between December 1998 and December1999 and was paid Rs.1.39 crore between January 1999 and January 2001.

It was seen in audit that though some instances of sub-standard work had come to notice in June 1998 and October 1999, the department got a part of the road[8] repaired through the same contractor under 3 separate agreements and paid (June, July 2000 and February 2001) Rs.13.53 lakh. Besides, a sum of Rs.0.33 lakh was also spent in collecting different sizes of metal for repair of road.

On being pointed out, EE stated (September 2000) that due to heavy rain in 1999; some potholes had developed as the reaches were in water-logged areas. Thus patch repair work had to be taken up.

The reply was not acceptable, as substandard work had come to the notice of Department in the very first year of the work against the expected life of five years.

### (v) Fraudulent award of work and avoidable extra cost

**Extra cost of Rs.7.51 lakh and fraudulent payment to contractor.**

The work of supply and fixing of 310 metres mild steel (MS) railing girders on the bridge across Sher river was awarded (25 September 1998) to contractor 'A' and completed in October 1998.

Tenders for similar works for 408 metres on Shakkar river bridge from km 133/4 to 133/6 Kareli side and km 133/8 to 133/10 Gadarwara side were floated (23 September 1998) without technical sanction to be opened on 15 October 1998. Work orders were issued to contractor 'A' on 14 October 1998 i.e. one day before opening of tenders at the same rate.

Again, an insertion regarding these works was included in the minutes of the purchase committee meeting held on 21 September 1998 for the work of Sher river i.e. even before the floating of tenders. The payments were received (May - June 2000) by another tenderer 'B' whose offers were rejected. Thus award of work was fraudulent.

It was further revealed that payment for 718 metres M.S. railing girders was made at the rate of Rs.1728 per metre as against the rate of Rs.682 per metre as per schedule of rate of road works (May 2000). Thus Rs.7.51 lakh was paid extra.

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[7] *km 581/4,6, 584, 585, 587/8-10, 588/2,4,8, 589/8,10, 590, 591, 594, 595, 601 to 607 and 625 to 630*

[8] *km 587/8,10; 588 to 591 and 627 to 630*

The Government intimated (June 2002) that the case was under investigation with State Economic Offence Wing. Further developments were awaited.

### (vi) Extra cost due to award of work at higher rates

**Acceptance of tender without evaluating component-wise trend of prevailing rates resulted in extra cost of Rs.29.38 lakh**

Three works of widening and strengthening by water bound macadam (WBM) and renewal by bituminous topping (BT) of two roads viz. Rehli - Gourjhamer and Sagar - Damoh were awarded by Executive Engineer (EE), Public Works Division-I, Sagar to three contractors on percentage rate tenders.

The work on these roads involved execution of two distinct components viz. (i) WBM consolidation works, for which the prevailing trend of rates in the same Division during the same period (1999-2000) ranged only from 19.95 per cent to 38 per cent above SOR-1992 and (ii) BT renewal, for which it ranged from 87 percent to 89.90 percent above SOR.

Audit scrutiny, however, revealed (August 2001) that tenders were invited for both items of work viz. WBM and BT and awarded to three contractors at tender percentages ranging from 88.50 percent to 94.51 percent above SOR applicable for BT renewal. Thus acceptance of tenders at rates prevailing for BT works, and ignoring the tender rates prevailing for WBM resulted in extra cost of Rs.29.38 lakh.

On being pointed out in audit (August 2001), the Executive Engineer stated that tender rates depended not only on prevailing trends but also on site conditions and availability of construction material.

The reply was not tenable, as the trend in rates in the same division where site conditions would be comparable was not applied. Also the department itself had projected the anticipated tender percentage of WBM and BT component as 40 and 80 per cent respectively above SOR in the estimate.

### (vii) Inadmissible payment of escalation charges to contractors

**Escalation of Rs. 32.02 lakh was paid to the contractors in violation of the agreements.**

The construction of Jabalpur by-pass on National Highway (NH)-7 from 7768 to 16600 m was awarded (April 1994) by Executive Engineer (EE) NH Division, Jabalpur to a contractor for Rs.5.75 crore for completion within 36 months. The contractor was paid (February 2001) Rs.7.29 crore including Rs.1.44 crore on account of price variation (escalation). Though the work was completed in December 2001, the final bill was pending because of non-submission of bill by the contractor.

According to special conditions of contract, escalation charges were payable if extension of time is granted without imposition of any penalty under clause 2 (penal clause).

It was, however, seen in audit that extension of time from 16th May 1999 to 31st December 2001 was granted with imposition of penalty of Rs.0.25 lakh under clause 2 of contract, hence escalation payment of Rs.32.02 lakh was inadmissible.

On this being pointed out, EE stated that the escalation was paid because the time extension was granted by competent authority (SE). The reply was not tenable in view of the penalty levied under clause 2 of contract.

### 4.2.11 Store Management

**(a) Avoidable extra cost in purchase of modified bitumen-55**

**Purchase of costlier bitumen resulted in extra cost of Rs.63.30 lakh.**

1570 MT Crumb rubber modified bitumen (CRMB) was purchased (2001-2002) which was techno-economically less suitable. It was costlier by Rs.4032 per MT than the 80/100 grade bitumen. This resulted in extra cost of Rs.63.30 lakh.

**Stores worth Rs.4.24 crore were transferred to other divisions/departments without recovering the cost.**

**(b) Irregular transfer of stores without recovering cost of material in advance**

Test check of records of 8 divisions revealed that store articles worth Rs.4.24 crore were transferred to other divisions/departments without recovering the cost of material in advance and the amounts were lying un-adjusted under MWA and no action was taken either to stop the practice or to recover the cost of store/cash transferred. There is scope for fraud in such transaction due to delay in settlements.

The points referred above were reported to Government in September 2002; reply had not been received (January 2003).

# SECTION-B AUDIT PARAGRAPHS

# NARMADA VALLEY DEVELOPMENT DEPARTMENT

## 4.3 Non-recovery of advances and extra cost

**Delayed action of EE led to non-recovery of Government dues of Rs.8.79 crore.**

The balance work of overflow masonry dam from RD 535 to 696 meters of Man Project, left by M/s "A" was awarded to M/s "B" (December 1996) at a cost of Rs.13.05 crore. M/s "B" executed work of only Rs.68.41 lakh and remaining work was withdrawn (May 1998) at his risk and cost. Balance work for Rs.12.36 crore was awarded to M/s "C" for Rs.18.36 crore in January 1999 and was paid Rs.20.75 crore upto January 2003.

Machinery and mobilisation advances with interest of Rs.2.16 crore and extra cost of Rs.5.99 crore were recoverable from M/s "B". Recoveries of Rs.1.22 crore on three other contracts were also outstanding against M/s 'B'. Against these, plant and machinery valued at Rs.1.21 crore were seized (May 1998) and were auctioned for Rs.58.21 lakh in August 2000.

Though EE belatedly requested (January 2002) the Collector, Dhar to issue revised revenue recovery certificate (RRC) for Rs.8.79 crore against M/s 'B', the Collector Dhar forwarded the revised RRC to the Collector Agra only in January 2003. As a result no recovery had been effected (April 2003). Thus delayed action of the EE resulted in non-recovery of Rs.8.79 crore.

The matter was referred to Government in February and April 2002; reply had not been received (April 2003).

# PUBLIC HEALTH ENGINEERING DEPARTMENT

## 4.4 Blocking of capital on water pipes purchased much before the commencement of the project

**Injudicious procurement of material much in advance resulted in blocking of capital of Rs.44.05 lakh**

The Government of India technically approved (August 1996) the Multai Water Supply (augmentation) Scheme for Rs.6.59 crore, subject to availability of water to the extent of 95 per cent of projected requirement. The scheme aimed at providing 7 MLD safe drinking water to an anticipated population of 47,000 by the year 2030. The water for the scheme was proposed to be drawn from an earthen dam to be constructed across Thawariya nullah. This nullah, however, is a non-perennial one and the flow of water ceases completely during January to June every year. Yet the Government accorded Administrative Approval for Rs.5.75 crore in July 1998. The techno-feasibility studies of the dam site and drawing/design for the dam were completed in August 2002.

The department procured (February 1999 to June 2000) AC and CI pipes costing Rs.44.05 lakh for implementation of the the scheme even before the design of the dam was approved. The material was issued to work and was still lying unused at site.

On being pointed out, the EE replied (January 2002) that the material was purchased to ensure utilisation of available funds and also to ensure completion of the scheme within the stipulated period.

The reply is not tenable as the procurement of material 2-3 years before commencement of project was unnecessary.

The matter was reported to Government in December 2001; reply was awaited (April 2003).

## 4.5 Unfruitful investment on unviable water supply scheme

**Execution of unviable water supply scheme without the approval of the Government of India resulted in unfruitful expenditure of Rs.30.92 crore.**

The Government of Madhya Pradesh (GOMP) accorded administrative approval for Rs.49.03 crore for water supply scheme for 34 villages, sanitary dug wells for 37 villages and hand pumps for 150 villages in April 1998. The expenditure was to be shared between GOI and GOMP in the ratio of 75:25.

As the project was being implemented, the E-in-C approved Hathni River as an alternative source in June 2000. This was not considered earlier as a dependable source, being non-perennial. Further, the water supply project on river Hathni was designed only for 10 years against the prescribed period of 30 years. The capacity of intake structure was also reduced to 2 MLD as against 4.5 MLD provided in original scheme and the work of alternative source was taken up without obtaining approval of GOI.

The project is still under construction (December 2002) and even if commissioned is likely to serve for a maximum period of 3 years only as stated (February 2001) by the Chief Engineer, PHE, Indore Zone. Further, in pursuance of the review by the Chief Minister, the Government directed in August 2001 that no expenditure should be incurred on this scheme. However, the matter was reviewed by the Chief Minister in March 2002 and it was decided to complete the project within the time frame specified.

Though Rs.30.92 crore had been incurred on the water supply scheme as of December 2002, Audit observed that the villages Kakrana and Bahadwa where the intake well, raw water pumping main, clear water pumping main etc. were situated, were coming under areas of submergence in the ongoing work of the Sardar Sarovar Dam. The expenditure has thus been rendered unfruitful.

The matter was referred to Government (December 2001 and April 2002), reply had not been received (April 2003).

## 4.6 Extra cost due to drilling of tube-wells of larger dia than specification

**Injudicious drilling of tube wells of larger than the prescribed dia resulted in extra cost of Rs.30.31 lakh.**

According to departmental instructions (1994) tube wells of 150 mm dia for installation of power pumps and 125/115 mm dia for installation of hand pumps should be drilled.

Contrary to this, Executive Engineer, PHE Division Sehore and Bhopal invited item rate tenders (March 2000) for drilling of 200/150 mm dia tube wells intended for installation of hand pumps. The work was awarded (2000-01) to 4 contractors under 8 agreements and payment of Rs.1.43 crore (Sehore Rs.92 lakh and Bhopal Rs.51 lakh) was made at the rate of Rs.560 per meter as against Rs.407 per meter prescribed by E-in-C PHE for 150/125/115 mm dia tube wells. Thus drilling of tube wells larger than prescribed dia resulted in avoidable extra cost of Rs.30.31 lakh (Sehore Rs.18.66 lakh and Bhopal Rs.11.65 lakh).

On this being pointed out, the EEs stated (January 2002) that these tube wells were intended for installation of power pumps and to accommodate submersible pumps upto 143 mm dia.

The reply was not tenable as the agreements categorically stipulated installation of hand pumps only and no power pumps were installed.

The matter was reported to Government in March and April 2002; reply had not been received (April 2003).

# WATER RESOURCES DEPARTMENT

## 4.7 Execution of Rajghat Canal Project

### 4.7.1 Project in brief

Government of Madhya Pradesh (GOMP) approved construction of the Rajghat Canal Project in March 1981 for Rs.46.15 crore to develop a composite canal system to irrigate 1,21,450 hectares (ha) of land in five districts of Bhind, Datia, Guna, Shivpuri and Tikamgarh. It was an inter-state project of Madhya Pradesh (MP) and Uttar Pradesh (UP) on Betwa river. The project comprised of construction of (i) Left Bank Canal (LBC) to take water from Rajghat Dam to irrigate 24,291 ha; (ii) Datia Carrier Canal (DCC) to take water from Dhukwa weir to irrigate 3,383 ha and supplement water to Anguri barrage; (iii) Datia Irrigation Canal (DIC) to take water from the Anguri barrage to irrigate 57,683 ha and release water to the existing Bhander Canal (BC), and, (iv) remodelling of BC to irrigate additional 36,093 ha.

The project was taken up in 1979 and after survey the construction started in 1983 for completion in seven years but could not be completed due to non-availability of adequate funds. A sum of Rs.88.99 crore was incurred till March 1997. The project was rescheduled to be completed by March 2002, with loan of Rs.421.08[9] crore (13222 million Japanese Yen[10]) from Japan Bank for International Co-operation (JBIC). The Department, however, failed to complete the project even by March 2002 and rescheduled it for completion by March 2004.

### 4.7.2 Inadequate Financial Management

(i) The funds were initially allotted by GOMP to E-in-C, who in turn provided allotment to the project Chief Engineer. Expenditure incurred by the project authorities is claimed as reimbursement by E-in-C from JBIC through the Department of Economic Affairs, Government of India (GOI), New Delhi.

The JBIC loan was admissible from April 1997 for pending canal works not awarded till the commencement of the loan agreement; and the cost of ongoing contract works, Land acquisition and establishment expenditure was to be borne by the GOMP. A foreign consultant was engaged at a cost of Rs.7.52 crore for implementation of the project.

**JBIC disallowed claim of Rs.7.16 crore**

It was seen that an overall expenditure of Rs.339.43 crore was incurred on the project during April 1997 to March 2002 but claims of only Rs.179.20 crore were submitted to JBIC and only Rs.172.04 crore was reimbursed and the balance of Rs.7.16 crore was disallowed. No reasons for claims disallowed were available in the records of WRD.

### 4.7.3 Delay in Contracts

**Out of 102 works, 37 only were reportedly completed.**

The civil works (Rs.347.64 crore) to be executed from JBIC loan were divided into 106 work packages but only 22 contracts were awarded in the year 1997-98, 19 in 1998-99, 13 in 1999-2000, 34 in 2000-01 and 14 in 2001-02. For 4 packages, agencies had not been fixed as of March 2002. The award of work was thus badly delayed. Out of 102 contract works awarded, only 20 were

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9 *Civil works: Rs.347.64 crore, Consultancy services: Rs.11.78 crore, Interest during construction: Rs.26.87 crore and Contingencies: Rs.34.79 crore.*

10 *Exchange rate Rs.1 equal to 3.14 Japanese Yen.*

actually completed while it was claimed that in 17 others too, the work was physically completed.

**Non-completion of works within scheduled period resulted in avoidable payment of Rs.5.04 crore.**

As the works were not completed within the period of contract, the GOMP had to pay the avoidable price escalation of Rs.5.04 crore.

As against requirement of 4662.649-hectare land for canal network, 3983. 019 ha (85.4 per cent) were actually acquired and remaining 679.63 ha land was yet to be acquired.

**Against 82.02 per cent financial progress, physical achievement was only 50.54 per cent.**

Though the land for canal, funds from loan amount and consultant employed for implementation were available, the project could not be commissioned. Despite a total expenditure of Rs.428.42 crore (82.02 per cent) on the project, the average physical progress achieved was only 50.54 per cent as of March 2002.

**The objective of employing the consultant at a cost of Rs.7.52 crore was defeated.**

The major component lagging behind was structures. Unless the structures are completed, the completion of earthwork and canal lining would be of no use. The improper planning thus defeated the object of employing the consultant at a cost of Rs.7.52 crore for implementation of the project.

### 4.7.4 The Project Estimates

#### (a) Improper and unrealistic estimation

The revised estimates (at 1996 price level) of the project were prepared for Rs.522.34 crore which included cost of civil works (Rs.328 crore), administrative cost (Rs.21 crore), consultancy services (Rs.5.55 crore), price escalation (Rs.122.73 crore) and contingencies (Rs.45.06 crore). In the loan proposal of Rs.421.08 crore submitted in 1996, the base cost of (not awarded pending) civil works (Rs.347.64 crore) was Rs.257.04 crore with price escalation Rs.90.60 crore (35 per cent).

**Estimates were inflated for price escalation resulting in saving of Rs.83.09 crore.**

The execution of pending canal civil works was divided into 106 work packages. It was seen that the estimated cost of the canal network covered in 106 work packages (contract agreements) was only Rs.243.32 crore, against which the tendered cost of contract agencies was Rs. 254.16 crore (average 4.46 per cent). Besides, the WRD had to pay the price escalation in labour, material and POL to the contract agencies, where the period of contract was for more than 12 months. A sum of Rs.10.39 crore (4.09 per cent) was paid as price adjustment till March 2002 on JBIC works. Thus the overall price escalation was only 8.55 per cent, whereas the WRD had included 35 per cent on 1996 price level in the loan proposal. This inflated estimation resulted in a higher loan and saving of Rs. 83.09 (254.16 + 10.39 - 347.64) crore in the loan.

#### (b) Wrong prioritization of work

Without construction of the watercourses and field channels, realisation of the benefits of the projects is not possible. However, instead of taking up these works in the entire command area, the project authorities in order to utilise the savings in loan amount submitted a proposal of 10 additional packages of new works at a cost of Rs.88.80 crore covering construction of water courses and field channels only in 30 per cent area (36435 ha out of 121450ha ) at a cost of Rs.48 crore and other non-priority items as discussed below. This was also approved by the GOMP in June 2001.

**Stone pitching after lining of canals result in excess expenditure of Rs.29.48 lakh.**

(i) The stone pitching work in outer portion of lined canals of LBC, DCC and DIC was not provided initially. However, after the earthwork and lining of canals, a sum of Rs.11 crore was approved for the stone pitching work. This will result in extra expenditure of Rs.29.48 lakh on account of re-excavation of canal banks as well as housing for pitching work in DIC alone.

**Unwarranted black topping of canal service roads would result in unnecessary expenditure of Rs.10 crore.**

(ii) The service roads on canal banks are meant for inspection vehicles of WRD. Hence WBM roads were constructed. Subsequently, a sum of Rs.10 crore was approved for black topping the WBM roads, which would be an unnecessary expenditure.

(iii) As per the loan agreement, plantation did not come under the purview of the civil works. However, a sum of Rs.2 crore was approved as additional package for plantation along main canals and distributaries from the loan.

**Consultancy cost increased unnecessarily by Rs.2.24 crore.**

(iv) Due to sanction of new and additional works as described above, the cost of additional consultancy also increased by Rs.2.24 crore.

### 4.7.5 The Consultant

#### (a) Injudicious Payments

**Rs.53.88 lakh were paid to consultant without invoices.**

A foreign consultant was employed at a cost of Rs.7.52 crore for implementation of the project. Agreement provided for reimbursement of direct cost of capital items on production of actual invoices. However, payment of Rs.53.88 lakh was made at maximum unit rates without obtaining paid vouchers/invoices.

#### (b) Unfruitful expenditure on training abroad

**None of the trained officers was working in the project rendering the expenditure of Rs.21.47 lakh unfruitful.**

Rs.21.47 lakh[11] was incurred on training of five officers abroad. However, none of the officers was working (March 2002) on the project. Three have retired, one is working outside the project and one, a non-technical officer did not belong to WRD at all. Thus the expenditure was unfruitful.

#### (c) Irregular award of additional work to the consultant

**Award of additional work for Rs. 2.24 crore without inviting tenders and assessing their capability was irregular.**

A Consultant was employed for implementation of the project. But the work of topographical surveys, detailed designs for CAD works, lay out plans etc. in 12,500 ha, assistance for CAD works and WUA etc. were further awarded to same consultant at an additional cost of Rs.2.24 crore without inviting tenders. Further facilities such as office equipments and vehicles were also provided, at a cost of Rs.58.07 lakh. The consultant sublet (June 2001) the work of

[11] *(30678 Pound. exchange rate Rs 70 per Pound.)*

topographical survey of pilot areas of CAD for irrigation to a third agency at a cost of Rs.14.70 lakh.

Interestingly the WRD is well equipped with highly qualified and experienced Engineers who have successfully surveyed, designed and executed the CAD works in addition to the construction of number of multipurpose major and medium irrigation projects without the assistance of any outside agency. Further, the WRD has surplus and idle staff in all its cadres. Despite all this, survey work was awarded to an outside agency. The consultant, on the other hand, is utilising the services of retired officers as specialists to carry out the survey, design and preparation of specifications work only in 12500 ha, while there was no proposal for balance CAD works in 1,08,950 ha, which is likely to be executed by the Project Engineers themselves.

On being pointed out in audit, the CE stated that the conventional methods of surveying was neither sufficient nor suitable for topographical survey of such a huge magnitude. There was no other option but to employ a surveyor firm with modern technology and equipment to complete the work within the scheduled period.

The reply was not tenable as the equipments procured by the consultant with the funds of WRD, could have instead been procured by the Department and its work force exposed to latest equipments.

### 4.7.6 Execution of work - Financial Irregularities

#### (a) Excess expenditure of Rs. 1.18 crore

**Incorrect adoption of co-efficient factor in 60 agreements resulted in excess expenditure of Rs.1.18 crore.**

The Works Department Manual - 1983 (the manual), provides that if the construction period as per Notice Inviting Tender (NITs) is more than 12 months, the payment for work shall be adjusted quarterly for any increase or decrease in the rates of labour, material and POL to be calculated in accordance with the prescribed formula, which contains the co-efficient factor as 0.75.

The Chief Engineer of the project, however, adopted (April 1997) the co-efficient factor as 0.85 in 60 tender documents of the Project work, without assigning any reason and without prior approval of the Finance Department. 60 tenders were accepted by GOMP based on the recommendation of the Control Board for Major Project without questioning the deviation. The GOMP, however, reiterated (26 April 2000) that the provisions of manual in regard to price adjustment be adopted in all contract works including the externally aided projects and the correct co-efficient factor was 0.75. This was adopted in the tender documents issued after 26 April 2000.

Thus, providing of increased percentage in 60 agreements resulted in excess expenditure of Rs.1.18 crore upto March 2002, which will further increase by the time the work is completed.

**Non-adoption of correct average indices resulted in excess payment of Rs.0.72 crore.**

Further in 13 cases, the work divisions did not adopt the correct average price indices, which resulted in excess payment of Rs. 0.72 crore.

### (b) Excess expenditure of Rs 2.14 crore due to weaker but costlier specifications

**Adoption of weaker but costlier specification of precast cement concrete lining resulted in excess expenditure of Rs.2.14 crore.**

Technical circular (No.1/84) issued by the Engineer in Chief WRD provides that where the discharge of canal is more than 3 cumecs, canal lining work both in bed and side slopes be executed by cast - in -situ concrete M-10 strength and thickness be adopted based on canal discharge and full supply depth. Technical authorities also highlighted from time to time the importance of cast-in-situ lining considering its durability and cost.

It was, however, seen that the project authorities adopted the weaker but costlier specifications of precast cement concrete blocks on side slopes of Datia Irrigation Canal and Lahar Branch Canal system having discharge of 62.31 cumecs and 25.476 cumecs, respectively. This resulted in excess expenditure of Rs.2.14 crore.

On being pointed out in audit, EEs stated that the lining work was executed in accordance with the approved estimates and the agreements.

The reply was not tenable as the estimates and agreements were not as per instructions of E-in-C. The approval of the E-in-C was also not obtained to deviate from the instructions.

### (c) Excess expenditure on service roads

**Adoption of richer specification of service roads resulted in excess expenditure of Rs.79.58 lakh.**

The IRC specifications prescribed for WBM service roads provides for the maximum thickness of 100 mm in grading-I and 75mm thickness of WBM layer.

It was, however, seen that the provision of 150 mm thick grading-I and 80 mm thick WBM layer were made in 13 contract agreements, which resulted in avoidable expenditure of Rs.79.58 lakh.

The EEs stated that the work was executed according to the provisions in approved estimates and the contract agreements. The reply was not tenable as the richer specifications were provided without any justification and were not based on traffic intensity.

### (d) Avoidable expenditure due to improper allotment of funds to the project Divisions

**Delay in finalisation of drawings resulted in avoidable expenditure of Rs.22.42 lakh.**

Construction of 3 structures of left bank canal was awarded (August 1993) to an agency at the tendered cost of Rs.65.65 lakh with completion period of 21 months. The work was completed (1998) at a cost of Rs.90.92 lakh including a sum of Rs.22.42 lakh as price adjustment as three extensions were allowed by the department on the ground of delay in finalisation of drawings (July 1997) by the Chief Engineer and shortage of funds. The extra expenditure of Rs.22.42 lakh was thus, due to the delay on the part of department.

The EE stated that the delay was due to shortage of funds with the Division. This was not tenable as there was overall savings in the project allotments.

### (e) Avoidable expenditure of Rs.32.82 lakh in moorum layer

**Unwarranted provision of moorum below lining led to avoidable expenditure of Rs.32.82 lakh.**

Irrigation Specifications (December 1995) provide for backing of Cohesive Non-Swelling (CNS) soil with a minimum thickness of 75 cm, below the canal lining if in the canal, the swelling pressure of available black cotton soil or other swelling type soil (available strata in the canal) is more than 50 KN/sq m., other wise no CNS soil is to be provided.

It was, however, seen in 6 contracts that the provision of moorum in thickness of 10 to 15 cm layer was provided below the canal lining. No soil testing report was found to justify the provision and execution of CNS (moorum) layer. The provision of moorum as CNS material below canal lining thus resulted in avoidable expenditure of Rs. 32.82 lakh.

On being pointed out in audit, the EEs stated that the work was executed as per the provisions of agreements. The reply was not acceptable, as it did not justify the provision of moorum layer.

### (f) Unauthorised financial aid of Rs. 98 lakh to the contractors

**Violation of Government orders resulted in undue financial aid of Rs.98 lakh under seven agreements.**

The GOMP while accepting the tenders of successful bidders specifically instructed that a total amount of Rs.98 lakh be got deposited from the seven contractors as their biddings were seriously unbalanced in relation to the departmental estimates.

The divisional authorities, however, did not comply with the instructions and allowed the agencies to execute the agreements and issued work orders to commence the work without any deposits. This amounted to providing unauthorised financial aid of Rs.98 lakh to the contractors.

On being pointed out in audit, one EE stated (in the division involving Rs.57.82 lakh) that the contractors had agreed to deposit the amount within 30 days but in the mean time they obtained stay order from the court. The reply was not tenable as the Divisional officer had to obtain the amount before executing the agreement. In other cases (Rs.40.17 lakh) the divisional officer stated that the representations made by the contractors were forwarded to the higher authorities. Based on the instructions of the Superintending Engineer, the difference of 5 per cent security deposit submitted with tender and additional deposits for performance of work was obtained (Rs.4.55 lakh) from the contractors. The reply was not acceptable as no corrigendum was issued by the tender accepting authority to modify the amount of deposits.

The points referred above were reported to the Government in August 2002; reply had not been received (April 2003).

## 4.8 Misutilisation of World Bank fund for Hydrology Project

**Allotment of Project vehicles to others resulted in misutilisation of Rs.44.48 lakh.**

The World Bank aided Hydrology Project administratively approved for Rs.44.29 crore by the Government of Madhya Pradesh (GOMP) in December 1995 was revised to Rs.56.74 crore in February 2000. The main objective of the project was to scale, collect and analyse the statistical data of surface and ground water hydrology of the State and to improve the technical capabilities and physical facilities for the data management. To achieve these objectives, vehicles were to be provided to the field staff such as State Water Data Centre, Chief Engineer, Circle Offices, Field Divisions and Sub Divisional Offices responsible for ground water monitoring.

Administrative approval for Rs.1.65 crore was accorded (June 2000) for purchase of 47 vehicles and accordingly, 46 vehicles costing Rs.1.43 crore were purchased (July 2000) through Director General Supplies and Disposal (DGS&D) rate contract.

Scrutiny of the records in Audit, however, revealed that 11 vehicles costing Rs.38.14 lakh were allotted to others[12] who were not associated with the Project. An expenditure of Rs.6.34 lakh was also incurred (March 2002) on POL, and maintenance and repair.

On this being pointed out, the Deputy Director, Hydrometeorology Division No. I, Bhopal stated (June 2002) that these vehicles were allotted as per orders of the Engineer-in-Chief/Principal Secretary.

The reply was not tenable as the allotment was in violation of objectives of the Project.

The matter was reported to Government in July 2002; reply had not been received (February 2003).

[12] *Chief Minister (1), Deputy Chief Minister (3), State Minister, WRD (1), Governor House (1), NKG Cell, New Delhi (1), Under Secretary, WRD (1), Superintending Engineer (CTE) (1) and WR Divisions, Sehore and Shajapur (2).*

## 4.9 Extra expenditure due to failure in planning

**Failure in planning the work properly resulted in extra expenditure of Rs.75.35 lakh in completion of the balance work**

Under the Bagla Tank Project in District Ujjain a contract was awarded in October 1991 to contractor 'A' at a cost of Rs.1.17 crore for the execution of Head Works. The work was stipulated for completion in 18 months excluding rainy season, but the contractor could not complete it within the stipulated period and the Department acceded to his request for extension of time upto June 1995. The Department, however, as per clause 4.3.2 of the agreement, reserved the right to recover liquidated damages and made the contractor liable to pay penalty at the specified rates for delayed execution of work. The contractor stopped the work in June 1994 due to delay in land acquisition and non-payment of running bills.

Though the Government ordered for (June 1995) fixing of responsibility for delay in acquisition of land, the Executive Engineer foreclosed the contract (August 1995) due to shortage of funds and non-finalisation of the issue of rehabilitation of the project affected people. The value of work executed at that stage was Rs.76.37 lakh only and the Department, due to foreclosure of the agreement, failed to invoke clause 4.3.3 regarding the extra cost recoverable from the contractor.

The balance works costing Rs.66.67 lakh were got executed between November 1996 and March 2002 through the same and two other agencies at the cost of Rs.1.42 crore.

Thus, due to failure in planning the work properly, the Department had to incur an extra expenditure of Rs.75.35 lakh for execution of balance work at higher rates by subsequent contractors.

On this being pointed out in audit, the Government stated (September 2002) that contract was foreclosed by competent authority in terms of Government orders of June 1995. Further, it was stated that the rehabilitation issue cropped up during construction and no one was responsible for the delays. This indicated failure of the Department in planning the work properly.

# GENERAL

## 4.10 Failure of senior officials to enforce accountability and protect the interests of Government

Accountant General* arranges to conduct periodical inspection of the Government departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during

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* *Accountant General (Audit II), Madhya Pradesh.*

inspection are not settled on the spot, Inspection Reports (IRs) are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. The Accountant General also brings serious irregularities to the notice of Heads of the Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2001 pertaining to 599 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works[$] Departments under Government of Madhya Pradesh disclosed that 11395 paragraphs relating to 2879 IRs remained outstanding since 1990-91 to the end of June 2002. Department wise position of the outstanding IRs and paragraphs were as follows:

| Sl. No. | Department | Number of Inspection Reports | Number of Paragraph | Number of Auditee Units. | Amount (Rupees in crore) |
|---|---|---|---|---|---|
| 1. | **Forest** | 638 | 1976 | 178 | 341 |
| 2 | **Water Resources** | 858 | 3256 | 154 | 2422 |
| 3 | **Public Works** | 534 | 2872 | 105 | 893 |
| 4. | **Public Health Engineering** | 520 | 2335 | 82 | 1558 |
| 5 | **Narmada Valley Development** | | | | |
| | ***(i) Irrigation*** | 228 | 621 | 62 | 372 |
| | ***(ii) Building /roads*** | 47 | 108 | 12 | 45 |
| 6 | **Housing and Environment** ***(Capital Project Construction units)*** | 44 | 181 | 5 | 69 |
| 7 | **Bhopal Gas Rahat** ***(Works units)*** | 10 | 46 | 1 | 10 |
| | **Total** | **2879** | **11395** | **599** | **5710** |

Of these, 189 IRs containing 806 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not

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$ *Other Works Departments include Narmada Valley Development, Housing and Environment and Bhopal Gas Rahat (Relief and Rehabilitation) Departments.*

received in respect of 417 divisions/offices for 417 IRs and 2532 paragraphs issued between July 1999 and December 2002.

A review of the IRs which were pending due to non-receipt of replies, revealed that the Heads of the Offices (whose records were inspected by the Accountant General) and the Heads of the Departments did not send any reply to large number of IRs / paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Accountant General in the IRs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department take prompt and timely action.

Inaction against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government should re-look into the procedure for action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule and action to recover loss/outstanding advances/over payments in a time bound manner and revamp the system to ensure proper response to the audit observations in the Department.