

OVERVIEW

The National Highways Authority of India was entrusted (December 1998) with the responsibility of implementing the National Highways Development Project comprising the Golden Quadrilateral (GQ) linking four metro cities of Delhi-Mumbai-Chennai-Kolkata and the North-South Corridor linking Srinagar-Kanyakumari and the East-West Corridor connecting Silchar-Porbandar covering a total length of 13,146 km at an estimated cost of Rs.58,000 crore.

The execution of NHDP was planned to be completed in two phases. Phase-I comprised 6,359 km at an estimated cost of Rs.30,300 crore and was scheduled to be completed by June 2004. Largely, it comprised the completion of Golden Quadrilateral. NHAI could complete works to the extent of 1,846 km (29 per cent) upto June 2004. The corridor-wise achievement in completion of work in respect of Delhi-Mumbai, Mumbai-Chennai, Chennai-Kolkata and Kolkata-Delhi upto June 2004 including partially completed stretches was 82 per cent, 46 per cent, 45 per cent and 25 per cent respectively. The balance works are expected to be completed by December 2005. The corridor concept as envisaged was yet to emerge.

NHAI did not standardise its procedures and contract documents. The inconsistencies and infirmities in the contract conditions led to contractual complications, overpayments and delays. NHAI also did not ensure enforcement of contract provisions for quality assurance and project management. This resulted in execution of sub-standard works in seven stretches test checked for quality out of 32 stretches examined in audit.

NHAI took up contracts for twenty works (value Rs.779 crore) without detailed project reports (DPRs). Further, there were variations ranging from 12.26 to 86.82 per cent between the awarded cost and executed cost in respect of nine stretches indicating deficiencies in DPRs.

NHAI did not standardise the length of stretches for award of contracts to facilitate cost comparison for award and execution of work nor did it devise any more robust and effective cost control mechanism as an alternative. This resulted in variation in cost per km of contiguous stretches from Rs.1.86 crore to Rs.4.20 crore per km.

NHAI did not standardise its procedure for tender evaluation and award of work. NHAI did not manage its finance professionally. NHAI mobilised excess funds bearing avoidable charge towards interest.

NHAI did not follow the accounting practices required to maintain asset accounts on commercial principles. The completed stretches were continued to be exhibited as Capital work-in-progress instead of showing them as Fixed Assets. Fixed assets created out of grants were also being exhibited as capital work-in-

progress. The administrative Ministry had not given any directions to NHAI about the ownership of the assets.

The total financial implication of the above Review is Rs.1,547.99 crore.

