

## CHAPTER XIII : MINISTRY OF URBAN DEVELOPMENT

### Central Public Works Department

#### 13.1 Avoidable extra expenditure

**CPWD incurred avoidable extra expenditure of Rs. 1.65 crore on account of delay in completion of project and execution of pre-construction formalities.**

With a view to mitigating the acute shortage of residential accommodation for central government employees in Kolkata, the Central Public Works Department (CPWD) decided to construct 56 Type V quarters for which administrative approval and expenditure sanction for Rs. nine crore were accorded by the Ministry in February 1995. Subsequently, CPWD revised the proposal and decided to construct 72 Type-V quarters in order to utilise the full potential of the plot. Accordingly, the Ministry accorded revised sanction for Rs. 19.02 crore in July 1999.

Audit examination revealed that though the pile foundation work was completed in January 1998, the construction of superstructure was awarded to the contractor by CPWD after three years in January 2001. This delay arose because CPWD did not finalise the lay out plan, structural drawings and specifications of materials during the period between the completion of the pile foundation work in January 1998 and award of the superstructure contract in January 2001. Consequently, escalation charges amounting to Rs. 30.20 lakh were paid by CPWD, which could have been avoided if the pre construction requirements were met expeditiously.

Audit examination also revealed that CPWD submitted building plans to the Calcutta Municipal Corporation (CMC) for approval in April 1996. CMC sought clarification on certain issues and rectification of the defects in the plan. The requirements of CMC were complied with by CPWD only in June 2003, after a lapse of six years, which resulted in avoidable additional payment of Rs. 28.68 lakh on account of sanction fee to CMC (now KMC).

Had the entire work of superstructure been completed as per schedule, the government could have saved expenditure of Rs. 1.06 crore<sup>1</sup> towards payment

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<sup>1</sup> Worked out at 30 per cent of basic pay of Rs. 12,000 of the prospective allottees entitled to 72 Type V quarters for the period from February 2003 to September 2005.

of house rent allowance to the government employees besides recovering licence fee from them.

On this being pointed out in Audit in July 2005, CPWD while confirming the facts and figures stated (November 2005) that the work had since been completed and the building was handed over to the Estate Manager, Kolkata for allotment on 30 September 2005.

Thus non-completion of the mandatory pre-construction formalities and delay in execution of the work on the part of CPWD resulted in avoidable extra expenditure amounting to Rs. 1.65 crore, which included Rs. 30.20 lakh towards escalation charges, Rs. 28.68 lakh towards additional payment of sanction fee made to KMC and Rs. 1.06 crore towards house rent allowance to the prospective allottees.

The matter was reported to the Ministry in July 2005. Reply was awaited as of January 2006.

### **13.2 Extra expenditure due to delay in execution of work**

**Slackness in enforcing contractual provisions and completion of work resulted in extra expenditure of Rs. 18.45 lakh in execution and loss of Rs. 18.85 lakh towards non-recovery of dues on account of risk and cost and excess issue of material.**

The work of construction of Indo Bangla Border road in Cooch Behar District of West Bengal was awarded to a contractor (November 1993) at a cost of Rs. 72.77 lakh with the stipulation that the work should be completed by February 1995. As the progress of work was very slow, the contract was rescinded at the risk and cost of the defaulting contractor after the work was measured unilaterally by CPWD (May 2002). An amount of Rs. 64.34 lakh was paid as running payment to the defaulting contractor till the contract was rescinded.

After rescission of the contract, the department worked out the final bill of the defaulting contractor at a negative amount of Rs. 18.85 lakh (Rs.6.68 lakh: cost of excess material + Rs.6.64 lakh: levy of penalty for delay + Rs.10.53 lakh amount of risk and cost recoverable=Rs.23.85 lakh (-) Rs.5.00 lakh security deposit = Rs.18.85 lakh). This was not recovered as of October 2005, as the whereabouts of the contractor were not known. The remaining work was awarded (December 2002) to another contractor and was completed in June 2004. An amount of Rs. 26.88 lakh was paid to the new contractor as final payment in May 2005.

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As per provisions contained in CPWD Manual-II, compensation should have been levied from the contractor keeping in view the slow pace of work since the very beginning. The department also failed to record upto date measurement of work done by the defaulting contractors for months together. Had CPWD taken timely action, excess issue of material or extra expenditure would not have arisen. Thus slackness in enforcement of contractual provisions by CPWD including issue of excess material to the first contractor resulted in extra expenditure of Rs. 18.45 lakh being the difference between the amount paid for the work to the two contractors (Rs.91.22 lakh) and the original contracted cost (Rs.72.77 lakh). This also led to a loss of Rs. 18.85 lakh due to non-recovery of dues from the contractor besides adversely affecting the patrolling of the border.

The matter was referred to the Ministry in August 2004 and August 2005. Reply was awaited as of January 2006.