

CHAPTER IV : WORKS EXPENDITURE

SECTION 'A' : REVIEWS

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.1 Greater Shillong Water Supply Scheme

Highlights

The “Greater Shillong Water Supply Scheme”, administratively approved by Government in January 1979, remained incomplete even after 24 years despite incurring expenditure of Rs.76.77 crore as of March 2003, i.e., over three times the original estimated cost of Rs.23.90 crore. The mass gravity concrete dam, which is the most important component of the scheme, was yet to be completed although the expenditure incurred so far (Rs.31.39 crore excluding price escalation, consultancy charges, etc. of Rs.12.74 crore) exceeded the original provision (Rs.4.50 crore) by 598 per cent. Consequently, the benefit of safe drinking water could not be extended to the targeted population.

Expenditure of Rs.49.78 lakh incurred on hydrological studies and geological investigation turned out to be infructuous due to large variation of quantities between the estimated provision and actual execution of dewatering and excavation of hard rock.

(Paragraph 4.1.7)

Failure of the department in salvaging of stone metal during excavation in hard rock led to loss of at least Rs.1.09 crore.

(Paragraph 4.1.8)

The department extended undue financial benefit of Rs.3.64 crore to a company entrusted with the construction work of mass gravity concrete dam.

(Paragraph 4.1.9)

4.1.1 Introduction

Shillong, the capital of Meghalaya, had no organised water supply scheme. Water was being supplied without any treatment from a number of rain fed springs and streams which were also declining due to rapid deforestation of prospected forests and the fast growing population of the city.

To overcome the problem, the department prepared in 1971-72 a detailed water supply scheme (Greater Shillong Water Supply Scheme) (GSWSS)

costing Rs.4.37 crore. The scheme could not be implemented due to opposition from the villagers (Nongkrem) as the proposed dam would submerge their cultivable land. In 1975-76, the department prepared a modified scheme for Rs.8.16 crore by reducing the extent of submergence of cultivable land, which was also abandoned for the same reason. In the early part of 1978, the State Government decided to tap the river Umiew at its downstream near village Mawphlang. Accordingly, an estimate of Rs.23.90 crore was prepared which was technically cleared by the Ministry of Works and Housing, Government of India in November 1978 and administratively approved (January 1979) by the State Government.

The scheme estimate was revised to Rs.58.23 crore and re-revised to Rs.84.91 crore and technically approved by Government of India in September 1993 and December 2000 respectively. The overall increase in cost (Rs.71.14 crore) in the re-revised estimate (including Rs.10.13 crore for price escalation) over the original estimate was 298 *per cent* (details in Appendix XIX). Both the revised and re-revised estimates were administratively approved by the State Government in September 1994 and September 2001 respectively.

The scheme was designed to supply treated water for urban and rural population (3 lakh in urban areas and 0.4 lakh in rural areas) for the next 30 years. The requirement of water was estimated as 11.3 million gallons per day (MGD) at the rate of 157 litres per capita per day (lpcd) in urban and 90 lpcd in rural areas. The Government of India revised (December 2000) the norms to 135 lpcd for urban and 40 lpcd for rural population. The scheme, as a whole, scheduled to be completed by March 1987 was rescheduled for completion by March 2004.

The scheme was taken up in two phases. The main components of these phases were as under:

Phase I – (i) Intake structure consisting of two RCC wells, three pumping stations and five kilometres raw water pipe line, (ii) Treatment plant (7.5 MGD), (iii) Gravity feeder main (30 Kms)^(a), (iv) Reservoirs (17 numbers) and (v) Zonal distribution pipe line (101.114 Kms).

Phase II – (i) Mass gravity concrete dam of about 50 metre high, (ii) One treatment plant (3.8 MGD), (iii) Distribution pipe line (78.052 kms.), (iv) Gravity feeder main (25 kms.)^(a) and (v) Reservoirs (five numbers).

The scheme was partially commissioned in April 1986 by constructing a temporary flexible weir at a cost of Rs.17 lakh in 1986. Between 1986-87 and 1994-95, average supply of water from the scheme ranged between 2.44 lakh gallons a day (LGD) to 38.12 LGD against the projected requirement of 75 LGD for Phase I. With the commissioning of the booster pumping station in January 1996, 75 LGD of water on an average was being supplied to some parts of Shillong town and the rural areas.

^(a) The quantity actually executed was 29.92 kms. (Phase I) and 18.12 kms. (Phase II) and considered as completed on the basis of actual requirement.

4.1.2 Organisational set up

The Chief Engineer, Public Health Engineering (CE,PHE) is responsible for implementation of the scheme. He is assisted by two Superintending Engineers (SE) (Greater Shillong Circle, Shillong and Electrical Circle, Mawphlang) and three Executive Engineers (EE) (GSWS Division No.I, Shillong, GSWS Division No.II, Mawphlang and Electrical Division, Shillong).

4.1.3 Audit coverage

Review on implementation of the GSWSS for the period from 1976-77 to 1994-95 was included in paragraph 4.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 in respect of the Government of Meghalaya.

Implementation of the scheme during 1995-96 to 2002-03 was reviewed between September 2002 and May 2003 through test-check of records of the CE,PHE, SEs, Greater Shillong Circle and Electrical Circle, EEs, GSWS Division No. I, GSWS Division No. II and Electrical Division covering 38 *per cent* (Rs.19.69 crore) of the total expenditure (Rs.51.24 crore) during the period.

4.1.4 Financial management

The scheme was to be funded from the plan allocation of the State and loans from the financial institutions. Since 1998-99, the scheme was also being funded from the non-lapsable Central Pool of Resources. Though the admissible loan component was worked out by the department as Rs.15.25 crore as per norms of the Life Insurance Corporation (LIC), no loan could be raised (except Rs.2.50 crore in 1983-84) from the LIC in view of huge outstanding dues payable by the State Electricity Board.

During 1976-95, Rs.25.53 crore was spent on the scheme against the budget provision of Rs.37.67 crore (Fund released: Rs.24.69 crore). The budget provision *vis-à-vis* expenditure and utilisation of Central Pool Resources during 1995-96 to 2002-03 were as under:

Table 4.1

(Rupees in crore)

Year	Budget provision	Fund released			Shortfall with reference to budget provision (Percentage)	Expenditure			Excess(+)/ Saving (-) compared to total fund released
		State	Central Pool Resources	Total		State Fund	Central Pool Resources	Total	
1995-96	6.00	2.63	...	2.63	3.37 (56)	2.63	...	2.63	...
1996-97	4.50	3.00	...	3.00	1.50 (33)	3.00	...	3.00	...
1997-98	7.71	5.47	...	5.47	2.24 (29)	5.48	...	5.48	(+)0.01
1998-99	9.52	4.26	3.79	8.05	1.47 (15)	4.26	1.00	5.26	(-) 2.79
1999-2000	9.58	3.28	3.00	6.28	3.30 (34)	3.28	2.79	6.07	(-) 0.21
2000-01	12.59	6.54	6.50	13.04	^(b)	6.54	6.80	13.34	(+) 0.30
2001-02	12.23	3.09	10.00	13.09	^(b)	3.09	12.70	15.79	(+) 2.70
2002-03	9.50	1.42	12.50	13.92	^(b)	1.42	8.50	9.92	(-) 4.00
Total	71.63	29.69	35.79	65.48		29.70	31.79	61.49	

Source: Information furnished by the CE,PHE.

The following shortcomings were noticed:

- (i) As of March 2003, the shortfall in release of funds compared to budget estimates constituted 17.5 per cent, which contributed to time overrun and consequential cost overrun of the scheme.
- (ii) The expenditure on the scheme for the period 1995-2003 as reported by the CE,PHE (Rs.61.49 crore) was different from that reported by the executing divisions (Rs.51.24 crore) (Appendix XIX). The discrepancy of Rs.10.25 crore had not been reconciled (September 2003).

4.1.5 Physical progress

The target date(s) for completion of each component were not fixed by the department. Except the following components, all the other components of the scheme mentioned at sub-paragraph 4.1.1 above were completed between 1988-89 and January 1996:

^(b) Excess release of funds.

Table 4.2

Sl. No.	Components as per re-revised estimate	Estimated quantity	Incomplete quantity as of February 1996	Status of physical progress as of March 2003 (Percentage of physical achievement)	Percentage of incomplete work
1.	Mass Gravity Concrete Dam	50m high, 135m long	50m high, 135m long	Work in progress (98)	2
2.	Treatment plant	2 numbers (7.5 MGD and 3.8 MGD)	1 number (3.8 MGD)	Work in progress (90)	10
3.	Zonal Distribution pipe line	179.166 kms.	118.945 kms	Total length completed: 123.401 kms. (69)	31

Source: Information furnished by the EEs of GSWS Divisions I & II.

Though the balance works on mass gravity concrete dam and treatment plant were only 2 and 10 *per cent* respectively, the laying of distribution pipe line remained incomplete to the extent of 31 *per cent* as of March 2003. This indicated lack of coordination in completing various components of the scheme simultaneously, which would further delay the supply of total projected requirement of water besides likely cost escalation on materials and labour.

Implementation

4.1.6 Construction of Mass Gravity Concrete Dam

Mention was made in paragraph 4.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 regarding department's failure in taking up of execution of a major component of the scheme, *viz.*, concrete dam. The Public Accounts Committee in its 21st Report also observed that the department went ahead with the construction of intake structure, installation of pumping sets and treatment plant ignoring the most important component of the project (main dam). The Committee, therefore, recommended that construction of the dam should be taken up immediately to augment continuous and adequate supply of water. Meanwhile, the estimated cost of the component increased by about 11 times from Rs.4.50 crore (original estimate) to Rs.43.23 crore (re-revised estimate).

The department ultimately awarded the construction work of "Mass Gravity Concrete Dam" (approximate value put to notice inviting tenders: Rs.25 crore) to a Mumbai based company in April 1997 at a contract price of Rs.32.97 crore (plus price escalation), with the stipulation to complete the work by 31 March 2001. The agreement executed (April 1997) with the company *inter alia* provides as under:

- (i) Dewatering the working area during construction – 1 lakh kilo watt hour (KWH) at the rate of Rs.10 per KWH (contract rate valid up to plus or minus 30 *per cent* of the scheduled quantities). The rate was revised (November 2002) to Rs.14.76 per KWH for the quantity in excess of 1.30 lakh KWH executed up to November 1999 and Rs.17 per KWH for the quantity executed beyond November 1999;
- (ii) Excavation for foundation in hard rock including depositing the excavated materials in regular layers with necessary leveling and stock piling the useful materials separately (estimated quantity : 4,500 cum at the rate of Rs.300 per cum);
- (iii) Payment to contractor for work done shall be adjusted for increase or decrease in the cost of labour, material (excluding material supplied by the department) and petrol, diesel, oil and lubricant (POL) during the construction period; and
- (iv) Supply of cement (approximately eight lakh bags) at the rate of Rs.180 per bag.

According to the department, as of March 2003, the physical and financial progress of the work on the dam were 98 *per cent* and Rs.44.13 crore (including price escalation and other items as detailed in Appendix XIX: Rs.12.74 crore) respectively. Audit scrutiny revealed the following irregularities:

4.1.7 *Infructuous expenditure*

During 1979 to 1985, the department spent Rs.11.87 lakh on survey and investigation of the site of the dam. The Central Water Commission (CWC) was engaged (1995) as consultant for the project at an estimated cost of Rs.1.64 crore (March 1996), which was revised to Rs.2.58 crore in March 2000. The scope of work under consultancy charges included *inter alia* survey and investigation at an estimated cost of Rs.87.96 lakh. As of March 2003, the department spent Rs.2.58 crore towards consultancy charges, which included Rs.1 crore on survey and investigation work. It was noticed that despite survey and investigation, the quantity executed and expenditure incurred on two items of work under the dam were much in excess of the sanctioned estimated provision, as detailed below:

Table 4.3

(Rupees in lakh)

Sl. No.	Item of work	Estimated provision		Execution		Excess execution		Percentage of excess	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Expenditure
1.	Dewatering of working area	1 lakh KWH	10.00	6.022 lakh KWH	92.74	5.022 lakh KWH	82.74	502	827
2.	Excavation for foundation in hard rock	4500 cum	13.50	53755.337 cum	230.73	49255.337	217.23	1095	1609
							299.97		

Source: Running Account Bill of the company.

Large variation between the estimated provisions and actual execution was indicative of the fact that the survey and investigation work had no link to the actual site condition.

The department^(c) stated (September 2003) that excess execution of dewatering and excavation for foundation were due to (a) Unprecedented rainfall and floods during the working period, and, (b) rock structure, respectively and (c) the survey and investigation conducted by the CWC had no link to arrive at the quantum of excavation to be carried out. Replies are silent about the basis on which the estimated quantities were worked out by the CWC. The scope of work under the purview of survey and investigation by the CWC included *inter alia* (a) updating of hydrological studies of the discharges of the river, rainfall, etc. for probable maximum flood studies and (b) geological investigation through drilling of bore holes and study of rock structure as per the requirement of the CWC designer. Huge variation in dewatering (502 per cent) and excavation of hard rock (1,095 per cent) was indicative of the fact that hydrological studies and geological investigation were not done properly and the estimated quantities were not based on adequate data. Thus, the expenditure of Rs.49.78 lakh incurred on hydrological studies (Rs.19.01 lakh) and geological investigation (Rs.30.77 lakh) was infructuous.

4.1.8 Loss due to failure in salvaging excavated hard rock

The division did not maintain any record of salvaged stone metal despite excavation of 53755.337 cum hard rock by the company. Since the hard rock was excavated deep inside the earth, most of the stone metals could be used in the construction works of coffer dam^(d) and mass gravity concrete dam. Instead, the company obtained 63225.54 cum stone metal from the quarry and utilised the same for construction of mass gravity concrete dam. Had the Division arranged to salvage even 50 per cent of the excavated stone metals, an expenditure of at least Rs.1.09 crore^(e) could have been avoided.

^(c) Department's comments were communicated by the Under Secretary.

^(d) A temporary structure for diversion of river during construction of mass gravity concrete dam.

^(e) 50 per cent of the excavated hard stone: 26877.668 cum

Labour charge for conversion of hard stone to the required size of coarse aggregate (20 mm) –

(Rate for 10 cum: 5.5 labour @ Rs.45 daily) Rs.6,65,222 (A)

The department stated (September 2003) that (a) the minerology test for the stone aggregates was carried out by the Central Soil and Mineral Research Station (CSMRS), who did not recommend the stone aggregate for use in the project and (b) being a lump sum work, the stone used by the contractor was irrespective of whether from quarry or of river. Replies are not tenable in view of the following:

(a) According to the report of the CSMRS, four out of five samples of excavated rock were suitable for use in concrete as coarse aggregate. As three of these four samples contained very high percentage of strained quartz, the CSMRS recommended use of these aggregates with any of the three types of cement conforming to IS – 269:1989, IS – 1489 (Part I) – 1991 and IS – 455:1989. Since 99 *per cent* of the total quantities of cement (L&T cement) utilised on the work were in conformity with one of the types of cement recommended by the CSMRS (IS – 455:1989), the excavated stone metals could have effectively been used.

(b) Though the work was awarded on lump sum basis, provision for utilisation of the salvaged materials by the contractor with proportionate cost adjustment could have been made in the agreement for economic execution of the work, particularly when the agreement already provided for stock piling of the useful materials by the company.

4.1.9 Undue financial benefit to the company

Consequent upon failure in completion of the work within the stipulated time (March 2001), the company approached the department for extension of time on the following grounds:

- (a) Delay in handing over the approach road to dam site;
- (b) Temporary closure of work due to threat from anti-social elements;
- (c) Delay in finalisation of quarry site due to opposition from village authorities;
- (d) Delay in approval of drawings of dam; and
- (e) Shortage of materials.

Although the grounds put forward by the company were not accepted by the EE, GSWS Division No. II, he allowed (August 2000 and September 2002) extension of time up to February 2002 and September 2002 without any compensation or financial implication. It was noticed that the company claimed Rs.3.96 crore as price escalation for expenditure incurred on wages of

Approximate quantity of coarse aggregate after conversion allowing 10 <i>per cent</i> wastage	24189.901 cum
Cost of 24189.901 cum coarse aggregate @ Rs.480 per cum as per Schedule of Rates for Buildings – 1995-96	Rs.1,16,11,152
Less: Labour charge at (A)	<u>Rs. 6,65,222</u>
Avoidable extra expenditure	<u>Rs.1,09,45,930</u>

labourers (Rs.2.70 crore), materials (Rs.0.52 crore) and POL (Rs.0.74 crore) in course of execution of work during April 2001 to June 2002. Of this, Rs.2.11 crore was paid by the division in September 2001 (Rs.1.11 crore) and December 2001 (Rs.1 crore) and Rs.1.53 crore was adjusted in October 2002 against excess payment of Rs.1.78 crore already made to the company. Circumstances under which the claim of the company was entertained by the EE contrary to his decision of August 2000 and September 2002 were not on records made available to Audit. Due to such contrary action of the EE, the company enjoyed undue financial benefit of Rs.3.64 crore. Information regarding payment of the balance amount of Rs.32 lakh was awaited (June 2003).

The department stated (September 2003) that payment for price escalation during the authorised time was made as per provision of the agreement. Reply is not tenable because extension of time was allowed by the EE without any compensation or extra financial implication, whatsoever.

4.1.10 Monitoring and evaluation

The implementation of the scheme was monitored only through the progress reports received from the executing divisions which were being compiled by the Monitoring Cell in the office of the CE,PHED and sent to the State Government. No evaluation studies had been conducted by the department to ensure supply of adequate safe drinking water to the urban/rural population within the stipulated time.

The department stated (September 2003) that an Additional Chief Engineer was posted for looking after the water supply status of the city and its outskirts and suggest necessary remedial measures.

4.1.11 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the execution of the scheme:

- The mass gravity concrete dam needs to be completed expeditiously to avoid further price escalation.
- The scheme as a whole needs to be completed within the target date to ensure supply of adequate safe drinking water to the projected population.

PUBLIC WORKS DEPARTMENT

4.2 Rongai Valley Medium Irrigation Project

Highlights

The “Rongai Valley Medium Irrigation Project”, first of its kind in the State, was administratively approved by the State Government in March 1990. While the construction of barrage and regulator of the project was yet to be completed despite expenditure of Rs.10.95 crore (up to March 2003) against the original estimated provision of Rs.6.59 crore, the work of canals of the project had not even started. Consequently, the project as a whole remained incomplete even after 13 years of sanction thereby frustrating the objective of providing irrigation facilities to the projected area of land.

During 1990-2003, there were persistent shortfalls in release of funds compared to budget provisions, which ranged between 4 and 77 per cent.

(Paragraph 4.2.4-i)

The department extended undue financial benefit of Rs.2.88 crore to the contractor engaged with the construction of barrage and regulator for the project.

(Paragraph 4.2.8)

The department incurred unauthorised expenditure of Rs.27.06 lakh on excavation of hard rock for construction of the barrage of the project due to execution of quantities beyond the estimated provision.

(Paragraph 4.2.9)

Delay in finalisation of drawings, handing over the site, etc. for construction of barrage resulted in extra expenditure of Rs.1.60 crore.

(Paragraph 4.2.11)

The department incurred extra expenditure of Rs.17.79 lakh due to delay of about four years in finalisation of land acquisition process.

(Paragraph 4.2.12)

4.2.1 Introduction

To eliminate the devastating effect of *jhum* cultivation such as progressive loss of land through erosion and food shortages, the State Government initially submitted in October 1978 the Rongai Valley Irrigation Scheme to the Central Water Commission (CWC). Due to certain inconsistencies, the project report as a whole necessitated modifications. Accordingly, the work of detailed investigation and preparation of detailed project report of the scheme was entrusted to the CWC in July 1986. The CWC submitted the feasibility report of the scheme in March 1989. In January 1990, the Planning Commission communicated the acceptance of “Rongai Valley Medium Irrigation Project” (RVMIP), estimated to cost Rs.16.30 crore with the stipulation to complete the same within four years. The department accorded administrative approval to the project in March 1990, but did not fix the time frame for completion of the same.

The project, which is the first irrigation project of its kind in the State, envisages construction of a 76.4 metres long barrage across river Rongai and unlined canals of 7.5 kms. and 9.75 kms. long on the left and right banks respectively to irrigate 5,153 hectares of land annually in the West Garo Hills District.

4.2.2 Organisational set up

The Chief Engineer (CE), Public Works Department (PWD) (Roads) is responsible for implementation of the project. He is assisted by the Additional Chief Engineer (ACE), PWD (Roads), Western Zone and Project Engineer (PE), PWD (Roads), RVMIP, Chibinang.

4.2.3 Audit coverage

Implementation of the RVMIP during 1990-91 to 2002-03 was reviewed during April – June 2003 through test-check of records of the CE, PWD (Roads) and PE, RVMIP covering 40 *per cent* (Rs.6.83 crore) of the total expenditure (Rs.17.18 crore) during the period.

4.2.4 Financial management

The project was to be funded from the State plan allocations. Since 2000-01, the project was also being funded by Central assistance in the form of loan bearing interest^(a) under the Accelerated Irrigation Benefit Programme (AIBP) launched by the Government of India during 1996-97 with the objective of accelerating the completion of ongoing irrigation projects on which substantial investment had been made and which were beyond the resource capability of the State Governments. Details of budget provisions, Central loan assistance,

^(a) At the rates of 12.5, 12 and 11.5 *per cent* per annum for loans sanctioned during 2000-01, 2001-02 and 2002-03 respectively.

amount released and expenditure incurred on the project during 1990-91 to 2002-03 are given in Appendix XX.

The details given in Appendix XX would indicate the following shortcomings in the financial control and discipline:

(i) There was persistent shortfall in release of funds compared to budget provisions during 1990-2003 as well as in expenditure compared to funds released during 1991-2003. Wide variation between the budget provisions and actual release of funds indicated budgeting flaw particularly during 1994-95, 2001-02 and 2002-03 when the shortfall exceeded 50 per cent (54 to 77 per cent). Reasons for shortfall in release of funds as well as failure in utilisation of the available funds were not on record.

(ii) Loan of Rs.1.50 crore received from the Government of India during 2002-03 for utilisation in the project was not released by the State Finance Department to the implementing department, reasons for which were not on records.

(iii) Against the expenditure of Rs.17.18 crore up to March 2003 as per records of the PE, PWD (Roads) (Appendix XXI), an amount of Rs.16.67 crore was reflected in the records of the CE,PWD (Roads). The discrepancy of Rs.51 lakh had not been reconciled (June 2003).

Execution of the RVMIP

4.2.5 Physical target and achievement

The item-wise estimated provisions of the project and expenditure incurred thereagainst till March 2003 are given in Appendix XXI. The progress of the main components of the project as of March 2003 was as under:

Table 4.4

Sl No.	Component as per project estimate	Estimated quantity	Status	Incomplete work (in percentage)
1	Barrage	76.4 m long; 10.5 m high	Work in progress	5
2	Regulator	...	Nil	100
3	Canals	17.25 Km	Land acquisition in progress	100
4	Distribution system	...	-Do-	100
5	Buildings	...	Completed	...

Source: Information furnished by the PE, PWD (Roads).

The details above showed that except buildings, the other components of the project were either yet to be taken up or were in progress. Consequently, the project as a whole remained incomplete even after 13 years of sanction. The fate of the project was also in doubt as the Finance Department directed

(December 2002) the Secretary, PWD to re-examine the entire project as decided during the review meeting and not to incur any liability till final decision on the fate of the project.

The Secretary, PWD stated in July 2003 that the entire project had been re-examined and efforts were made to find out how the project could be made functional at the minimum cost. The Planning Commission also desired (July 2003) that concrete proposal for completion of the project should be framed in a time bound manner. The Secretary further stated that the exercise as desired by the Planning Commission was being done, but everything depended on the land acquisition required for the construction of the canals which was not within the control of the PWD. Incurring expenditure on the project without ensuring proper infrastructure for execution of the same indicated an ad hoc approach in the implementation of the project.

4.2.6 Construction of barrage and regulator

The work for construction of barrage and regulator, originally estimated to cost Rs.6.59 crore (Barrage: Rs.6.08 crore; Regulator: Rs.0.51 crore), was awarded (May 1992) to a Shillong based contractor after inviting tenders at a contract price of Rs.7.42 crore, with the stipulation to complete the work by April 1995. The agreement executed (May 1992) with the contractor *inter alia* provides as under:

- (a) Providing coffer dam including suitable diversion work with temporary bridges and approaches as and when necessary during the progress of the work to facilitate communication within the working area as well as to keep the flowing channel away from the working space and alive till the completion of head works and other appurtenant works complete as directed;
- (b) Earth work in excavation in all kinds of soil for foundation of barrage and head regulator up to the desired level including removal of spoils;
- (c) Rock excavation to proper grade including light dressing and removal of the same by head/carriage by truck, loading and unloading at both ends;
- (d) Payment for price escalation on wages of labour, material and petrol, oil and lubricant; and
- (e) Supply of cement and torsteel by the department at the recovery rate of Rs.139 per bag and Rs.10,746 per tonne respectively.

According to the department, the physical and financial progress of the work on barrage as of March 2003 was 95 *per cent* and Rs.10.95 crore respectively. Audit scrutiny revealed the following irregularities:

4.2.7 *Shortfall in completion of estimated quantity*

Details showing the detailed estimated quantity and actual execution of some of the items of work relating to the construction of barrage till March 2003 are given in Appendix XXII. Compared to the estimated provision, there was huge shortfall (45 to 100 *per cent*) in execution of these items. Department's claim of 95 *per cent* physical achievement in construction of barrage despite shortfall in completion of these items was indicative of the fact that either the estimate was unrealistic or the construction of the barrage was not up to the required standard.

4.2.8 *Undue financial benefit to the contractor*

According to Meghalaya Financial Rules, 1981, in a lump sum contract, the contractor engages to execute the work with its contingencies for a fixed sum.

The work mentioned at item (a) under sub-paragraph 4.2.6 *supra*, *viz.*, "providing coffer dam" was awarded (May 1992) to the contractor on a lump sum basis at tendered value of Rs.41.50 lakh against the estimated cost of Rs.8.88 lakh.

The technically sanctioned detailed cost estimate of the project framed by the CWC provides for steel sheet piling in the coffer dam. The Assistant Chief Engineer, PWD (Roads) also opined (October 1992 and March 1993) that the item of coffer dam as accepted in the tender was on lump sum basis, wherein the provision of sheet piling had been made and the contractor was supposed to supply all materials for construction of the same including steel sheet piling as a protective measure. Though the drawing of coffer dam as submitted by the contractor did not provide for any sheet piles, the CE, PWD (Roads) accepted (October 1992) the same for execution, reasons for which were not on record. Taking advantage of deficient drawings, the contractor approached (January 1995) the CE, PWD (Roads) for procurement of steel sheet piles as an additional work. In contravention of the Rules *ibid* as well as the agreement executed with the contractor, the CE accepted (October 1995) the additional item of work at Rs.1.08 crore which was revised to Rs.1.96 crore in October 1999. Reasons for such arbitrary action were not on record made available to Audit. Till March 2003, payments totalling Rs.2.30 crore were made to the contractor for construction of coffer dam including Rs.1.89 crore for the additional item of steel sheet piling.

The technically sanctioned detailed estimate of the project provides for 66,500 cum of earth work (at the rate of Rs.49.50 per cum) in excavation including abutment foundation at the depth up to 11 metres. But the CE, PWD (Roads) awarded the estimated quantity of earth work at the rate of Rs.65 per cum without specifying the depth. Consequently, a supplementary agreement was executed (April 1996) with the contractor allowing the rate of Rs.212 per cum for excavation for foundation of barrage sluices, abutment, *etc.* beyond the depth of five metres. As of March 2003, the contractor executed 33677.33 cum of earth work beyond the depth of five metres, the cost of which at the

original agreed rate of Rs.65 per cum worked out to Rs.21.89 lakh. Against this, payments totalling Rs.71.40 lakh were made to the contractor till March 2003 at enhanced rate. Reasons for not specifying the required depth of abutment foundation which led to extra expenditure of Rs.49.51 lakh were neither on record nor made available to Audit.

Although the excavated earth was supposed to be removed by the contractor as per agreement (item (b) under sub-paragraph 4.2.6 *supra*), a supplementary agreement was executed (April 1996) by the CE, PWD (Roads) with the contractor for additional item of removal of slush debris manually from the excavated pit at the rate of Rs.201 per cum. Reasons for extending such additional benefit to the contractor contrary to the agreement were not on records. As of March 2003, payments totalling Rs.40.02 lakh were made to the contractor for removal of 19911.7 cum of debris.

The contractor was not allowed to purchase cement and torsteel utilised for the project. But he claimed Rs.9.20 lakh as price escalation on materials like cement and torsteel supplied by the department between March 1993 and June 1995. Accordingly, the PE, PWD (Roads) paid Rs.9.20 lakh to the contractor in June 1996. Since the materials were supplied by the department and cost of the same was recovered at the rates provided in the agreement (item (e) under sub-paragraph 4.2.6 *supra*), the contractor was not entitled for price escalation on the same. Reasons for payment of such additional amount and action taken for recovery of the same had not been furnished.

Thus, due to imprudent action of the CE and PE, PWD (Roads), the contractor enjoyed undue financial benefit of Rs.2.88 crore on execution of coffer dam (Rs.1.89 crore), earth work (Rs.0.50 crore), removal of debris (Rs.0.40 crore) and on price escalation (Rs.0.09 crore) at the cost of State exchequer. Such action of the CE, PWD (Roads) was also indicative of the fact that there was lack of interest in economic execution of the project.

4.2.9 Unauthorised expenditure on excavation of hard rock

According to Rule 282 of the Meghalaya Financial Rules, 1981, a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded by more than 5 *per cent* for any cause whatsoever, or when material development or deviations have necessitated revised administrative approval.

The detailed estimate of the project provided for rock excavation of 5,500 cum at the cost of Rs.6.80 lakh (at the rate of Rs.123.70 per cum). The agreement executed with the contractor also provided for excavation of the estimated quantity at the rate of Rs.161 per cum. But the contractor excavated 16807.75 cum of hard rock till March 2003 against payment of Rs.27.06 lakh. Reasons for execution of work in excess of the agreed quantity were not on record.

Though the expenditure and quantity of the item of work exceeded by 298 and 206 *per cent* respectively, the department had not yet regularised the excess expenditure by obtaining sanction to the revised estimate. This clearly

indicated lack of financial control as the administrative department could not exercise any control over the allotment of funds which ultimately led to unauthorised and excess expenditure over the sanctioned provision.

4.2.10 Inaccurate survey and investigation of the project

The CWC was entrusted (July 1986) to prepare the detailed project report after detailed investigation like geological investigation, hydrological survey, meteorological observation, foundation and rock testing, design, *etc.* During March 1991 to February 1999, the department paid Rs.79.44 lakh towards consultancy and investigation charges against the estimated provision of Rs.14.51 lakh. Large variation (206 *per cent*) between the estimated provision and actual excavation of hard rock, as mentioned in sub-paragraph 4.2.9 *supra*, was indicative of the fact that the survey and investigation work had little relevance to the actual site condition.

4.2.11 Extra expenditure due to award of work without finalisation of drawings and before handing over the site of work

Consequent upon failure in completion of the work within the stipulated time (April 1995), the contractor sought for extension of time on various occasions (May 1995, April 1998, April 2001 and May 2002) mainly on the following grounds:

- Delay in receipt of drawing of the right bank from the CWC;
- Delay in supply of construction drawings of the left side head regulator and cross regulator bridge;
- Delay in handing over site of work (right bank);
- Delay in acquisition of land in the left bank of work site;
- Steel sheet piles not provided in the agreement which was absolutely necessary;
- Shortage in supply of cement, steel and blasting materials from time to time;
- Labour problem created by local people; and
- Security problem in the project area.

Accordingly, the CE, PWD (Roads) allowed (September 1995, May 1998, July 2001 and November 2002) extension of time for different spells up to May 2003. Thus, delay on the part of the department to hand over the work site, drawing and material coupled with labour and security problems led to delay in execution of the work. Consequently, additional expenditure of Rs.1.60 crore had been incurred by the department till March 2003, as discussed below:

- (a) During June 1996, payments totalling Rs.4.34 lakh were made to the contractor as price escalation on labour (Rs.3.95 lakh) and POL (Rs.0.39 lakh)

in connection with the work executed (June 1995) beyond the stipulated time for completion of the work.

(b) Between May 1995 and March 2003, the contractor utilised 1,46,378 bags of cement and 261.6095 tonnes of torsteel as supplied by the department, the cost of which at the issue rates prevalent during the period worked out to Rs.3.87 crore (Cement: Rs.3.37 crore; Torsteel: Rs.0.50 crore). Since the extension was granted for no fault of the contractor, the cost of these materials (Rs.2.31 crore) was recovered at the agreed rates of Rs.139 per bag of cement and Rs.10,746 per tonne of torsteel leading to extra expenditure of Rs.1.56 crore (Details in Appendix XXIII).

4.2.12 Extra expenditure on acquisition of land

The construction work of the barrage was taken up by the department (November 1992) before acquisition of land. In May 1994, the Deputy Commissioner (DC), West Garo Hills (WGH) requested the PE, PWD (Roads) for placing the rough estimated cost of the required land measuring 3.83 hectares (ha) amounting to Rs.17.71 lakh (Value of land: Rs.1.72 lakh; Fruit trees – 27,818 numbers: Rs.9.70 lakh; Solatium, etc.: Rs.6.29 lakh) so that the land acquisition papers could be submitted to Government. Accordingly, the PE placed (August 1995) Rs.17.71 lakh at the disposal of the DC, WGH. There was nothing on record to show that the department had taken any effective steps for early settlement of the land acquisition process.

After a delay of about four years, the DC, WGH prepared (July 1999) an estimate for Rs.35.50 lakh for land measuring 2.645 ha (Value of land: Rs.1.19 lakh; Fruit trees – 27,818 numbers: Rs.18.25 lakh; Solatium, etc.: Rs.16.06 lakh). The department placed the balance amount of Rs.17.79 lakh at the disposal of the DC, WGH in September 1999 and notifications under Sections 4 and 6 of the Land Acquisition Act, 1894 were issued by the Revenue Department in March and June 2000 respectively.

Thus, inaction of the department in timely finalisation of the land acquisition process led to extra expenditure to the extent of Rs.17.79 lakh mainly because of increase in cost of fruit trees due to passage of time. The PE stated (June 2003) that delay in land acquisition could not be avoided due to involvement of different departments. This indicated that there was lack of co-ordination between different departments of the Government in fulfillment of the interest of the State.

4.2.13 Monitoring and evaluation

According to AIBP guidelines, the monitoring mechanism was intended to be three tiered as detailed below:

a) Central Level - The progress of the project was to be reviewed annually by the Advisory Steering Committee of the Ministry of Water

Resources. The committee was to meet every quarter to review the progress and visit each project atleast once a year.

b) State Level – A monitoring committee consisting of Engineer-in-Chief of the State as the Chairman, the Chief Engineer of the Project, Chief Engineer of CWC of the region, land acquisition officer and others was to carry out monitoring at the State level. The committee to meet quarterly to render suitable advice to the Project Level Committee and also was to send its report to the Technical Committee at National Level and visit each project at least twice a year.

c) Project Level – The project level committee headed by the CE of the project was to meet every month and take suitable steps to improve the progress and remove bottlenecks, if any. The committee was also required to send monthly report to the State Level and National Level Technical Committee and visit each project at least once in a quarter.

The State and Project levels monitoring committees were not formed to monitor the progress of the RVMIP. The implementation of the project was monitored only through the quarterly progress report received from the executing divisions. At Central level, the Director, CWC (M&A) visited the project site on six occasions between August 1996 and March 2003. The CE, PWD(Roads) visited the site only in November 2001.

Evaluation of the impact of the project is essential to judge its success or failure and for taking remedial measures to eliminate shortcomings/weaknesses in execution of the project. But no evaluation studies had been conducted by the department to ensure proper execution of the project.

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

4.2.15 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the execution of the project:

- Construction of barrage and regulator need to be completed expeditiously to avoid further increase in cost.
- Appropriate measures should be taken for immediate acquisition of land required for construction of canal.
- The project as a whole needs to be completed without further delay to provide irrigation facilities to the projected area of land.
- The project needs to be monitored as per guidelines of the AIBP and evaluated to assess its proper execution.

SECTION 'B' : PARAGRAPHS

GENERAL ADMINISTRATION AND PUBLIC WORKS DEPARTMENTS

4.3 Extra expenditure due to delay in finalisation of the drawings of the second Meghalaya House, Calcutta

The department incurred extra expenditure of Rs.29.73 lakh due to delay on its part in approval of layout drawings, mutation of land and payment of sanction fee of drawings to the concerned authority.

Mention was made in Paragraph 4.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 – Government of Meghalaya (GOM) regarding award of construction work of second Meghalaya House at Calcutta, estimated to cost Rs.6 crore, to a Calcutta based firm. Memorandum of Understanding (MOU), executed (March 1996) between the Deputy Secretary to the GOM, General Administration Department (GAD) and representative of the firm, provided for completion of work within 30 months from the date of sanction of detailed plans by the Calcutta Municipal Corporation (CMC) (Clause 11) and payment of necessary escalation to the firm in case of delay on the part of the Government in approving the drawings and or any decision directly connected with the progress of the work (Clause 14).

Test-check (November 2002) of records of the Executive Engineer, Shillong Building Division revealed that though the layout drawings of the complex were prepared by the firm in July 1996 as required under Clause 1 of the MOU, GAD's approval thereto was received by the firm after a delay of about three months in October 1996.

The land of the proposed site of the work, though purchased by the State Government from the Calcutta Metropolitan Development Authority (CMDA) few years back, was mutated in favour of the GOM in October 1997 only. Consequently, the detailed architectural and structural drawings prepared by the firm (December 1996) and approved by the Chief Engineer, Public Works Department (PWD) in January 1997 were submitted to the CMC for sanction after a delay of about 10 months in October 1997.

In March 1998, the CMC informed the Trade Adviser and Director of Movements, GOM that the permission to execute the work would be granted subject to payment of a fee (sanction fee, surcharge, development charge, etc.) of Rs.12.34 lakh within seven days. Due to failure of the department to pay the required fee in time (sanctioned by the GAD in May 1998 and paid in June

1998 after a delay of about three months from March 1998), the CMC claimed additional amount of Rs.1.34 lakh due to revision of tariff, which was paid in June 1998. The CMC finally sanctioned the drawings in August 1998.

Although the firm started execution of the work in September 1998 after final sanction of the drawing by the CMC (August 1998), they claimed (August 1999) enhancement of contract price by Rs.1.32 crore towards price escalation of materials, labour, etc. owing to delay of two years five months in commencement of the work. Against the claim of Rs.1.32 crore, the PWD worked out (December 1999) the admissible cost of escalation as Rs.1.02 crore and paid Rs.28.39 lakh to the firm in April 2001. Though the firm approached (August 2001) the department for payment of the balance amount, progress in this regard was awaited (August 2003).

Thus, delay on the part of the GAD in approval of layout drawings, mutation of land and payment of fees to the CMC led to delay in commencement of the work by the firm. Due to such imprudent action, the department had so far incurred additional expenditure of Rs.29.73 lakh^(a), besides, the extra liability of Rs.73.28 lakh as claimed (August 2001) by the firm. Responsibility for delayed action had not been fixed.

The matter was reported to Government in April 2003 and followed up with a reminder in August 2003; reply had not been received (October 2003).

4.4 Idle investment on purchase of land at New Bombay

Purchase of land for construction of Circuit House Building without ensuring its proper utilisation led to idle investment of Rs.50 lakh.

For purchase of land measuring approximately 2,000 square metres at New Bombay for construction of Circuit House Building and quarters, etc., the General Administration Department (GAD) accorded (March 1992) expenditure sanction for Rs.50 lakh. Accordingly, the Executive Engineer (EE), Shillong Building Division (SBD) paid the cost of land (Rs.50 lakh) to the Managing Director, City and Industrial Development Corporation of Maharashtra Limited (Corporation) in March 1992.

The agreement executed (May 1992) with the Corporation *inter alia* provides that the licensee (State Government) shall complete the building within five years and after completion of the building, the lease of the land shall be granted to the licensee for the term of 90 years. Until the grant of lease, the licensee shall be deemed to be mere licensee of the land. In case the licensee

(a)	Additional amount of fee paid to the CMC:	Rs. 1.34 lakh
	Escalation cost paid to the firm:	<u>Rs.28.39 lakh</u>
		<u>Rs.29.73 lakh</u>

fails to erect the building within the prescribed time, the Corporation shall have the powers (i) to revoke the licence without repayment of any premium paid by the licensee, and, (ii) to impose fine for continuation of the said land in licensee's occupation.

Test-check (November 2002) of records of the EE, SBD revealed that though the land was taken over by the State Government in May 1992, the GAD did not take any effective steps to construct the proposed building till December 1999. Even the boundary fencing was not constructed despite the preparation of an estimate (October 1994) for the purpose. Though an estimate for Rs.2.77 crore for the building was submitted by the Public Works Department to the GAD in January 1999 after a delay of about seven years of taking over the land, the GAD decided in September 1999 not to construct the building due to shortage of fund. Reasons for delay in finalisation of estimate despite possibility of forfeiture of the amount paid to the Corporation in case of such delay and efforts made to obtain the required fund were not on record.

Although in December 1999, the Chief Engineer (Building) stressed the need for construction of the building, he stated in May 2003 that the proposal was not accepted by the Finance Department due to financial constraints. Consequently, the land was lying vacant even after 11 years of taking possession. Moreover, the land was vulnerable to encroachment in the absence of boundary fencing around it. Reasons for procurement of land without ensuring financial stability for its proper utilisation had not been stated.

Thus, procurement of land and keeping the same unutilised for a long period not only showed the apathy of the concerned department to ensure proper utilisation of the asset created out of State exchequer but was also fraught with the risk of annulment of licence and forfeiture of the amount paid or imposition of fine by the Corporation. Such imprudent action of the department resulted in idle investment of Rs.50 lakh, the cost of which for 11 years ending March 2003 worked out to Rs.60.94 lakh^(b).

The matter was reported to Government in March and July 2003. In reply, the Government stated (August 2003) that additional premium of Rs.77.50 lakh had become liable to be paid by the State Government for delayed construction/completion of construction of building beyond six years and the matter was under correspondence with the Corporation. Further development was awaited (October 2003).

^(b) Rs. 50 lakh x 11.08 *per cent* (average rate of interest on market borrowing of the State Government during germane period) x 11 years = Rs.60.94 lakh

PUBLIC WORKS DEPARTMENT

4.5 Extra expenditure on execution of road work

Payment for items of work was made at higher rates compared to the rates for similar items executed on the same road and execution of an item of work in excess of estimated provision resulted in extra expenditure of Rs.53.98 lakh.

The work “Strengthening of Shillong Cherra Road (Phase I: 22 to 29 Km; Phase II: 30 to 32 Km)” under Central Road Fund Programme, estimated to cost Rs.2.74 crore (Phase I: Rs.1.93 crore; Phase II: Rs.0.81 crore) was administratively approved by Government of India in February 2001. Technical sanction to the work was accorded by the Additional Chief Engineer, Public Works Department (PWD), Meghalaya in August 2001. The Chief Engineer (CE), PWD (Roads) invited tenders separately for allotment of works under Phase I and II during March and April 2001 respectively. The work of both the phases was awarded on the same day (21 September 2001) by the CE to a contractor at Rs.1.73 crore and Rs.77.14 lakh separately for Phase I and Phase II respectively, stipulating completion of work within 12 months. The work was completed in April 2002 (Phase II) and June 2002 (Phase I) and final payment for Rs.2.50 crore was made to the contractor in May 2002 (Phase II: Rs.0.77 crore) and September 2002 (Phase I: Rs.1.73 crore).

Test-check (October – November 2002) of records of the Executive Engineer, Shillong South Division revealed the following irregularities:

(a) Extra expenditure on execution of work at higher rates

Rates allowed for execution of two items of work under Phase I were much higher than the rates of similar items under Phase II. Similarly, about four items of work under Phase II, rates were much higher than those allowed for Phase I. The action of the CE in inviting separate tenders and allowing different rates for similar items of work lacked justification and was not in the financial interest of Government. The extra expenditure incurred due to such improper action of the CE amounted to Rs.20.62 lakh. The details are given in Appendix XXIV. Since the rates for both the phases offered by the contractor were available with the department before issuing final work order, negotiations could have been carried out by the CE with the contractor for acceptance of the lowest offered rates for the similar items of work in the interest of economic execution of the work.

(b) Extra expenditure due to execution of work in excess of estimated provision

The estimates of the work provided for laying of 0.06 cum bituminous macadam on one sq.m of prepared surface. Contrary to the estimated provision, the contractor laid 5,044.506 cum of bituminous macadam (Phase I: 3,552.171 cum; Phase II: 1,492.335 cum) on 65,484.975 sq.m of prepared surface (Phase I: 45,682.475 sq.m; Phase II: 19,802.5 sq.m) against the actual requirement of 3,929.098 cum^(a). The extra expenditure on laying of 1,115.408 cum bituminous macadam in excess of estimated provision worked out to Rs.33.36 lakh (at the lowest rate of Rs.2,991 per cum). Reasons for such excess execution of work were not on record made available to Audit.

The Secretary of the department stated (June 2003) that the nature of work in two adjacent places was never the same and rates quoted by tenderers differ even for the same item of work depending on site condition and other considerations like cost of extra carriage of materials, *etc.* Reply is not tenable because while on the work “providing and laying of bituminous macadam” higher rate was allowed for Phase II involving lesser distance (average lead from the plant site to work site: 2 km) compared to the rate of Phase I having longer distance (4 km), whereas on other items involving stone metals, the average lead for extra carriage was same for both the phases. The fact remains that there was lack of interest in economic execution of the work.

4.6 Unfruitful expenditure on execution of a road work by the Executive Engineer, National Highway Bye-Pass Division, Shillong

Execution of work without possessing the required land and in contravention of Government’s order led to unfruitful expenditure of Rs.31.04 lakh.

The Work “Construction of a road from Syntung to Nonghulew village (length 4 km)”, estimated to cost Rs.33.67 lakh, was administratively approved by Government in February 1997. The objective of constructing the road was to connect Syntung and Nonghulew villages for the benefit of the villagers. According to Government’s order of February 1997, the work should not be commenced unless possession of land was given free of cost and the detailed estimate was technically sanctioned. The stipulated time for completion of the work was three years.

Scrutiny (May 2003) of records of the Executive Engineer (EE), NH Bye-Pass Division, Shillong revealed that in April 1997, 18 villagers of the locality, through a memorandum submitted to the Minister, Public Works, expressed unwillingness for construction of the proposed road through their land. Accordingly, this fact was brought (July 1997) to the notice of the EE by the Additional Chief Engineer (Roads) with the instruction to submit a detailed

(a)	Phase I : 45,682.475 sq.m x 0.06 cum	=	2,740.948 cum
	Phase II: 19,802.50 sq.m x 0.06 cum	=	<u>1,188.15 cum</u>
			<u>3,929.098 cum</u>

report before actual execution of the work. But the EE and the Sub-Divisional Officer (SDO), without inviting tenders, issued in November 1997 (EE), February 1999 and May 1999 (SDO) work orders to 83 different contractors for execution of work of the road. Technical sanction of the detailed estimate of the work was also not obtained before execution of the work. Reasons for commencement of the work despite opposition from the villagers and in contravention of Government's orders as well as for not inviting tenders were neither on record nor made available to Audit.

Of the estimated 4 kms length, 2.6 kms were completed as of September 2001 at a cost of Rs.31.04 lakh. The remaining length of 1.4 kms had not yet been executed as the required land was not available and the scheme was closed at 2.6 km.

Thus, arbitrary action of the EE in execution of road despite opposition from villagers led to closure of the work after partial execution. Since the desired objective of extending benefit to the villagers by connecting two villages through construction of the proposed road was not achieved, the expenditure of Rs.31.04 lakh incurred so far proved unfruitful.

The matter was reported to Government in June and July 2003; reply had not been received (October 2003).

4.7 Fictitious execution of earth work and extra expenditure on construction of a road by National Highway Bye-Pass Division, Shillong

Negligence in discharge of statutory duties on the part of the EE facilitated fictitious measurement of earth work leading to extra expenditure of Rs.8.48 lakh.

The work "Construction of Pomlakrai – Umiew Village Road (length 4.48 kms.)", estimated to cost Rs.53.14 lakh, was administratively approved by Government in February 1996. Technical sanction to the work was accorded by the Additional Chief Engineer (ACE) (Roads) in July 1996. The stipulated time for completion of the work was three years. The estimate of the work provided *inter alia* execution of 34312.02 cum of earth work in excavation to proper level for the entire length of the road with four metres width. The work was completed in September 2002 at a cost of Rs.53.49 lakh (including Rs.19.42 lakh on earth works).

Test-check (May 2003) of records of the Executive Engineer (EE), National Highway (NH) Bye-Pass Division, Shillong revealed that between July 1996 and July 1998, the earth works were awarded to 165 different contractors without inviting tenders, reasons for which were neither on record nor

produced to Audit. As per measurements recorded in the Measurement Books (MB), the measurements of width at the end of a particular chainage and those obtained at the beginning of the next chainage were different from each other. The variations ranged between 0.40 and 11.30 metres. Few instances of such cases are given in the Appendix XXV. This indicated that fictitious measurements were recorded in the MBs and thus, the veracity of actual execution of earth work remained doubtful. The EE did not exercise the test-check of recorded measurements as required under Rule 317(i) of the Meghalaya Financial Rules, 1981. Consequently, 73443.92 cum of earth work was recorded in the MBs, which exceeded the estimated provision by 39131.90 cum resulting in extra expenditure of Rs.8.48 lakh. The details are given in the Appendix XXV. The revised estimate of the work submitted (October 2000) by the EE was also returned (November 2000) by the ACE (Roads) to the Superintending Engineer (SE), NH Circle for offering his views about correctness and reality of the same. This was indicative of the fact that the ACE (Roads) doubted the execution of work. Views of the SE were awaited.

Thus, failure on the part of the EE to observe the provisions of the relevant Financial Rules not only facilitated fictitious measurements, but also resulted in extra expenditure of Rs.8.48 lakh on execution of the earth work. Responsibility for the lapse had not been fixed.

The matter was reported to Government in June and July 2003; reply had not been received (October 2003).

4.8 Short delivery of bitumen by a carriage contractor of Shillong

The department sustained loss of Rs.8.26 lakh due to failure of the Executive Engineer to safeguard the interest of Government through execution of agreement with the carriage contractor.

The State Financial Rules, 1981 provide for execution of an agreement with contractors engaged for carrying materials, for safeguarding the property entrusted to him and for obtaining securities in the forms of deposit of cash, guarantee bond from a schedule bank, *etc.* According to existing procedure followed by various divisions under the Public Works Department (PWD), agreements are executed with carriage contractors with the condition that in case of any loss or damage of materials during transit or loading and unloading, the cost of materials will be recovered from the contractor at double the procurement rate or current issue rate.

Scrutiny (May 2003) of records of the Executive Engineer (EE), National Highway (NH) Bye-Pass Division, Shillong revealed that the EE issued (March 2001) a work order to a local contractor for carrying 77.23765 tonnes

of bitumen (cost: Rs.13.08 lakh) from PWD Store, Mawlai to PWD Inspection Bungalow, Kharang. Unlike other divisions and contrary to provisions of Financial Rules, the EE neither executed any agreement with the contractor nor obtained security deposit before entrusting the materials to the contractor.

During May and June 2001, the contractor lifted 66.827 tonnes of bitumen from the PWD Store. Of this, 42.412 tonnes were delivered to the consignee division during the same month of lifting (May 2001) and the balance 24.415 tonnes (cost: Rs.4.13 lakh) lifted during June 2001 were yet to be delivered (May 2003). The EE did not take any effective step to get back the undelivered quantity. Meanwhile, the contractor expired in August 2002.

In December 2002, the EE informed the Superintending Engineer, NH Circle that efforts were being made to get the balance quantity of bitumen supplied through legal successor of the deceased. Absence of any effective steps even after 18 months of lifting the material by the contractor was indicative of the fact that there was lack of interest either to get back the undelivered material or recover the value of the same promptly.

Thus, due to failure on the part of the EE to safeguard the interest of Government through execution of an agreement with appropriate terms and conditions, the department sustained loss of Rs.8.26 lakh (material worth Rs.4.13 lakh and revenue of Rs.4.13 lakh in the form of penalty at double the issue rate of undelivered quantity of bitumen). Responsibility for the lapse had not yet fixed.

The matter was reported to Government in June and July 2003; reply had not been received (October 2003).