



**Report of the
Comptroller and Auditor General of India
on
Economic Sector
for the year ended March 2014**



**Government of Maharashtra
Report No. 3 of the year 2015**

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Auditor General of India**

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**GOVERNMENT OF MAHARASHTRA
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P R E F A C E

This Report for the year ended March 2014 has been prepared for submission to the Governor of Maharashtra under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit and compliance audit of the Departments of the Government of Maharashtra under the Economic Sector.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

CHAPTER - I

INTRODUCTION

Chapter I: Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programs and activities and compliance audit of Government departments and autonomous bodies falling under Economic Sector.

Compliance Audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with. On the other hand, Performance Audit examines whether the objectives of an organisation, programme or a scheme have been achieved economically, efficiently and effectively.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies in working of selected schemes/ projects, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter II of this Report contains findings arising out of one performance audit. Chapter III contains observations on audit of transactions in Government departments and on autonomous bodies.

1.2 Audited entity profile

The Departments in the Economic Sector in the State at the Secretariat level headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and subordinate officers and Autonomous Bodies are audited by the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur.

A summary of the State Government's fiscal transactions during 2013-14 *vis-a-vis* the previous year is given in **Table 1.1**.

Table 1.1: Summary of fiscal operations in 2013-14

(₹ in crore)

2012-13	Receipts	2013-14	2012-13	Disbursements	2013-14		
Section-A: Revenue					Non-Plan	Plan	Total
142947.23	Revenue receipts	149821.81	138735.98	Revenue expenditure	128992.09	25910.33	154902.42
103448.58	Tax revenue	108597.96	47665.67	General services	53495.62	483.65	53979.27
9984.40	Non-tax revenue	11351.97	62038.97	Social services	54118.88	16760.20	70879.08
15191.92	Share of Union Taxes/Duties	16630.43	27550.82	Economic services	19433.30	8558.02	27991.32
14322.33	Grants from Government of India	13241.45	1480.52	Grants-in-aid and Contributions	1944.29	108.46	2052.75
Section B: Capital							
0.00	Miscellaneous Capital Receipts	0.00	17397.98	Capital Outlay	2339.03	17681.42	20020.45
862.85	Recoveries of Loans and Advances	728.03	1415.94	Loans and Advances disbursed			1645.10
21725.12	Public debt receipts*	26734.80	6652.52	Repayment of Public Debt*			10261.86
725.00	Appropriation from Contingency fund	1350.00	875.00	Appropriation to Contingency fund			850.00
875.00	Contingency Fund	859.62	734.62	Contingency Fund			1360.00
47059.63	Public Account Receipts	64020.19	35511.02	Public Account Disbursements			56434.89
35971.95	Opening Cash Balance	48843.72	48843.72	Closing Cash Balance			46883.45
250166.78	Total	292358.17	250166.78	Total			292358.17

Source: Finance Accounts of the respective years

*Excluding ways and means advances on two occasions for five days
(Receipt: ₹ 1152.33 crore and Disbursement: ₹ 1152.33 crore)

1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The C&AG conducts audit of expenditure of the departments of GoM under Section 13¹ of the C&AG's (DPC) Act. The C&AG is the sole auditor in respect of eight autonomous bodies which are audited under Sections 19(3)² and 20(1)³ of the C&AG's (DPC) Act.

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts

² Audit of the accounts of a corporation established by law made by the Legislature of a State on the request of the Governor, in public interest

³ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government

1.4 Organisational structure of the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur

Under the directions of the C&AG, the offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of the various Government departments and offices/ autonomous bodies/ institutions under them. While 17 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur.

1.5 Planning and conduct of audit

The audit process starts with the assessment of risk faced by various departments of the GoM, based on expenditure incurred, criticality/ complexity of activities, the levels of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2013-14, 1,880 party-days were used to carry out audit of 226 units (compliance audit and performance audits) of the various Departments/organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151 of the Constitution of India.

1.6 Significant audit observations

In the past few years, Audit has reported several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments. Similarly, the deficiencies noticed during compliance audit of the Government departments/organisations were also reported upon.

1.6.1 Performance audit of programmes/activities/Departments

The present Report contains one performance audit. The highlights are given in the succeeding paragraph.

- **Construction of Roads and Bridges under Public Private Partnership**

Public Private Partnership has emerged as an instrument of public finance for development of infrastructure for welfare of the community without

compromising profit motive. The key to the success of PPP projects is a balanced and fair sharing of risk and benefits between the partners, transparency and accountability in all transactions relating to the award and managements of the contracts.

A performance audit of the construction of roads and bridges under Public Private Partnership revealed non-formulation of short or medium term plan for effective implementation with demarcation of implementing agencies such as Public Works Department/Maharashtra State Road Development Corporation. Traffic data was assessed on the basis of one day and three days traffic census in two projects as against seven days required. Non-acquisition of forest land was noticed in Manor-Wada-Bhiwandi Road project, while the scope of work was revised during tendering in two projects with consequent revision in project costs and concession period, indicating inadequate feasibility study. There were delays in implementation of five projects. Quality control measures as well as monitoring of the projects were inadequate in five four-lane projects. Provisional completion certificates in three projects were issued without ensuring adequate completion of mile stone projects.

1.6.2 Compliance audit of Government transactions

During compliance audit, significant deficiencies were noticed in critical areas which impacted the effectiveness of the State Government. Some of the important findings of compliance audit paragraphs (seven paragraphs including two thematic paragraphs) have been included in this report.

- The Executive Engineer, Public Works Division I, Nagpur booked an expenditure of ₹ 42 lakh without supporting vouchers.

(Paragraph 3.1)

- The Executive Engineer, Public Works Division I, Nagpur paid wages to day labourers on hand receipt before actual execution of work leading to fictitious payment of ₹ 1.41 lakh.

(Paragraph 3.2)

- **Functioning of Maharashtra Building and Other Construction Workers Welfare Board**

Government of Maharashtra notified (February 2007) the Maharashtra Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2007. The Maharashtra Building and Other Construction Workers Welfare Board was constituted (August 2007) for implementation of the Act and Rules.

An audit of the Functioning of Maharashtra Building and Other Construction Workers Welfare Board revealed that the delay in constituting the Board led to non-implementation of the Act in the State for more than 11 years. The delay in constituting full-fledged Board and inadequate manpower, delayed the process of registration of workers which in turn contributed to poor registration of workers apart from delayed introduction of schemes for the

welfare of the workers. The poor coverage of workers and disbursement of funds towards workers welfare schemes *vis-a-vis* the huge accumulated receipt defeated the objective of providing safety, health and welfare measures for the workers under the Act. No action was taken by the Board despite delay in remittance of cess collected within the prescribed period while there was loss of revenue due to non-levy of cess and dishonoured cheques. The financial management, internal control and monitoring was weak on account of non-maintenance of cash book, non-conducting of bank reconciliation, lack of internal audit and non-preparation of annual reports and annual statements of accounts.

(Paragraph 3.3)

- **Working of Mechanical Organisation in Water Resources Department**

Mechanical Organisation (MO) is the mechanical wing of Water Resources Department (WRD), GoM which was established in 1959. The working of MO broadly included Earthwork, Hydraulic Gates and Hoist, Canal maintenance, Workshop management, Boring, Stores management, Transportation, Lift Irrigation Scheme, Tunnelling, Emergency services and Disposal of Machineries.

Audit of works carried out from the funds provided for the period 2009-14 revealed that there was no long term perspective plan or strategic plan for achieving the long term goals for the working of the divisions. The specialised sub-divisions were struggling for survival due to shortage of technical manpower for operation, old machineries and less allotment of works by civil divisions. Large number of works were got executed through outsourcing by the MO defeating the very objectives of creation of divisions/sub divisions. Instances of blockade of funds due to non-installation of machineries at Lift Irrigation Schemes sites as well as gates and gate parts manufactured for irrigation projects were noticed. Internal controls and monitoring was deficient as actual work done by the machineries was not recorded and the deficiencies pointed out by Inspection Unit, Aurangabad were not complied with by the civil divisions.

(Paragraph 3.4)

- Unwarranted payment for workmen's compensation insurance resulted in providing undue benefit of ₹ 1.39 crore to the contractor.

(Paragraph 3.5)

- The Superintending Engineer, Nashik Irrigation Project Circle, Dhule sanctioned revised rates for EIRL in contravention of contract provisions resulting in overpayment of ₹ 2.02 crore to the contractor.

(Paragraph 3.6)

- Executive Engineer, Design Division Unit, Jalgaon did not follow the provisions of the contract while working out Price variation payable to contractor which resulted in over payment of ₹ 8.13 crore.

(Paragraph 3.7)

1.7 Responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

Periodical inspections of Government departments are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with IRs which are issued to the heads of the offices inspected, with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned Departments to facilitate monitoring of action taken on the audit observations included in these IRs.

As of June 2014, 2,982 IRs (8,960 paragraphs) were outstanding. Year-wise details of IRs and paragraphs are detailed in **Appendix 1.1**.

1.7.2 Response of Departments to the draft paragraphs and Performance Audits

The draft paragraphs and Performance Audits were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between June 2014 and August 2014, with the request to send their responses within six weeks. The Government reply in respect of one performance audit and one thematic paragraph was received where as no replies were received in respect of five paragraphs and one thematic paragraph featured in this Report.

1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department, GoM in January 2001, Administrative Departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports, within three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply with these instructions. The position of outstanding EMs from 2007-08 to 2011-12 is indicated in **Table 1.2**.

Table 1.2: Status of submission of EMs during 2007-12

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2007-08	12 June 2009	22	21	01
2008-09	23 April 2010	14	14	--
2009-10	21 April 2011 & 23 December 2011	13	12	01
2010-11	17 April 2012	15	14	01
2011-12	18 April 2013	11	09	02
Total		75	70	5

The EMs in respect of eight paragraphs relating to the period prior to 2007-08 were outstanding. Department-wise details are given in **Appendix 1.2**.

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC)

lays down in each case, the period within which Action Taken Notes (ATNs) on its recommendations should be sent by the Departments.

The PAC discussed 197 paragraphs pertaining to the Audit Reports for the years from 1985-86 to 2011-12 and gave 197 recommendations of which, ATNs were pending on 139 recommendations as indicated in **Table 1.3**.

Table 1.3: Position of outstanding ATNs on PAC recommendations

Year of Audit Report	PAC Report number	Year of PAC	Number of recommendations	Number of ATNs awaited on the PAC recommendations
1985-86 to 2002-03	16 th , 18 th , 19 th , 24 th , 28 th	1994-95	123	89
	1 st , 2 nd , 4 th , 6 th , 7 th , 8 th	1995-96		
	20 th , 24 th , 25 th , 27 th	1997-98		
	3 rd	2000-01		
	13 th	2003-04		
	8 th	2007-08		
	13 th	2008-09		
2003-04	--	--	00	00
2004-05	14 th	2008-09	04	04
2005-06	8 th	2010-11	17	10
2006-07	9 th	2012-13	09	00
	15 th	2008-09	20	12
2007-08	13 th	2012-13	03	03
2008-09	17 th	2012-13	21	21
2009-10	--	--	00	00
2010-11	--	--	00	00
2011-12	--	--	00	00
Total			197	139

The Department-wise position of PAC recommendations on which ATNs were awaited is indicated in **Appendix 1.3**.

CHAPTER - II

PERFORMANCE AUDIT

2.1 Construction of Roads and Bridges under Public Private Partnership

Chapter II

Public Works Department

2.1 Construction of Roads and Bridges under Public Private Partnership

Highlights

Public Private Partnership has emerged as an instrument of public finance for development of infrastructure for welfare of the community without compromising profit motive. A performance audit of the construction of roads and bridges under Public Private Partnership was conducted and some of the key findings are given below:

There was no short/medium term plan based on the Road Development Plan specifying the projects to be taken up, the executing agency and the mode of execution of project. There were delays in implementation of five projects due to delays in finalisation of the executing agency, financial closure and non-acquisition of private and forest land.

(Paragraphs 2.1.6, 2.1.7.1, 2.1.9.2, 2.1.11.2, 2.1.12.3 and 2.1.13.2)

Tender forms were not issued to prospective bidders in two projects. Wide publicity was not given in international newspapers for all the four-lane test-checked projects and adequate time was also not given for the submission of tenders. The minimum net-worth and experience criteria was relaxed at the time of tendering. There were instances of anomalies in the formation of a Special Purpose Vehicle and Joint Venture in two projects.

(Paragraphs 2.1.7.3, 2.1.8.1, 2.1.11.1, 2.1.15.2 and 2.1.16.1)

The scope of work was revised during tendering leading to revision in project costs and concession periods. Further, non-evaluation of the components of project cost quoted by the bidder led to grant of increased concession period.

(Paragraphs 2.1.7.2, 2.1.11.1 and 2.1.15.1)

Quality control measures as well as monitoring of the projects were inadequate while there were shortfalls ranging from 34 per cent to 100 per cent in conducting the mandatory tests from Government laboratories.

(Paragraphs 2.1.7.5, 2.1.8.3, 2.1.9.4, 2.1.11.3, 2.1.12.4 and 2.1.14.4)

Provisional completion certificates in three projects were issued without ensuring achievement of milestones prescribed. There were delays in issue of final completion certificates ranging between four and 90 months due to non-completion of punch list items within the stipulated period.

(Paragraphs 2.1.8.4, 2.1.12.3, 2.1.14.3 and 2.1.16.3)

The debt-equity ratio quoted in financial bids in eight four lane projects was not observed while borrowing the loans from financial institutions

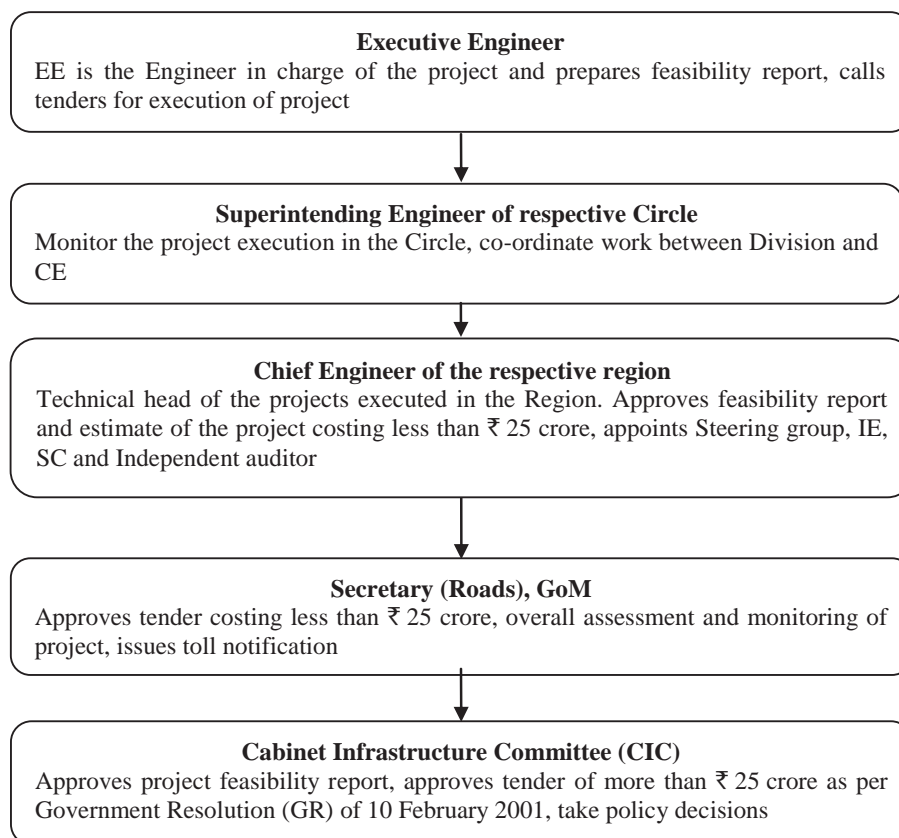
(Paragraph 2.1.16.4)

2.1.1 Introduction

Government of Maharashtra (GoM), Public Works Department (PWD), formulated (1996) a policy to finance road development projects, improving existing roads and construction of roads, bridges, Rail over bridges (ROB) *etc.* through private sector participation. The GoM constituted⁴ (1996) a Cabinet Infrastructure Committee (CIC) under the Chairmanship of Chief Minister to approve the projects being taken under Public Private Participation (PPP). Construction of roads and bridges under PPP in the State is also done by other Government agencies like Maharashtra State Road Development Corporation (MSRDC) and Mumbai Metropolitan Region Development Authority (MMRDA).

2.1.2 Organisational set up

The Secretary is the overall in-charge of the PWD assisted by the Chief Engineers (CE), Superintending Engineers (SE) and Executive Engineers (EE). In addition, an Independent Engineer (IE)/ Supervision consultant (SC), Steering Group, Proof Consultant *etc.*, are also involved in the implementation and monitoring of PPP projects. The functional set-up in the execution of PPP in the State is given in the chart below:



⁴ The committee reconstituted in December 2004 comprised of Deputy Chief Minister, Minister from Finance and Planning, Industry, Water Resource, Transport and Ports, Chief Secretary, Principal Secretary (Planning as an invitee), while Additional Chief secretary (Finance and Planning) and Principal Secretary (Law and Judiciary) were the permanent invitees

2.1.3 Audit Objective

Audit objectives were to ascertain whether:

- planning for execution of projects and preparation of estimates were done properly after adequate study;
- tenders were invited and contracts awarded according to competitive processes and the execution of the projects was in conformity with the terms of the agreements;
- there existed monitoring controls to ensure that the roads and bridges were constructed as planned; and
- adequate accounting framework and auditing arrangements exist to enable the Government to access the accounts of PPP projects.

2.1.4 Audit criteria

Audit criteria were derived from the following:

- Policy decisions, guidelines and orders on PPP projects by GoM;
- Detailed project report (DPR), Feasibility report (FR)
- Model concession agreement on PPP brought out by Government of India (GoI) and ‘P-Form’ of GoM;
- Maharashtra Public Works (MPW) manual and code;
- Indian Road Congress (IRC) specifications for road works; and
- Concession agreement entered into with the concessionaire

2.1.5 Audit scope and methodology

A performance audit on the construction of roads and bridges under PPP taken up by the PWD was conducted during February and July 2014. Eleven projects⁵ (eight four-lane projects out of 33 and three two-lane projects out of 14⁶) were selected through stratified sampling method⁷. Audit scrutinised the records maintained by the offices of the Secretary, PWD at Mantralaya; CEs of seven⁸ Public Works Region and EEs of respective Public Works divisions.

An entry conference was held on 5 May 2014 with the Secretary, PWD wherein the audit objectives, criteria, scope and methodology of audit were discussed. Joint inspection with Departmental officials was also done in respect of the selected projects. The audit findings were discussed with the Secretary, PWD in the exit conference held in 13 November 2014. The reply

⁵ Four lane: Sion- Panvel; Chinchoti-Kaman-Anjur Phata-Mankoli; Baramati- Phaltan-Lonand-Shirwal; Jam-Warora; Manor-Wada-Bhiwandi; Shirur-Tajband-Narshi-Biloli; Nashik-Niphad- Vaijapur; Kasheli Bridge; Two lane: Alibag-Pen-Khopoli Road; Malkapur –Buldhana-Chikhali road and Aundha-Chondi- Basmat road

⁶ Out of 40 two lane BOT projects, the GoM decided (27 June 2014) to denotify toll collection in 26 projects

⁷ The project was stratified based on cost of the project. The cost of project adopted for stratification in respect of four lane project was (a) up to ₹ 250 crore, (b) ₹ 250 to ₹ 500 crore and (c) above ₹ 500 crore. Two lane projects were stratified as (a) up to ₹ 10 crore (b) ₹ 10 crore to ₹ 30 crore (c) above ₹ 30 crore. The selection of projects based on defined strata was done using IDEA software

⁸ Amravati, Aurangabad, Mumbai, Nagpur, Nashik, Pune and Special Project Mumbai

of the Government was also received in November 2014 which has been suitably incorporated in the performance audit.

2.1.5.1 System of PPP projects

Government of Maharashtra has laid down an elaborate system for finalisation of PPP projects in the State. This has been elaborated below:

- **Feasibility Report**

Every PPP project is based on a Feasibility Report (FR) which consists of technical and financial feasibility. Technical feasibility is done to decide the scope of the project while the financial feasibility based on traffic count is analysed through the cash inflow, total project cost (TPC), repairs and maintenance cost and suitable concession period is worked out. The traffic density is based on actual traffic count survey of each category of vehicle for seven days in the months of May and December. Based on the project FR, which is scrutinised at various levels in the PWD and after obtaining consent of various departments *viz.* Planning, Finance, Revenue and Forests, Law and Judiciary, it is forwarded to CIC for its approval. The Central/ State Government provides Viability Gap Fund up to 40 *per cent*⁹ of the project cost for projects which are economically justified, but fall short of financial viability due to long gestation period. The bid is finally accepted after approval at CIC level.

- **Tendering**

On approval of the project, notice inviting tender (NIT) for projects costing up to ₹ 25 crore, should be published in State level newspapers and for projects above ₹ 25 crore should be published in national and international level newspapers. The period prescribed as per GR of February 2001 for submission of tenders from the date of publication for projects up to ₹ 25 crore is two months, above ₹ 25 crore and up to ₹ 50 crore is three months and above ₹ 50 crore is four months.

Two stage bidding *i.e.* Request for Qualification (RFQ) and Request for Proposal (RFP) is carried out for projects costing above ₹ 50 crore. The RFQ and the RFP are evaluated at CE level and approved by the GoM. The bidder who fulfills the minimum criteria is allowed to bid. The selection of bidder is then done on the basis of the lowest concession period or VGF quoted by the bidder.

- **Concession Agreements**

The GoM had been entering into a Concession Agreement (CA) on 'P-Form' introduced in 2006 for PPP projects. After the Planning Commission, GoI, brought out (2009) a separate Model Concession Agreement (MCA) for PPP for National and State Highways (SH), both the formats are used for entering into CA for PPP projects.

- **Post tendering**

A letter of acceptance is issued to the selected bidder specifying the due dates

⁹ VGF up to 20 *per cent* of the project cost is provided by GoI while additional VGF up to 20 *per cent* is provided by the State Government, if required

for deposit of performance security and execution of CA. The CA contains the terms and conditions (financial closure, obtaining statutory clearances, providing Right of Way (ROW), land acquisition) to be fulfilled by the PWD as well as the concessionaire before issue of work order.

The CA permits formation of Special Purpose Vehicle (SPV) by the concessionaire for implementation of the project. The aggregate equity share holding of the concessionaire in the issued and paid up equity share capital of the SPV shall not be less than 51 *per cent* until expiry of three years following Commercial Operation Date (COD) and 26 *per cent* during the remaining operation period.

Financial closure involves fulfillment of all conditions precedent to the initial availability of funds under the financing arrangement which is required to be achieved by the concessionaire within 180 days from the date of agreement for MCA. In MCA, extension up to 120 days is allowed subject to payment of damages to the Government @ 0.1 *per cent* of the Performance Security for each day of delay. In the 'P-Form' though no time limit is prescribed, different conditions are prescribed in the Common Set of Deviations (CSD) which forms part of the CA for levy of penalty. The financial closure also requires the concessionaire to adhere to the debt-equity ratio as indicated in the financial bids. In the case of MCA, the concessionaires are required to maintain escrow accounts for the loan availed by them from the banks for the project.

Environment clearance is required to be obtained from State Environment Impact Assessment Authority (SEIAA) in all the new SH projects and for expansion of existing SH projects greater than 30 km involving additional ROW greater than 20 meters. In MCA, the PWD is responsible for land acquisition required for the project, whereas the concessionaire is responsible for the same in 'P-Form' agreements.

- **Execution/Monitoring**

The proof consultant appointed by the CE has to scrutinise the designs prepared by the RCC¹⁰ Engineer/Design Consultant of the concessionaire and get it approved from the Design Approving Engineer *i.e.* SE, Design Circle (DC) (Bridge). The SC¹¹ (P-Form) / IE (MCA) are appointed for overall monitoring of the projects. The appointment of IE by the PWD shall be made within 90 days from the date of agreement for a period of three years (two years and one year during construction and operation period respectively). The authority may terminate the appointment of IE at any time, but only after appointment of another IE.

On the request of the concessionaire, the Engineer in Charge (EIC)/IE shall issue a Provisional Completion Certificate (PCC), if the requisite tests are successful and all parts of the project can be legally, safely and reliably opened to commercial operation. In case of 'P-Form', PCC shall be issued after completion of 98 *per cent* of project cost and in case of MCA on completion of 75 *per cent* of project length. The PCC shall be appended with a

¹⁰ Reinforced Cement Concrete

¹¹ 'P-Form' provided for submission of monthly report during construction and quarterly report during operation to the Authority and Engineer in Charge by the SC

list of outstanding items (Punch List) which is required to be completed by the concessionaire within 60 days in 'P-Form'/120 days in MCA of issue of such PCC, failing which the punch list items should be executed by the PWD at the risk and cost of the concessionaire. On completion of the works included in the punch list, the final completion certificate is issued.

- **Revenue sharing**

Revenue sharing clause exists in 'P-Form' CA for projects undertaken by PWD which states a joint survey would be taken every year after completion of five years from the COD. On the basis of this joint survey, the PWD assesses the actual traffic for the entire year and compares it with the estimated traffic as indicated in the cash flow submitted by the concessionaire. The excess toll collection over the estimated collection is shared between the concessionaire and PWD. In case of MCA projects, a joint survey shall be taken after 10 years of concession period and in the event of actual traffic exceeding /falling short of the target traffic, the concession period shall be modified suitably. In none of the test-checked cases, the stipulated date for conducting such a survey was reached.

Audit findings

2.1.6 Planning

The GoM prepared a Road Development Plan (RDP) for 20 years from 1961 onwards with a view to develop the State socially and financially. The RDP included details of the district-wise national highways, express highways, major State highways, State highways, major district roads. The roads were to be developed based on traffic potential and importance of State road projects. Proposals are received from the field offices of PWD for taking up projects under PPP.

Audit noticed that the RDP was a general plan detailing the length of road to be developed or widened as per availability of resources. However, short/medium term plan based on the RDP specifying the projects to be taken, the executing agency and the mode of execution of project, was not prepared. The FD had also recommended (October 2010) preparation of short and medium term plan however, no action was taken.

Audit findings in respect of test-checked projects is discussed below:

2.1.7 Sion-Panvel Project

Project profile

<i>Name of Project</i>	<i>Improvement to Sion-Panvel Special State Highway (Chainage (ch.) 140/690 to ch.115/800) taken up on BOT basis under 'P-Form'</i>
<i>CIC approval to project</i>	<i>18 June 2009, with estimated project cost of ₹845 crore with a concession period of 14 years and three months including three year construction period</i>
<i>CIC approval to tender</i>	<i>25 February 2010, project cost of ₹1,220 crore with State Government Contribution of ₹390 crore to be paid in 4th year (₹200 crore) and 5th year (₹190 crore), concession period of 17 years and five months</i>
<i>Name of the successful bidder</i>	<i>IVRCL & KIPL Joint Venture (JV)</i>
<i>SPV</i>	<i>Sion Panvel Tollways Private Ltd.</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>15 September 2010/30 May 2011/30 May 2011</i>
<i>Component of project</i>	<i>Length of road 24.890 Km. Construction of 5+5 lane road along with</i>

	<i>three flyovers, Vehicle Under Passes (VUP), Rail over bridge (ROBs), Foot Over Bridges (FOBs), service road</i>
<i>Status of project</i>	<i>Stipulated period of completion of work was 29 May 2014. However, project was not completed as of December 2014</i>

2.1.7.1 Planning

The CIC accorded (October 2006) in-principle approval to the project; however, there was a delay in its implementation due to delay in finalising the executing agency *i.e.* MSRDC or PWD. The GoM stated that after deliberating the issue at various levels it was decided (June 2009) to allot the project to PWD.

2.1.7.2 Feasibility Report

- New items of work and quantity of existing items increased leading to increase in cost by ₹ 172.80 crore while two items valuing ₹ 13.78 crore were deleted at the time of tendering. The GoM stated that the items were included considering site and project specific requirements.
- Thickness of Dry Lean Concrete (DLC) was considered as 150 mm in tendering instead of 200 mm as per FR and the length of the service road was reduced from 26.81 km to 8.14 km during the pre-bid meeting.
- An amount of ₹ 65.00 crore was considered for construction of retaining wall without detailing its quantity (FR mentioned ‘as required’).

2.1.7.3 Tendering

- Four bidders¹² were denied the purchase of blank tender forms citing absence of EE thereby blocking their participation and restricting competition. The matter was brought to the notice (July 2009) of the Government by the four bidders. The GoM stated that letter of withdrawal of dissent have been received from the bidders. Reply is not correct as letter of withdrawal of dissent was received only from one bidder.
- The eligibility criteria of minimum net-worth and required minimum project size for determining the experience of bidder were relaxed during tendering without justification. Moreover, eligibility of bidders were evaluated considering old project cost of ₹ 845 crore as against the revised project cost of ₹ 1,198.32 crore. The GoM stated that the eligibility criteria was modified for more competition. Reply is not acceptable as the relaxation of the eligibility criteria could accommodate ineligible bidders.
- The project cost quoted by the bidder included component of tax liability (₹ 145.71 crore) and miscellaneous expenditure (₹ 24.68 crore) without proper justification. The department neither ascertained the applicability of provision of tax liability of ₹ 145.71 crore nor its actual payment by the concessionaire for assessing the realistic project cost.
- As per State policy of June 2000 revised from time to time up to July 2009 the minimum distance between two plazas should be 35 – 40 km. However, it was seen that the distance between the Vashi toll plaza and the Kamothe toll plaza for the Sion-Panvel project was only 16.2 km.

¹² Reliance Infra, Gammon Infrastructure Limited, Mahavir Roads and Infrastructure Private Limited and Pratibha Industries Limited

2.1.7.4 Implementation of project

- There was delay in issue of LOA and in achieving the financial closure which resulted in delay in commencement of project by more than a year. The GoM while accepting the facts, however, stated that no extra concession period was granted. Further, the project was still incomplete (November 2014) even though the stipulated date of completion of the project was 29 May 2014. The EE served notice (May 2014) for slow progress of work and levied liquidated damages (LD) @ ₹ one lakh per day with effect from 30 May 2014 upto 30 October 2014 instead of @ ₹ four lakh per day as per CA, which was yet to be recovered (November 2014).
- It was observed that the SE, Design Circle (DC) had informed (January 2012) the CE, Special Project, Mumbai, that the design criteria published in the tender documents had provisions related to issues like loading, permissible tensile stress *etc.* which were contradictory to the standard design criteria adopted by design circle and would have significant effect on structural safety and cost of structure. The GoM stated that an additional design criteria was issued (March 2012). The reply is silent on whether the consent of SE, DC on the additional design criteria was sought by the PWD.
- It was observed that despite the willingness shown by SE, DC to perform the work of proof consultant, a private proof consultant namely Akar Abhinav Consultant Private Limited (AACPL) was appointed (February 2012) at the cost of ₹60.00 lakh. The GoM stated that considering the shortage of staff with design circle and urgency of work, the appointment of proof consultant was approved by the Government.
- As per sub-clause 2.1(B) of tender, all the existing structures¹³ handed over to the concessionaire shall be renovated/upgraded and maintained for the entire concession period. After handing over the structures, the concessionaire would immediately commence maintenance and within 30 days carry out the structural audit of these structures and prepare upgradation/ renovation plan accordingly and get it approved from the Structural and Technical Audit Committee¹⁴ (STAC). However, the structural audit report was submitted to STAC in March 2014 *i.e.* after a lapse of 21 months from the date of work order. The STAC observed many flaws in the report and recommended the concessionaire to carry out further tests to finalise the upgradation/renovation plans, which was yet to be taken up (November 2014). The GoM stated that action had been initiated as per the recommendations of the STAC.
- Due to non-availability of natural sand, the CE approved (March 2012) use of 50 *per cent* stone dust with natural sand for maximum six months or till availability of natural sand, whichever was earlier. The SE, Mumbai Construction Circle, was instructed to work out the financial implication and revise the cash flow in case of saving due to use of stone dust. However, neither the period for usage of stone dust was adhered to nor financial implication worked out. Further, the concessionaire continued to utilise the stone dust and even requested (January 2014) for use of

¹³ Flyovers, foot over bridges, vehicle under pass *etc.*

¹⁴ CE Special project, PWD Mumbai Region, SE, Mumbai Construction Circle, SE, Design Circle, representative of concessionaire and consultant, EE, MBC Kurla

100 per cent stone dust on which the CE instructed the SE/EE to examine the financial implication.

- As per contract, the concessionaire was required to carry out various types of tests as per Schedule ‘M’ of the CA. Out of total tests, minimum 30 per cent of tests were to be carried out from Government laboratory, Vigilance and Quality Control Circle and balance from the field laboratory. Though the required tests from field laboratory were sufficient, shortfalls¹⁵ ranging between 17 per cent and 56 per cent in conducting quality tests from Government Laboratories were noticed.

2.1.7.5 Inadequate supervision/monitoring of project

The SC was not appointed by the PWD for overall monitoring and supervision of the work. Further, proper records relating to regular supervision of work and corrective measures taken in case of deficient execution were not maintained by the EIC. The GoM accepted that the work of SC was being carried out by the PWD engineers. However, the supervision records were not maintained by the PWD.

2.1.8 Chinchoti Kaman Anjur Phata Mankoli Project

Project profile

<i>Name of Project</i>	<i>Four laning of Chinchoti Kaman Anjur Phata to Mankoli Roadmajor SH-4 (ch.0/000 to 26/425) in taluka Bhiwandi, district Thane on BOT basis under ‘P-Form’</i>
<i>CIC approval to project</i>	<i>23 February 2007, with project cost of ₹96 crore and concession period of 16 years and nine months including two years construction period</i>
<i>CIC approval to tender</i>	<i>6 May 2008, with project cost of ₹120.51 crore and concession period of 24 years and three months including 30 months construction period</i>
<i>Successful bidder</i>	<i>Bharat Udyog Limited and Jaihind Finance (I) Limited (JV)</i>
<i>SPV</i>	<i>“BUL Infra Developers” approval to which was accorded by GoM on 1 December 2009 and on being declared defaulter by the bank, Supreme Vasai Bhiwandi Tollways Pvt. Ltd. to whom GoM accorded in-principle approval on 3 October 2013</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>30 June 2008/10 June 2009/28 August 2009</i>
<i>Component of project</i>	<i>Length of the road 26.425 km. The project was divided into two phases Phase-I “Chinchoti Kaman to Anjur Phata” (km 0/000 to 22/600) and Phase-II “Anjur Phata to Mankoli” (km 22/600 to 26/425). Proposed toll plaza Malodi in Km 13/600. On completion of phase-I work toll collection was to be started</i>
<i>Status of project</i>	<i>PCC issued on 07 January 2012 and the toll notification was issued on 19 January 2012. Final completion certificate was yet to be issued</i>

2.1.8.1 Tendering

- The tender notice (March 2007) was not published in international newspapers. Further, the period for submission of tender was three months instead of four months.
- Blank tender forms were not issued to two¹⁶ prospective bidders citing absence of tender clerk and EE, thus, blocking their participation in the

¹⁵ out of 33,748 tests to be conducted by Government Laboratory only 27,769 tests were conducted

¹⁶ Atlanta Limited and Rohan Rajdeep

bidding process. The matter was brought to the Government's notice (August 2007) by the bidders. The GoM stated that the EE himself investigated the matter and found no reason for further investigation which was communicated (September 2007) to the SE. Reply is not acceptable as the matter should have been investigated at Government level to assess the failure of EE in providing tender forms.

2.1.8.2 Land acquisition

The concessionaire was required to deposit ₹ 5.07 crore within one month from the work order *i.e.* upto September 2009 for acquiring land. However, the entire amount was deposited in five installments between September 2009 and April 2010. It was observed that as against the total required land of 6.80 hectare (ha), payment of ₹ 4.23 crore had been made (4.73 ha) and the balance amount of ₹ 1.74 crore (2.07 ha) was yet to be incurred.

2.1.8.3 Inadequate supervision/monitoring of project

- Scrutiny revealed that the provision of appointment of SC was deleted and EIC was entrusted the duty in violation of Government policy. Further, no proper records were maintained relating to regular supervision of work and corrective measures taken in case of deficient execution.
- The concessionaire was required to carry out various types of tests as per Schedule 'M' in CA. Out of total tests, minimum 20 *per cent* of tests were to be carried out from Government laboratory, Vigilance and Quality Control Circle and balance from the field laboratory. Though the required tests from field laboratory were sufficient, shortfalls¹⁷ in conducting quality tests from Government laboratories were noticed ranging between seven *per cent* and 55 *per cent*.

2.1.8.4 Issue of Provisional Completion Certificate

As per CA, toll collection was to be allowed only after issue of completion certificate of Phase-I work. Though the concessionaire had completed 98 *per cent* of the cost of works under Phase-I, PCC was issued (January 2012) allowing early start of toll collection.

2.1.8.5 Collection of toll

As per Article 10.1(b) of the 'P-Form', in the event of the concessionaire employing the funds borrowed from the lenders to finance the project, the provision relating to lenders including those relating to financial closure and substitution agreement shall apply. Article 4 of substitution agreement provides that an escrow account should be opened with lead bank in the consortium of banks and the concessionaire should deposit all the cash flow in the escrow account. The concessionaire raised a loan of ₹ 137 crore from financial institutions¹⁸ but stopped depositing the fund into escrow account since June 2012. Declaring the concessionaire a defaulter, the bank entered into a substitution agreement with another agency *viz.* "Supreme Infrastructure India Ltd. (SIIL)" and requested (May 2013) GoM to accord acceptance of the same. However, pending approval of the GoM, the bank authorised

¹⁷ out of 16,229 tests to be conducted by the Government Laboratory only 7,963 tests were conducted

¹⁸ Central Bank of India, Punjab National Bank and State Bank of India

(12 June 2013) SIIL to collect toll. The GoM belatedly accorded in-principle approval (03 October 2013) to the substitution agreement, however, the toll notification in the name of the new concessionaire had not been issued till date (November 2014). The GoM stated that the toll notification already existed in the name of the earlier concessionaire and the change of name would be done in due course.

2.1.9 Baramati Phaltan Lonand Shirwal Project

Project profile

<i>Name of Project</i>	<i>Four-laning of Baramati Phaltan Road (SH 10) Km 42/400 to 64/300 and Phaltan Lonand to Shirwal Road (SH 70) Km 136/00 to 80/00 (BPLS) on Design, Build, Operate, Finance and Transfer (DBOFT) basis under MCA</i>
<i>CIC approval to project</i>	<i>26 December 2007, with project cost of ₹219.67 crore and concession period of 25 years including three years construction period. To make the project viable, VGF of ₹87.87 crore (40 per cent) was considered</i>
<i>CIC approval to tender</i>	<i>18 August 2009, with project cost of ₹355.65 crore with VGF of ₹138.70 crore</i>
<i>Name of the successful bidder</i>	<i>IVRCL Infra and Project Limited</i>
<i>SPV</i>	<i>“SPB Developers Pvt. Ltd.” approval to which was accorded by GoM on 01 October 2009</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>27 August 2009/6 March 2010/ 22 February 2010</i>
<i>Component of project</i>	<i>Length of the road 77.90 km. The project length was divided into three sections and three toll plazas</i>
<i>Approval of Empowered Institution (GoI) to VGF</i>	<i>The final approval of Empowered Institution¹⁹ (EI) was granted in March 2011 with VGF of ₹122.09 crore (with ₹67.80 crore from GOI and remaining ₹54.29 crore from State Government).</i>
<i>Status of project</i>	<i>The project is incomplete.</i>

2.1.9.1 Tendering

- The lowest bidder reduced its VGF offer of ₹ 164.67 crore (46.80 per cent of the project cost) to ₹ 122.09 crore (34.32 per cent of the project cost) after negotiation subject to grant of permission for collection of toll on completion of each section of project (total three sections). The change in the terms of the CA post opening of financial bid was irregular and resulted in undue favour to the entrepreneur. The GoM stated that final negotiation was made with lowest bidder and offer was reduced in favour of Government.

- As per article 25.2 of the MCA, the VGF support shall be equal to the sum specified in the bid and as accepted by the Authority, but in no case greater than the equity. However, the VGF of ₹ 122.09 crore was granted against the concessionaire’s actual equity of ₹ 25.93 crore by deleting the provision of article 25 of MCA “*but in no case greater than the equity*” to provide maximum VGF to the concessionaire.

2.1.9.2 Implementation of project

- An amount of ₹ 15.16 crore was considered in DPR for acquisition of 130.53 ha of land. While submitting proposal (January 2011) to GoI for final approval of VGF, the department claimed that entire land was available for the project. However, it was noticed that only 37.23 ha of land was acquired at a

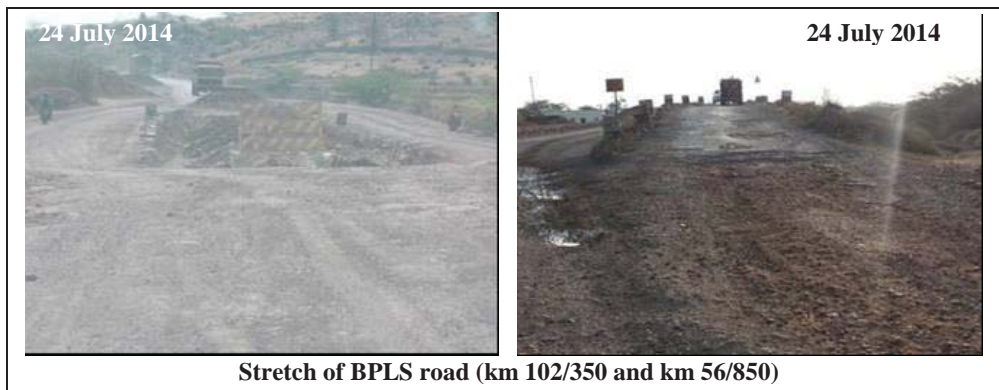
¹⁹ Approves the VGF grant being provided to the concessionaire

cost of ₹ 9.87 crore through private negotiations and an amount of ₹ 22.59 crore was deposited with the Sub-Divisional Officer (SDO) for acquisition of balance 93.30 ha of land as of November 2014.

- As per PWD norms, the cost incurred on shifting of electrical lines shall be borne equally by PWD and Maharashtra State Electricity Board (MSEB). Though, an expenditure of ₹ 5.75 crore was incurred on electrical shifting by PWD, an amount of ₹ 2.87 crore towards MSEB's share demanded in April 2010 was yet to be recovered (November 2014).
- Though the scheduled date of commercial operation of project was due on 5 March 2013, it could not be achieved (November 2014) due to non-availability of fund, non-acquisition of land for ROW and pending finalisation of concessionaire's compensation claim.

2.1.9.3 Breach of maintenance obligations

As per the CA, the concessionaire was to maintain and repair roads during the concession period. However, it was noticed that the concessionaire was not taking corrective measures to the deficiencies pointed out by IE and PWD from time to time. The IE recommended (February 2014) to initiate appropriate action as per provisions of CA for non-adherence of maintenance activity. Giving the list of unsafe under-construction zones, the IE specifically mentioned (June 2014) that the stretch of road (indicated in the image below) was unsafe, hazardous and accident-prone, endangering lives of the road users. However, records with the PWD indicated no action was taken by the PWD as of June 2014. Further, the pothole filling works amounting to ₹ 16.32 lakh were executed (February 2014) by division in the ch. Km 86/000 to km 100/000 out of VGF grant available with the division at the risk and cost of the concessionaire.



2.1.9.4 Inadequate supervision/monitoring of project

The IE²⁰ was appointed (October 2010) after a delay of more than a year as against appointment of IE not later than 90 days from the date of CA. The GoM while accepting the fact stated that the work was supervised by the PWD through EIC for the period prior to the appointment of IE. The reply is not acceptable as the delay in appointment of IE was in violation of the CA. Further, monthly progress reports (MPRs) and inspection notes of PWD prior to the appointment of IE were not found on record.

²⁰ M/s Consulting Engineering Services Limited and Astute Infrastructure Limited (JV)

2.1.10 Jam Warora Project

Project profile

<i>Name of Project</i>	<i>Four-laning of Jam Warora Chandrapur Road (SH 264) (Ch.0/000 to 40/000) (Section- Jam to Warora) on DBOFT basis under MCA</i>
<i>CIC approval to project</i>	<i>10 September 2008, with project cost of ₹233 crore, fixed concession period of 30 years including two years construction period and VGF of ₹93.20 crore.</i>
<i>CIC approval to tender</i>	<i>31 August 2010 with project cost of ₹223.61 crore involving VGF ₹99.67 crore (Central share ₹44.72 crore and State share ₹54.95), ₹4.65 crore for the cost of buy back of old project and utility shifting to be borne by PWD. Fixed concession period of 30 years including construction period of three years.</i>
<i>Name of the successful bidder</i>	<i>Eagle construction company (JV)</i>
<i>SPV</i>	<i>ECA Infrastructure India Private Limited approved by GoM on 22 February 2011.</i>
<i>Approval of EI (GoI) to VGF</i>	<i>The final approval was granted on 6 March 2012.</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>26 October 2010/01 October 2011/05 April 2011.</i>
<i>Component of project</i>	<i>Length of road : 40 km. Construction of four lane road along with concrete gutters, eight minor and one major bridge</i>
<i>Status of project</i>	<i>Project is complete. Toll notification issued on 25 July 2012. Final completion certificate issued on 25 September 2012.</i>

2.1.10.1 Tendering

Though the lowest bidder's offer for VGF was ₹ 99.67 crore (44.57 per cent) of project cost, the same was approved (August 2010) by CIC against the prescribed norms of 40 per cent. However, on being objected (January 2012) by the GoI's Empowered Institution (EI) that the bid should have been rejected on account of non-responsive offer, the VGF was reduced (February 2012) to ₹ 89.43 crore after entering (February 2011) into CA. The GoM stated that offer of the concessionaire was approved by CIC and the concessionaire reduced their offer within 40 per cent of total project cost.

2.1.10.2 Financing of the project

As per article 25.2 of the CA, the VGF support shall be equal to the sum specified in the bid and as accepted by the Authority, but in no case greater than the equity. However, the VGF of ₹ 89.43 crore was more than the equity of ₹ 34.25 crore of the concessionaire. The GoM stated that as per GoI's letter (April 2009) VGF support shall not be more than twice the equity and the same concept was followed for approval of GoI in the EI committee meeting. Reply is not acceptable as the VGF granted in this case was more than twice the equity.

2.1.10.3 Implementation of the project

- In the DPR the crust thickness of the road was considered at 720 mm as per IRC 37/2001. However, test reports revealed that the actual crust thickness of the road ranged between 594 mm and 613 mm and was thus of inferior quality.
- Article 17.15 of CA stipulate that the concessionaire shall not undertake or permit any form of commercial advertising, display or hoarding at any place on the site. It was, however, noticed during joint site visit (June 2014) with the PWD officials that commercial advertisement was

displayed by the concessionaire on the median verge²¹ in violation of CA terms.



Before audit



After audit

The GoM accepted the fact.

2.1.10.4 Collection of toll

The toll rates adopted for projects were more than the rates declared by the PWD in toll policy of July 2009 applicable for the project. The GoM stated that at the time of approval of the project by CIC, the toll policy of July 2009 was not in force. Reply is not acceptable as the approval to the tender was in August 2010 which was more than a year after the July 2009 toll policy and the GoM could have considered the same at the time of approval of tender. The rate of toll being charged and the toll rate as per July 2009 is given in **Table 2.1.1** below:

Table 2.1.1: Actual Toll charged vis-à-vis Toll as per Government Resolution

Category of vehicle	Rates as per GR dated 30 July 2009 (₹)	Rates of toll being charged as per Agreement (₹)	Difference (₹)
Type 2A	30	45	15
Type 2B	55	65	10
Type 3	110	130	20
Type 4	180	220	40

Source : Concession Agreement of JW and GR of July 2009

The impact of excess amount collected could not be ascertained in absence of actual toll amount collected by the concessionaire.

2.1.11 Manor-Wada-Bhiwandi Project

Project profile

Name of Project	Four-laning of Wada-Bhiwandi Road SH-35 (ch.49/00 to 89/070) and Manor Wada SH-34 (ch.29/550 to 53/800) on BOT basis under 'P-Form'
CIC approval to project	14 January 2009, project cost of ₹280 crore and concession period of 21 years including two years construction period.
CIC approval to tender	18 August 2009, project cost of ₹339.76 crore and concession period of 22 years and 10 months including two years construction period.
Name of the successful bidder	Ram Infrastructure Limited and Tapi Prestress Product Limited (JV)
SPV	Supreme Manor Wada Bhiwandi Infrastructure Private Ltd.
Date of LOA/ financial closure/ Work order	24 September 2009/30 August 2010 /11 October 2010
Component of project	Length of road: 64.320 km. Construction of four-laning of road along with four major bridges, three VUPs and other facilities
Status of project	PCC issued on 25 February 2013 and the toll notification was issued on 01 March 2013. Final completion certificate was yet to be issued.

²¹ A dividing strip in the middle of road

2.1.11.1 Tendering

- While submitting the tender proposal to the CIC, the concessionaire's offer of ₹ 339.76 crore against the original project cost of ₹ 280 crore put to tender was compared with the revised project cost of ₹ 343.69 crore. Audit observed that the revised project cost was incorrectly calculated at ₹ 343.69 crore instead of ₹ 286.12 crore due to calculating the per kilometer cost at ₹ 1.5 crore per km instead of ₹ 15 lakh per km. Considering the project cost of ₹ 286.12 crore, the concessionaire's offer was 19 *per cent* above the tendered cost. The CIC approved (August 2009) the CA under the assumption that concessionaire's offer was lower than the revised estimated cost. The GoM stated that the concession period was the lowest as compared to other bidders and PWD prepares estimates for guidelines purpose only and the concessionaire's offer being higher or lower than the estimated cost was not the criteria for selection.
- The entrepreneur JV²² selected for the project formed a SPV viz. Supreme Manor Wada Bhiwandi Infrastructure Private Limited with authorised share capital of ₹ 10 lakh as against the required equity component of ₹ 101.93 crore for the project costing ₹ 339.76 crore. As per the Memorandum of Understanding (MoU), of the issued and paid up share capital 45 and six *per cent* shares were to be held by the two companies of JV while the balance 49 *per cent* was to be held by new company viz. Supreme Infrastructure BOT Private Limited (SIBPL). The MoU provided that the SIBPL would acquire 74 *per cent* of total shares leaving only 26 *per cent* equity share capital with the successful bidder at the end of three years from the date of concession agreement (08 March 2010). This was in contravention of CA condition (Article 20(xi)) according to which the aggregate shareholding of JV in the issued and paid up equity share capital shall not be less than 51 *per cent* until expiry of three years following the COD. Reply of GoM was silent about entry of new company with a major stake in the SPV in violation of CA condition.
- Presence of houses and temples not considered in FR led to deletion of four laning of 3.5 km of road adjacent to Bhiwandi city. As an alternative, a new bypass road of 7.9 km costing ₹ 52.70 crore was allotted to the same concessionaire by including (July 2013) it in the original project. The Finance Department objected (August 2011) to the addition of a new bypass road at such a huge cost in the original CA without tendering. This resulted in increase of concession period by five years and eight months. The GoM stated that the bypass was constructed as per demand of public representative citing traffic congestion and hence included in the ongoing project.
- Scrutiny revealed that the cost of annual maintenance was considered at ₹ 7.76 crore in the original cash-flow with project cost as ₹ 339.76 crore during the construction period (2010-13). However, after inclusion of new bypass road (July 2013) costing ₹ 52.70 crore, the revised cash flow showed the cost of annual maintenance including the new bypass road at ₹ 12.93 crore for the same period (2010-13) instead of considering the maintenance of the

²² Ram Infrastructure Ltd. and Tapi Prestress Product Limited

new bypass road from 2013-14 onwards. Thus, the concessionaire got an undue benefit of ₹ 5.17 crore resulting in extra concession period of 255 days.

2.1.11.2 Implementation of project

- More than a year had lapsed in issue of work order from the date of approval of the CA due to delay in formation of SPV and submission of performance security for construction period. The PWD did not initiate action to terminate the CA in view of non-submission of performance security and allowed the concessionaire to work on the project in spite of violation of CA conditions. Further, the project was stipulated for completion in October 2012, however, the works valued at ₹ 19.64 crore was yet to be executed in 10.12 km for want of forest land resulting in the project remaining incomplete (October 2014). The GoM stated the balance widening work would be completed in three months subsequent to getting land from Forest Department.
- As per the CA three VUPs/ FOBs costing ₹ 15 crore were to be constructed at three junctions (Ambadi, Jawhar Phata and Wada), however, two VUPs at Jawhar Phata and Wada junction were dropped from the project due to existence of heritage temple and public protest, however, the approximate²³ cost of ₹ 10 crore of the same was not adjusted in the cash flow.
- As per CA condition, the concession period shall be increased or decreased by one day for every ₹ 4.03 lakh increase or decrease in final land acquisition cost. The rate of ₹ 4.03 lakh was arrived at by dividing the estimated project cost with total toll period. The rate worked out on the basis of project cost was flawed, as any increase in land acquisition cost payable to concessionaire was to be compensated by increase in concession period and thus was required to be linked to the estimated toll collection. Based on the Net Present Value (NPV) of estimated toll collection during the concession period, the compensation worked out to an increase of one day for every ₹ 8.37 lakh increase in final land acquisition cost. An expenditure of ₹ 48.87 crore was incurred on acquisition of 34.22 ha land (against estimated cost of ₹ 14.79 crore included in the project cost). An area of 15.29 ha land in addition to 17.02 ha of forest land pending final approval of Forest Department was still to be acquired. Considering the flawed condition in the CA, the concessionaire would be granted increased concession period of 845 days as against 407 days as per audit calculation thereby resulting in undue benefit of ₹ 36.66 crore. Further, in the light of revised land acquisition Act enacted (2014) by GoI, the cost of acquisition of balance land would further increase.
- The works of four major bridges under the project were executed without the prior approval of the SE, DC, despite regular reminders to the concessionaire to reply/clarify the issues on the designs submitted. Due to non-compliance of the issues raised, SE, DC, Navi Mumbai closed (October 2012) the matter intimating it to the CE, PWD. However, no further action was taken by the PWD in this regard. Lack of an effective mechanism to ensure compliance to SE, DC's queries resulted in execution of bridge work without compliance of issues raised by SE, DC in violation of the CA conditions. The GoM stated that the designs were submitted to SE, DC from

²³ Considering the cost of one VUP at ₹ five crore

time to time and was approved by the SE, DC. The reply is not acceptable as the SE, DC had closed the matter without receiving the compliance to issues raised, from the concessionaire.

- An amount of ₹ 2.82 crore towards performance security for operation and maintenance was required to be deposited with EIC on or before the COD as per sub-article 3.1 (a). However, the same was not deposited (November 2014) though the COD was achieved on 01 March 2013. The GoM stated that the amount would be collected from the concessionaire.

2.1.11.3 Inadequate supervision/monitoring of project

- It was noticed that the provision of Supervision Consultant (SC) was deleted at the time of tendering and the EIC was entrusted with the duty of SC in violation of Government policy. Further, proper records were not maintained by the EIC relating to regular supervision of work and corrective measures taken in case of deficient execution.
- As per Schedule ‘M’ of the CA, the concessionaire was required to carry out various types of tests. Out of total tests, minimum 30 per cent tests were to be carried out from Government laboratory, Vigilance and Quality Control Circle and balance from the field laboratory. Though, the required tests from field laboratory were sufficient, shortfalls²⁴ in conducting quality tests from Government Laboratories in MWB project were noticed ranging between 50 per cent and 100 per cent.

2.1.12 Shirur Tajband Narshi Biloli Project

Project profile

<i>Name of Project</i>	<i>Two-laning of Shirur Tajband Narshi (ch 0/00 to 72/500) and two laning with paved shoulder²⁵ of Narshi Biloli to State Border (ch 72/500 to 105/200) SH- 225 on DBFOT basis under MCA</i>
<i>CIC approval to project</i>	<i>14 January 2009, project cost of ₹175.48 crore with VGF of ₹58.61 crore for a fixed concession period of 30 years</i>
<i>CIC approval to tender</i>	<i>31 August 2010, project cost of ₹241.12 crore with Government contribution of ₹111.21 crore including VGF of ₹96.02 crore and concession period of 25 years including two years construction period.</i>
<i>Approval by EI</i>	<i>12 August 2009 for ₹190.18 crore which was considered in CA</i>
<i>Name of the successful bidder</i>	<i>K.T. (I) Construction Limited Indore (JV)</i>
<i>SPV</i>	<i>Kalyan Toll Private Limited, Indore</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>14 January 2011 / 30 April 2012/18 November 2011</i>
<i>Component of project</i>	<i>Length of road : 105.20 km. Construction of two- lane road, two-lane with paved shoulder, four-lane in different stretches along with various minor bridges</i>
<i>Status of project</i>	<i>PCC was issued on 15 April 2014 and the toll notification was issued on 18 June 2014</i>

²⁴ out of 11540 tests to be conducted by Government Laboratory only 8911 tests were conducted

²⁵ a part of the road that is adjacent to the regularly travelled portion of the road

2.1.12.1 Tendering

Though the lowest bidder's offer for VGF was ₹ 96.02 crore (50 per cent of project cost ₹ 190.18 crore), the same was approved by CIC against the prescribed norms of 40 per cent. However, on being objected by the EI, the VGF was reduced (May 2012) to ₹ 76.08 crore after entering into CA. A supplementary agreement with reduced VGF was entered into (May 2012) with the project cost as ₹ 190.18 crore. Incidentally, the CE approved (May 2012) the proposal of concessionaire revising the scope and cost of project from ₹ 190.18 crore to ₹ 175.22 crore on the ground of modified VGF. The GoM stated that the offer of the concessionaire was approved by the CIC and the concessionaire unconditionally reduced its offer within 40 per cent of TPC. Further, it was also stated that there was no revision in project scope or cost. However, the PWD's contention that the concessionaire reduced the VGF unconditionally and there was no revision in project scope or cost is factually incorrect as the IE had also referred to CE's letter of May 2012 in the MPR of May 2014 indicating revision in scope of work.

2.1.12.2 Financing of project

- According to the CA entered on 16 June 2011, the concessionaire was required to achieve the financial closure by 18 December 2011. Though the same was achieved only on 30 April 2012 (delay of 138 days) the liquidated damages amounting to ₹ 1.31 crore was not levied. The GoM stated that due to uncertainty in finalising the VGF amount, there was delay in the financial closure. The reply is not acceptable as the financial closure was achieved considering the original VGF, which was subsequently reduced (May 2012).
- The IE observed (April 2014) that the Bill of quantity (BOQ) submitted by the concessionaire while claiming VGF, did not conform to the progress of work while the rate of items given in BOQ was also not ascertainable. The GoM stated that the VGF released was based on MPR submitted by IE which was cross checked by EIC. The reply is not acceptable as it contradicts the IE's observation.

2.1.12.3 Implementation of Projects

- More than a year had lapsed in issue of work order from the date of approval of the CA due to delay in achieving financial closure. Though the project was scheduled for completion by 17 November 2013, the PCC was issued on 15 April 2014 after a delay of 149 days. For the delay, the concessionaire was liable to pay liquidated damages of ₹ 1.41 crore @ ₹ 0.95 lakh per day, however, the same was yet to be recovered (November 2014).
- The performance security of ₹ 9.51 crore required to be obtained before the appointed date as per sub-clause 4.1.3 under Article 4 was not obtained from the concessionaire. The Government stated that the bank guarantee of ₹ 11.94 crore was in possession of PWD and the obligation of performance security can be made from this bank guarantee. Reply is not factually correct as the copy of the bank guarantee of ₹ 11.94 crore pertained to another contract of the same concessionaire and had already lapsed in July 2012.

- As per Article 18 of CA, the PWD shall appoint a safety consultant not later than 90 days from the date of agreement, to carry out safety audit at the design stage of the project to recommend safety related measures to make the road safe and motorable. However, the safety consultant was not appointed (November 2014) while the road was opened (April 2014) for traffic. The GoM stated that the road safety audit was done by PWD. Reply is not convincing as the PWD had submitted (February 2013) a proposal to Government for appointment of safety consultant though the work commenced in November 2011 indicating that the safety audit was not done during the design stage.
- As per the CA, 75 per cent completion of the total project length and an assurance that the project highway can be safely and reliably used for commercial operation was required for issue of PCC. However, the percentage of completion of work was not worked out before issue of PCC. Further, the works at many stretches in between and specifically on entry point of project highway along with items related to safety measures were not taken up at time of issue of PCC.
- An amount of ₹ 12.72 crore was approved for buyback of existing BOT project without specifying the time limit for taking over the same. However, the PWD did not buyback the existing BOT project and allowed the existing concessionaire who was incidentally awarded the new project to collect the toll of ₹ 5.85 crore till the new notification was issued (June 2014). The continuation of collection of toll even after award of fresh contract was against the CIC's approval and not in order as CA condition allowed the toll operation on completion of 75 per cent of project length. Further, as per the new project, the concessionaire was to construct three new toll plazas at a cost of ₹ three crore each. However, it was noticed that only two booths were added to the existing toll plaza at Vijaynagar and did not justify the cost of ₹ three crore. The GoM while accepting the facts stated in the exit conference to adjust the differential amount for not constructing a new toll plaza.

2.1.12.4 Inadequate supervision/monitoring of project

- Scrutiny revealed that the IE was appointed on 22 July 2013 for a period of three years instead of from the date of CA *i.e.* on 16 June 2011. As the scheduled date of completion of work was November 2013, the IE was left with only four months for supervision work during the construction period. This indicated lack of supervision during June 2011 to July 2013.
- The IE issued a total of 102 Non Conformity Reports²⁶ (NCR) during August 2013 to May 2014 mainly related to quality of construction, however none of them were complied (May 2014) though PCC was issued in April 2014 indicating non-adherence to the quality aspect. The GoM stated that all the NCRs had been complied with and was accepted by the IE.

²⁶ deviation or deficiencies in work with reference to technical specification is pointed out in NCR

2.1.13 Nashik Niphad Vaijapur Project

Project profile

<i>Name of Project</i>	<i>Four-laning of Nashik Niphad Vaijapur Aurangabad Road (SH 30) Km 155/300 to Km 179/000 and two-laning with paved side shoulders Km.235/000 to 251/300 on BOT basis under 'P-Form'</i>
<i>CIC approval to project</i>	<i>29 January 2009, project cost of ₹250 crore with VGF of ₹100 crore was approved. The revised project cost of ₹186.75 crore with VGF of ₹36.75 crore by deducting VGF ₹63.25 crore (approved in September 2005) utilised on departmentally executed works. The concession period was for 28 years with construction period of two years</i>
<i>CIC approval to tender</i>	<i>18 August 2009, project cost of ₹191.10 crore with VGF of ₹43.5 crore and concession period of 28 years including two years construction period.</i>
<i>Name of the successful bidder</i>	<i>K.T. (I) Construction Ltd. Indore and Kalyan Toll Infrastructure Pvt. Ltd.(JV)</i>
<i>SPV</i>	<i>Kalyan Infratech Private Limited, Indore</i>
<i>Date of LOA/financial closure/ Work order</i>	<i>23 October 2009/20 September 2010/17 December 2009</i>
<i>Component of project</i>	<i>Construction of 23.70 km of four-lane, 16.30 km of two-lane with paved shoulder road along with one ROB etc.</i>
<i>Status of project</i>	<i>PCC was issued on 01 March 2012 and the toll notification was issued on 21 April 2012. Final completion certificate was yet to be issued</i>

2.1.13.1 Tendering

Clause 4.2.6 of tender document (Vol. II) stipulated that the traffic density in the Sinhastha Parva in the year 2003-04 had increased up to four times of the average traffic. The Concessionaire was required to consider increase in traffic for coming Sinhastha Parva to be held in 2015 and 2027. However, this aspect was not considered while making revenue projection in cash-flow and the offer of the bidder was accepted by the Government.

2.1.13.2 Financing of project

- As per the CA, financial closure was required to be achieved within 120 days from the date of LOA (23 October 2009). However, the financial closure was achieved on 20 September 2010 after a delay of 211 days. In absence of any enabling clause for levy of penalty due to delay in achievement of financial closure, PWD could not levy penalty against the concessionaire.
- As per article 25.2 of the MCA, the VGF support shall in no case be greater than the equity. However, the VGF of ₹ 43.50 crore was granted as against the concessionaire's equity of ₹ 30.58 crore.

2.1.13.3 Non-provision of accounting framework and auditing arrangements

Though the VGF of ₹ 43.50 crore was provided for the project, the CA was entered into on 'P-Form' rather than on MCA. Further, it did not have any provision for appointment of independent auditor/Statutory auditor to audit and verify the expenses, costs, realisation *etc.* and maintenance of Escrow account as provided in MCA. In absence of these clauses in CA, audit could not safe vouch whether the financial interest of the Government was protected.

2.1.13.4 Implementation of project

- The concessionaire was bound to complete the punch list items within a period of 60 days from the date of issue of PCC and obtain final completion certificate failing which Liquidated Damages (LD) for delay beyond the stipulated date of completion was to be levied at ₹ one lakh per day for 30 days, ₹ 1.5 lakh from 30 to 90 days and ₹ two lakh beyond 90 days. Though the project was scheduled for completion by 16 December 2011, PCC was issued on 01 March 2012 after a delay of 75 days. However, the LD amounting to ₹ 97.50 lakh was not recovered from the concessionaire though worked out (February 2012).
- The tolling right at one toll plaza was given to the concessionaire from the date of work order. In the event of delay in completion of project, 10 per cent of revenue collected was to be recovered for the delayed period. However, an amount of ₹ 12.20 lakh towards 10 per cent of revenue collected for the delayed period was not recovered from the concessionaire.
- The PCC was issued on 1 March 2012. As per punch list, though the work of ROB at Shilapur costing ₹ 10.40 crore was pending for want of availability of blocks by the railway authority, the cost of balance work as per punch list was considered at ₹ 3.35 crore only including ₹ one crore towards ROB. The final completion certificate was yet to be issued (November 2014) as the six-lane toll plaza at Andersul was yet to be completed for want of land. The toll notifications were issued from time to time on temporary basis for a period of six months instead of the entire concession period due to pending works.

2.1.14 Kasheli Bridge project

Project profile

<i>Name of Project</i>	<i>Construction of South Kasheli and North Kasheli Bridge at ch 8/293 along with the approaches in Km 0/00 to 8/090 on Thane Bhiwandi Wada Road Special SH in Thane District on BOT basis under 'P-Form'.</i>
<i>CIC approval to project</i>	<i>24 April 2007, project cost of ₹134.70 crore with concession period of nine years and two months including three years of construction period.</i>
<i>CIC approval to tender</i>	<i>25 June 2008, project cost of ₹227.63 crore with concession period of 23 years five months and seven days including three years of construction period.</i>
<i>Name of the successful bidder SPV</i>	<i>K.T. Construction (I) Ltd. Indore and Sangam (I) Ltd. (JV) Kalyan Sangam Infratech Ltd</i>
<i>Date of LOA/ financial closure/ Work order</i>	<i>4 September 2008/25 May 2009/12 January 2009</i>
<i>Component of project</i>	<i>Construction of two bridges and approach road etc.</i>
<i>Status of project</i>	<i>Provisional completion certificate was issued on 09 November 2011 and the toll notification was issued on 30 November 2011. Final completion certificate was yet to be issued.</i>

2.1.14.1 Project financing

As per the CSD, the financial closure was to be achieved within 120 days of LOA i.e. 02 January 2009, however, the same was achieved after a delay of 143 days i.e. 25 May 2009. Though the PWD proposed recovery of damages of

₹ 47.19 lakh, the same was not recovered. Further, the work order was issued prior to the financial closure on 12 January 2009. The Government while accepting the fact stated that the amount would be recovered.

2.1.14.2 Implementation of project

- The concessionaire had deposited (during March 2009 and August 2010) only ₹ 5.50 crore against the requisite amount of ₹ 9.40 crore to be paid by February 2009 for acquisition of 8.16 ha of land. Only 04.90 ha was acquired by the PWD and the cost of acquisition of balance 03.26 ha of land was assessed at ₹ 9.54 crore due to increase in land rates. As the concessionaire did not respond to repeated reminders for depositing the balance amount, the PWD proposed (January 2014) to acquire the balance land through budget head leading to liability of ₹ 9.54 crore to the Government. The GoM stated that no amount was provided for in the budget for land acquisition. It was also added that the concession period was proposed to be reduced. However, the reply was silent about the acquisition of the balance 3.26 ha of land required for completion of the project.

- It was noticed that the bridge works were completed without the prior approval of the SE, DC, despite regular reminders to the concessionaire to reply/clarify the remarks on the designs submitted. Due to non-compliance of the issues raised by the SE, DC, the matter was closed and the same was intimated (February 2013) to the SE, Thane Circle. No further action was taken by the PWD in this regard. Lack of an effective mechanism to ensure compliance to SE, DC's queries resulted in violation of the CA conditions. The GoM stated that the designs were submitted to SE, DC from time to time and most of the component was approved by the SE, DC. The reply is not acceptable as the SE, DC had closed the matter as the concessionaire was not responding to issues raised by SE, DC.

2.1.14.3 Issue of Provisional Completion Certificate

For the purpose of issuing PCC (9 November 2011), the PWD instead of considering approved project cost of ₹ 227.63 crore, calculated 98 *per cent* of construction cost on a project cost of ₹ 201.34 crore by excluding cost of land acquisition, shifting of water supply lines, supervision charges *etc.* It was noticed that road widening along with built-up drain/sewerage work in 420 meter road length costing ₹ 2.23 crore was not taken up and position of ancillary items were not shown at the time of PCC. The project was still incomplete (October 2014).

2.1.14.4 Inadequate supervision/monitoring of project

As per Schedule 'M' in CA, the concessionaire was required to carry out various types of tests. Out of total tests, minimum 30 *per cent* of tests were to be carried out from Government laboratory, Vigilance and Quality Control Circle and balance from the field laboratory. Though the required tests from field laboratory were sufficient, shortfalls²⁷ in conducting quality tests from Government Laboratories in MWB project were noticed ranging between 34 *per cent* and 84 *per cent*.

²⁷ out of 27,769 tests only 16,874 tests were conducted

2.1.15 Two-lane projects

Three projects of two-lane were selected for detailed scrutiny and the observations are as under:

Project profile

<i>Name of Project</i>	<i>Improvement to Alibag-Pen-Khopoli Road SH 87 Portion between Km 29/650 to 58/00 on BOT basis under P-Form (Total length – 28.35 km)</i>	<i>Two-laning of Malkapur – Buldhana-Chikhali Road SH 176 (in km 0/00 to 71/680) in Buldhana District on BOT basis under P-Form (Total length – 71.68 km)</i>	<i>Improvement to Aundha Chondi Basmat Road in SH – 220 (km 98/00 to 118/00), District Hingoli on BOT under P-Form (Total length – 20 km)</i>
<i>Approval to project</i>	<i>Project approved by Chief Engineer on 31 March 2004 with project cost of ₹13.51 crore for concession period of five years and six months</i>	<i>Project approved by CIC on 20 September 2005 with project cost ₹38.76 crore and concession period of 19 years and nine months including two years construction period</i>	<i>Project approved by GoM on 19 September 2000 with project cost of ₹3.70 crore for concession period of 12 years including construction period of one year</i>
<i>Approval to tender</i>	<i>Approved by GoM on 26 April 2006 with project cost of ₹14.85 crore for concession period of 13 years and six months including construction period of 18 months</i>	<i>Approved by GoM on 28 July 2006 with project cost of ₹42.81 crore with concession period 19 years and eight months.</i>	<i>Approved by GoM on 20 May 2002 with project cost of ₹5.50 crore for concession period of 14 years, four months and 14 days.</i>
<i>Name of the successful bidder</i>	<i>J.M Mhatre, Panvel, Raigad</i>	<i>Buldhana Urbana co-op Credit society Ltd N.B.C (JV)</i>	<i>Keti Construction (I) Ltd.</i>
<i>Date of work order/ toll notification</i>	<i>3 July 2006 /19 June 2007</i>	<i>29 September 2006/ 25 July 2007</i>	<i>7 October 2002/ 25 February 2003</i>
<i>Component of project</i>	<i>Widening of formation width from 10 m to 12 m, strengthening of existing 7 m carriageway and widening of carriageway from 7 m to 10 m in Ch.50/00 to 54/00 km with minor bridges and RCC slab drain</i>	<i>Widening of road, minor bridge, reconstruction of bridge, widening of slab culverts, widening of Hume Pipe culverts, improvement of junction</i>	<i>Improvement to Aundha Chondi Basmat Road (SH-220) km 98/00 to 118/00 (20 km) including reconstruction of minor bridge at km106/000</i>
<i>Status of project/Date of final completion</i>	<i>Project incomplete. PCC issued on 27 April 2007</i>	<i>Project completed/ 26 September 2008</i>	<i>Project completed/ 22 April 2003</i>

2.1.15.1 Feasibility Report

- Traffic census was carried out by PWD for one day and three days only as against prescribed period of minimum seven days in Aundha Chondi Basmat (ACB) Road project and Malkapur-Buldana-Chikhali (MBC) Road projects respectively.
- In Alibag-Pen-Khopoli (APK) Road project, feasibility study was carried out and approved (October 2005) by CE whereas tender was floated (November 2002) on the basis of preliminary survey by PWD and the bids were submitted (July 2004). Further, after the signing of CA (July 2006), seven variations costing ₹ 4.13 crore were made in scope of work leading to claim of additional concession period of seven years by the concessionaire.
- In MBC project, Non Pressure (NP)-3 hume pipes considered in FR

for widening of road was found non-compatible with the existing NP-2 hume pipes type. The work was hence executed with NP-2 pipes.

2.1.15.2 Tendering

- In APK project a single bid (J M Mhatre) was received (July 2004) for a project cost of ₹ 14.85 crore with a concession period of 19 years and five months as against project cost of ₹ 13.51 crore with a concession period of five years and six months worked out on the basis of preliminary survey of the PWD. The SE (Special Project Circle, Navi Mumbai) proposed (November 2004) cancellation of tender in view of huge gap in concession period offered by the bidder as compared to the PWD's projection. However, CE instructed (November 2004) SE to negotiate with the entrepreneur within seven days. It was, however, observed that the entrepreneur after a lapse of seven months reduced (June 2005) the concession period to 13 years and six months. In the meanwhile, the PWD carried out a feasibility study and revised (October 2005) the project cost to ₹ 14.25 crore and the concession period to 12 years and six months due to reduction in vehicular density as compared to PWD's earlier projection. Accordingly, the tender was approved (April 2006) with a project cost of ₹ 14.85 crore having a concession period of 13 years and six months. Thus, the PWD's decision to award the tender to a single bidder and conducting feasibility study post bid submission was an attempt to justify the offer given by the entrepreneur. The GoM stated that the acceptance of tender by the PWD was judicious. Reply is not acceptable as the project awarded after conducting detailed feasibility study post receipt of bids was against normal accepted practice and should have been retendered.

- In MBC project, a single bid of Buldhana Urban Credit Cooperative Society (BUCCS) and National Building Construction Company (NBCC) Pvt. Ltd. (JV) was accepted (July 2006) with further inclusion (January 2007) of one more company viz. J.V. Kulkarni and Friends Associate after the acceptance of CA. MoU indicated that BUCCS had engaged two partners on payment basis in lieu of works to be executed²⁸, instead of profit sharing arrangement indicating that JV was formed merely to procure the CA.

- In MBC project, the concessionaire considered the annual repair and renewal cost at two and 16 *per cent* of the project cost respectively as against one and six *per cent* considered by PWD. The traffic growth was considered at two *per cent* against the norm of five *per cent* and the toll discount rate was also adopted at higher side at 17.65 *per cent* as against the norm of 16 *per cent*. On recalculation by audit on the basis of the PWD norms, the concession period worked out to 14 years for 15 *per cent* IRR as against 19 years and eight months for 14.97 *per cent* IRR accepted by the department. The GoM stated that the reasons quoted by the concessionaire were acceptable as there was a parallel road. Reply itself is indicative that the project undertaken was not feasible for BOT and was against the Government policy.

2.1.15.3 Project implementation

- In MBC project, on local demand, the concessionaire installed 129 street lights in the Buldhana city portion costing ₹ 64.41 lakh beyond the

²⁸ Works of 64 *per cent* of the project cost was to be executed by J.V. Kulkarni and Friends Associate and remaining 36 *per cent* by National Building Construction Company

scope of project. Though, the Chief Officer, Buldhana Municipal Council agreed (July 2006) to bear the cost of electric bills and maintenance, the same was not being maintained due to shortage of fund. During the site visit by audit (June 2014), the street lights were found non-functional, which was also confirmed by the PWD. As the cost was included in the cash flow, the same was being reimbursed by way of toll without benefitting the public. Further, as per the CA, the concessionaire was to provide site office (₹ 50.00 lakh), vehicles (₹ 15.00 lakh) and field laboratory equipped with modern furniture (₹ 10.00 lakh) required for BOT work. However, three buildings²⁹ costing ₹ 75.00 lakh were executed with the consent of the PWD. The GoM stated that the street lights were provided by the concessionaire at his own cost. Further, the site office was also built by the concessionaire for ₹ 65.00 lakh, however, the Government stated that any excess cost beyond this would not be paid to the concessionaire. Reply is not acceptable as the construction of office building at circuit house, community hall and dormitory for drivers was contradictory to the CA.

- In ACB project, even though provisions were made in the project for maintenance of the roads, it was not being properly maintained leading to accidents, as was revealed from representations made to the PWD by various stakeholders like Police department, public representative, private authorities in addition to the PWD's correspondence with concessionaires.

2.1.16 Other important issues

2.1.16.1 Publicity of Tenders

In all the nine four-lane test checked projects with estimated cost between ₹ 96 crore and ₹ 845 crore, adequate publicity was not given. Further, the prescribed time period of four months for sale of tenders was not followed. The GoM stated that the tender notice was published as per norms in National, State/district level newspapers for specified duration and also uploaded in PWD website. Reply is not convincing as the period for publicity and period for receipt of tender was not as prescribed. Further, there was no system of e-tendering for PPPs in the State.

2.1.16.2 Incomplete concession agreement

After awarding a contract, a CA was required to be entered into with the successful bidder to be treated as a concessionaire. However, it was noticed that in three³⁰ projects, the CA was directly entered into with the SPV formed by the entrepreneur without appending the terms and conditions and schedules to be adhered to by the concessionaire. As such, the CA was incomplete and fallible. It could have legal implications in the event of default by the SPV.

2.1.16.3 Non-completion of punch list items

The concessionaire was bound to complete the punch list items within a stipulated period *i.e.* within 60 days in case of 'P-Form' and 120 days in case of MCA contract and obtain final completion certificate failing which the EIC shall complete the works at the risk and cost of concessionaire. In seven³¹ out

²⁹ Office building at circuit house, community hall and dormitory for drivers, for PWD purpose

³⁰ MWB, CKAM and SP

³¹ MWB, CKAM, Kasheli bridge, Kopargaon-Ahmednagar, NNV, STBN and APK

of 13 test-checked projects, audit noticed that the final completion certificates were not issued after a lapse of periods ranging between four months and 90 months.

2.1.16.4 Excess raising of loan

The financial bids submitted by the bidder indicate the debt-equity ratio on the basis of which the bidder would finance the project. Scrutiny of test-checked four-lane projects revealed that the debt-equity ratio quoted in financial bids in eight four lane projects was not observed while borrowing the loans from financial institutions as indicated in **Table 2.1.2**.

Table 2.1.2: Excess loans sanctioned from financial institutions

(₹ in crore)

Name of Project	Debt-equity ratio as per bid document	Project cost as per concession agreement	Bank loan		Debt portion (in per cent)
			Sanctioned	Released as on November 2014 (available only in MCA projects)	
MWB ('P' form)	70:30	339.76	322.50	--	95.00
Kasheli Bridge ('P' form)	75:25	227.63	225.00	--	99.00
CKAM ('P' form)	75:25	120.52	137.00	--	113.67
SP* ('P' form)	70:30	1220.00	1316.07	--	107.87
NNV* ('P' form)	70:30	123.17	90.00	--	73.07
STNB* (MCA)	70:30	114.10	133.00	133.00	116.56
JW*(MCA)	70:30	134.18	100.00	100.00	74.52
BPLS*(MCA)	70:30	216.95	191.03	172.46	88.05

Source : Data provided by PWD

Note: * are projects involving VGF, where effective project cost after deducting VGF considered except in SP, where Government contribution is to be made in the fourth and fifth year.

The Government stated that for all PPP projects, the concessionaire/ lenders carry out their own assessment of projects and their valuation is more than that of the PWD. Further, though the concessionaire had taken additional debt, it would have no effect on the concession period and the interest on the additional debt had to be borne by the concessionaire itself. The reply is not acceptable as higher project cost worked out by the concessionaire allows concessionaire to raise higher quantum of funds and chances of funds being diverted to some other projects cannot be ruled out. Further, in case of default by the Concessionaire, the liability to repay the loan lies with the Government.

2.1.16.5 Deviations from Model Concession Agreements

The GoM has brought out a CA ('P-Form') which did not contain some of the provisions of MCA resulting in inadequate provisions to monitor the progress and inspection of work on the project as discussed below:

- **Progress Reports:** 'P-Form' provided for submission of quarterly report on progress of construction to the Authority and EIC as against monthly report provided in the MCA. As such the frequency of monitoring was inadequate.
- **Inspection of work:** 'P-Form' did not provide for monthly inspection of project by the EIC as contained in MCA thereby the periodical reports on construction as per specifications were not being obtained from the EIC.

The possibilities of compromise on quality aspects due to inadequate provision in the agreement cannot be ruled out.

2.1.17 Conclusion and recommendations

Short or medium term plan had not been formulated for effective implementation with clear demarcation of implementing agencies such as Public Works Department/Maharashtra State Road Development Corporation/Mumbai Metropolitan Region Development Authority for taking up PPP projects.

The Government may prepare a short/medium term master plan for construction of roads and bridges in the entire State for taking up new PPP projects.

In all the four-lane test checked projects publicity was not given in international newspapers and adequate time was not given for submission of tenders. Tender forms were not issued to prospective bidders in two projects. The minimum net-worth and experience criteria was relaxed at the time of tendering in Sion- Panvel project.

The Government may assess and consider the option of introducing e-tendering and also reinvoke tenders in case of change in bidding criteria for probity and transparency in awarding of contracts.

Non-acquisition of forest land was noticed in Manor-Wada-Bhiwandi Road project, while the scope of work was revised during tendering in two projects (Sion-Panvel and Alibag-Pen-Khopoli) with consequent revision in project costs and concession period, indicating inadequate feasibility study. Further, the component of project cost quoted by the bidder was not evaluated to determine its reasonableness.

The Government may carry out intensive feasibility study for proper traffic census, determine the reasonableness of the components of the project cost and ensure availability of land before execution of projects.

There were delays in implementation of five projects (Sion-Panvel, Nashik-Niphad-Vaijapur, Manor-Wada-Bhiwandi, Shirur-Tajband-Narshi-Biloli and Baramati-Phalton-Lonand-Shirwal). Quality control measures as well as monitoring of the projects were inadequate in five four lane projects (Sion-Panvel, Chinchoti-Kaman-Anjur Phata, Baramati-Phalton-Lonand-Shirwal, Manor-Wada-Bhiwandi and Shirur-Tajband-Narshi-Biloli). Provisional completion certificates in three projects (Chinchoti-Kaman-Anjur Phata, Shirur-Tajband-Narshi-Biloli and Kasheli bridge) were issued without ensuring achievement of milestones prescribed in the concession agreement.

The Government may follow the provisions of the concession agreement regarding issue of completion certificates and maintain adequate monitoring and quality assurance systems for good quality road and ensure that provisional completion certificates are issued only after achieving the prescribed milestones of projects.

CHAPTER - III

AUDIT OF TRANSACTIONS

- 3.1** *Suspected Mis-appropriation of Government Money*
- 3.2** *Suspected fictitious payment*
- 3.3** *Functioning of Maharashtra Building and Other
Construction Workers Welfare Board*
- 3.4** *Working of Mechanical Organisation of Water
Resources Department*
- 3.5** *Undue benefit*
- 3.6** *Undue benefit*
- 3.7** *Overpayment to contractor*

Chapter III

Audit of Transactions

Audit of transactions of the Government department, their field formations as well as that of the Autonomous Bodies brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

Public Works Department

3.1 Suspected Mis-appropriation of Government Money

The Executive Engineer, Public Works Division I, Nagpur booked an expenditure of ₹ 42 lakh without supporting vouchers.

As per para 6.6.12 of Maharashtra Public Works Account Code, when a disbursing officer makes a remittance to subordinate officer to enable him to make a number of specific petty payments on a muster roll or other voucher which has already been passed for payment, the amount remitted should be treated as a temporary advance and accounted for. The account of temporary advance should be closed as soon as possible. Further, the account should be supported by voucher in proper form, for each payment, numbered and attached to the account.

During the course of audit (September 2011) the cash book maintained in sub-division³² of office of the Executive Engineer (EE), Public Works Division I, Nagpur, revealed that total receipts booked during the month of December 2009 was ₹ 44,79,535 and the total expenditure was shown as ₹ 44,79,535 with balance outstanding at the end of the month as NIL. Audit, however, observed that initially the actual expenditure entered in the cash book during the month was only ₹ 2,79,535 which was later cut and shown as ₹ 44,79,535. Thus, difference between the amount of receipt and actual expenditure i.e. ₹ 42.00 lakh (₹ 44,79,535-₹ 2,79,535) which should have been shown as a closing balance at the end of month, was neither shown in cash book nor brought forward in subsequent month (January 2010).

Further, details of payments made was not made available by the division and the various forms submitted by the division along with monthly accounts of December 2009 revealed that expenditure was booked under head '2216-service charges for Raj Bhavan'. Supporting documents were missing from the monthly account. Thus, this amount remained un-accounted and suspected embezzlement of Government money, therefore, cannot be ruled out.

Superintending Engineer, Public Works Circle, Nagpur accepted (June 2013) the misappropriation of ₹ 42.00 lakh and stated that matter was referred to higher authority for further necessary action. However, no further details were made available to audit (December 2014).

The matter was referred to the GoM (June 2014); their reply was awaited (January 2015).

³² Deputy Engineer, Public Works Sub Division I, Nagpur

3.2 Suspected fictitious payment

The Executive Engineer, Public Works Division I, Nagpur paid wages to day labourers on hand receipt before actual execution of work leading to fictitious payment of ₹ 1.41 lakh.

As per para 10.2.2 of Maharashtra Public Works Accounts Code, the persons engaged departmentally for the execution of works are considered as day labourers and their wages should be drawn on nominal muster rolls (NMR) and charged to the estimates of works on which they were employed.

Scrutiny (October 2011) of records of Executive Engineer (EE), Public Works Division-I, Nagpur revealed that the department had paid (November 2010) ₹ 1.41 lakh towards wages of 'Labourers engaged for cottage cleaning, dusting, washing and up keep of cottages during December 2010 for winter session of State Legislature Assembly' on hand receipt as against on NMR. Thus, payment of wages of ₹ 1.41 lakh made before actual execution of works was fictitious.

Superintending Engineer, Public Works Circle, Nagpur accepted (June 2013) that there is a case of suspected fictitious payment and departmental enquiry was initiated against concerned officials. However, no further progress in the case was made available though called for (December 2014).

The matter was referred to the GoM (June 2014); their reply was awaited (January 2015).

Industries, Energy and Labour Department

3.3 Functioning of Maharashtra Building and Other Construction Workers Welfare Board

3.3.1 Introduction

The Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act) aimed at providing safety, health and welfare measures for the benefit of building and other construction workers. GoI also enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The GoI framed (November 1998) the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998 and Building and Other Construction Workers Welfare Cess Rules 1998 (Cess Rules). The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act.

In exercise of the powers conferred under the Act, GoM notified (February 2007) the Maharashtra Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2007 (Rules 2007). The Maharashtra Building and Other Construction Workers

Welfare Board³³ (Board) was constituted (August 2007) for implementation of the Act and Rules.

Audit scrutiny of the functioning of the Board along with five³⁴ District Labour offices for the period 2011-12 to 2013-14 was conducted to assess the compliance to the provisions of the Acts and rules.

3.3.2 Framing of rules and constitution of Board and Committees

The institutional framework required for the implementation of the Act in the State was delayed as discussed below:

- The State Government notified (February 2007) the Maharashtra Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Rules, 2007 after a gap of 11 years from the enactment of the Act.
- GoM constituted a full-fledged Board, comprising of representatives of State Government, employers and workers in May 2011 for carrying out activities assigned under Act/Rules.
- A State Building and Other Construction Workers Advisory Committee for advising the State Government on such matters arising out of the administration of the Act was constituted only in June 2012.
- Expert Committee consisting of persons specially qualified in building and other construction work for advising the State Government for making improvement in rules, if required, under the Act was constituted in March 2013 after dissolution of earlier Committee in January 2005.

The delay in framing and constituting full-fledged Board delayed the process of registration of workers and introduction of schemes for the welfare of the workers as discussed in **paragraphs 3.3.3.2(a) and 3.3.5.**

3.3.3 Functioning of the Board

3.3.3.1 Registration of establishment

- Section 7 of the Act stipulates that every employer³⁵ undertaking construction by engaging construction workers shall make an application to the registering officer of the district for registration of the establishment within 60 days from the commencement of the work. Rules 22 to 26 of the Rules, 2007, specify the manner and conditions of registration of the establishments/employers. The Board had registered 4,651 employers in the State as on 31 March 2014. To ensure registration of all eligible employers, a formal mechanism ensuring linkages with the Government and planning authorities including Local Bodies in the State undertaking and authorising construction activities was essential to identify prospective employers to cover under the Act. It was, however,

³³ Consists of the Commissioner of Labour as Chairperson, Deputy Secretaries of Labour, Urban Development, Finance, Public Works and Irrigation Departments representing the State Government and representatives of employers and employees (five each). The Assistant Commissioner of Labour is the Secretary of the Board

³⁴ Mumbai City, Mumbai East, Mumbai West, Thane and Raigad

³⁵ Every establishment which employs or had employed on any day of the preceding 12 months, 10 or more building workers in any building or other construction work

seen that no mechanism was constituted by the Board to identify unregistered employers.

- Section 15 of the Act, states that every employer shall maintain a register in such form as may be prescribed showing the details of employment of beneficiaries employed in the building or other construction work undertaken and the same may be inspected without any prior notice by the Secretary of the Board or any other officer duly authorised by the Board. The Secretary of the Board had not carried out any inspection till date nor was the power delegated to any other officer. Further, Section 43 of the Act empowers the Inspectors³⁶ to inspect the premises of any establishment where construction work is carried on. Such inspections would have aided in identifying any unregistered employers. Scrutiny in audit revealed that the Board neither fixed any target for inspections nor maintained any data of inspections carried out by Government Labour Officer (GLO) in the District offices.

The Board while accepting (June 2014) the fact stated that information regarding the inspections carried would be collected from district offices.

- **Non-levy of fine for delay in registration by employer**

Audit scrutiny revealed that out of 1,345 employers registered in five test checked districts labour offices, 473 employers (35 per cent) had submitted the application for registration after 60 days of commencement of work. The delay ranged between three days and 1,708 days. However, fine of ₹ 4.73 lakh was not levied and recovered (August 2014).

- **Inadequate manpower**

The Board did not have separate Regional offices for the implementation of the provisions of the Act and the work was entrusted to the officers and staff of Labour Commissionerate. The staff requirement of 82 posts was submitted (June 2012/August 2012) by the Board to Industries, Energy and Labour Department (IELD). However, considering the immediate staff requirement and the limit on administrative expenditure, GoM sanctioned (October 2012) 56 posts for the Board including 19 posts of GLO having jurisdiction covering the entire State. But, despite a lapse of more than two years these posts were yet (August 2014) to be filled by the Board and the work continued to be handled by the Officers and Staff of the Labour Commissionerate in addition to their regular duties.

The Board stated (June 2014) that as per the provisions of the Act, administrative expenditure including salary should not exceed more than five per cent of the total expenditure and hence the appointment of staff was under consideration.

Reply of the Board can not be verified in absence of preparation of year wise Accounts. However, the lack of staff exclusively for the work of Board had its impact on the working of the Board and even the registration of workers for grant of benefits under the Act was poor, as discussed below.

³⁶ In Maharashtra duties of Inspectors were looked after by Government Labour Officer

3.3.3.2 Registration of beneficiaries

As per Section 12 of the Act, every building worker who has completed 18 years of age but has not completed 60 years and has been engaged in any building and other construction work for not less than 90 days during the last 12 months shall be eligible for registration as a beneficiary under the Act. A building worker who has been registered as a beneficiary under the Act has to contribute monthly such sum as fixed by the State Government until the age of 60 years. Failure to remit the monthly contributions, for a continuous period of more than one year, shall entail cancellation of registration of the beneficiary. It was observed that though the Board was constituted in August 2007, it belatedly fixed (December 2011) the registration fee of ₹ 25 and monthly contribution of ₹ five to be paid by the workers which contributed to poor registration of workers as discussed below:

(a) Low registration of beneficiaries

The Board estimated (May 2011) 20 lakh workers employed as construction workers in the State, however the basis on which estimation was done was not available on record with the Board. It was noticed that the Board had registered only 1.79 lakh (8.95 *per cent*) workers till March 2014 out of which registration of only 1.12 lakh workers (5.58 *per cent*) were live³⁷ as on March 2014 as detailed in **Appendix 3.1**.

As seen from **Appendix 3.1**, out of the total workers registered till March 2014, registration of only 62.49 *per cent* of the workers was live. In Konkan region the percentage of live registration to total registration was only 31.89 *per cent*. Audit observed that, even the cumulative registration till March 2014 was less than the target of 50,000 fixed except in Pune Region as detailed in **Appendix 3.1**.

The Board stated (June 2014) that due to lack of staff it was difficult to visit construction sites and get the beneficiaries registered.

(b) Non-submission of monthly statement of expenditure

The Board distributed (August 2012) ₹ five lakh each to five Regional offices of Labour Commissioner for registration of minimum 50,000 beneficiaries in each region. The amount was to be spent on labour awareness programme, advertisement through pamphlets, inspection of construction site, arrangement of vehicles and stationery. Further, the Regional offices of the Labour department were required to submit to the Board monthly statement of expenditure out of ₹ five lakh distributed. However, none of the regional offices submitted the same. Audit further noticed that out of ₹ 25 lakh disbursed, the details of expenditure amounting to ₹ 6.83 lakh only was available with the Board in respect of three regions³⁸.

(c) Non-issue of identity cards to the beneficiaries

Section 13 of the Act stipulates issue of identity card with photo duly affixed thereon by the registering authority to every beneficiary. The details of work done including the number of days of work done by the beneficiaries was

³⁷ Workers who continued to be beneficiary under the Act till March 2014

³⁸ Pune region: Up to April 2013 ₹ 0.38 lakh, Nashik region: Up to October 2013 ₹ 1.67 lakh and Nagpur region : Up to July 2013 ₹ 4.78 lakh

required to be entered in the identity card by the employer. The identity card serves as a documentary proof as regards whether the worker had been engaged in construction work for more than 90 days to be eligible for registration and availing benefits under the Act.

Out of 27,152 registered beneficiaries as on March 2014, in the five test checked districts Labour Offices of Konkan region, identity cards to 13,173 beneficiaries were not issued since 2009-10. In Raigad district labour office, though 7,115 workers were registered as beneficiaries up to March 2014, identity cards were not issued to any of the beneficiaries.

The Board stated (June 2014) that registered workers were not traceable for issue of identity cards.

3.3.4 Collection, Remittance and Assessment of Cess

As per Section 3 of Cess Act, cess at such rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by employer (excluding value of land) was to be levied for credit to the welfare fund for providing benefits to the workers.

As per Government Resolution (GR) issued (April 2008) by GoM, cess was to be recovered at one *per cent* on construction cost (excluding land cost) retrospectively from 01 January 2008. The cess collected by the cess collectors³⁹ was to be deposited into the account maintained by the Board within 30 days of its collection. Till March 2014, the receipts of the Board amounted to ₹ 1,989.32 crore which included cess collected, registration fees and interest earned on investment *etc.*

Test check of records of Municipal Corporations, Government departments/ autonomous bodies⁴⁰ for the period 2011-14, revealed the following.

3.3.4.1 Non-recovery of cess

During test-check of records, it was observed that the Cess was not recovered and remitted to Board's account by the following offices amounting to ₹ 1.21 crore as shown in **Table 3.3.1**.

Table 3.3.1: Non-recovery of labour cess (₹ in crore)

Name of the office	Period	Nature of works	Amount
Commissioner, Labour Welfare Board, Mumbai	2009-10 to 2011-12	Construction of Lalit Kala Bhavan, Nanded	0.05
Maharashtra Housing and Area Development Authorities	2008-09 and 2009-10	Building construction work	0.79
Executive Engineer, North Mumbai (Public Works) Division	2008-09 to 2010-11	Building construction work	0.37
Total			1.21

Source: Information furnished by the department

³⁹ In respect of Government and Public Sector Undertakings (PSU), Deputy Engineer (Public Works) and Executive Engineer of concerned PSU are the cess collectors. In Municipal Corporation and Council the Assistant Municipal Commissioner/Ward officer and Tax Superintendent are the cess collectors. In Village the Gram Sevak/Village Development Officer is the cess collector. In all other cases Tahsildar is the cess collector

⁴⁰ Navi Mumbai Municipal Corporation, Municipal Corporation of Greater Mumbai, Panvel Municipal Council, Maharashtra Housing and Area Development Authority, Public Works Department, Andheri division

3.3.4.2 Irregular recovery of cess

Though, the provision of the Act is applicable only to those establishment which employs 10 or more workers in any building or other construction work, the GR issued in April 2008 by IEDL did not specify the same. Consequently, the cess was being deducted in respect of all the building or other construction work by MHADA, PWD irrespective of the number of workers employed in violation of the Act.

3.3.4.3 Delay in remission of cess

As per Rule 5(3) of Cess Rules, cess collected was required to be remitted to the Board within 30 days of its collection. Audit scrutiny revealed that in following cases there was delay in remittance of cess collected as shown in **Table 3.3.2**.

Table 3.3.2: Delay in remittance of cess collected

Name of the office	Period of collection	Amount collected (₹ in crore)	Delay range (in months)
NMMC	February 2011 to August 2011	4.89	One to three months
PWD, Andheri Division	February 2011 to March 2014	0.19	One to 10 months
MHADA	November 2010 to May 2013	5.57	One to 12 months
MCGM	October 2011 to December 2012	51.63	One to 11 months
Vasai Virar Municipal Corporation	November 2012 and March 2013	2.58	One to 14 months

Source: Information furnished by the respective offices

Thus, there was no mechanism in the Board to ensure that the cess collected by the Government departments/Local authorities had been remitted to the Boards account within the prescribed time limit.

Further, the Board could not levy interest for delayed remittance as there was no provision in the Act/Rules for the same.

3.3.4.4 Non-issue of assessment orders

Rule 6 of the Cess Rules stipulates that every employer should, within 30 days of commencement of work or payment of cess, as the case may be, furnish to the assessing officer, information (Form I) regarding the estimated cost of construction and details of cess deposited. Rule 7 *ibid* empowers the Assessing Officer to scrutinise such information and make an order of assessment within a period not exceeding six months from the date of receipt of such information, indicating the amount of cess payable by the employer and endorse a copy of the order to the Board.

Scrutiny in audit revealed that though no assessment orders were received by the Board from any of the assessing officers till date (June 2014), the Board had not taken any action on the Assessing Officers. The Board should have taken up the matter with the GoM about non-receipt of assessment orders as per Cess Rules. In the absence of assessment orders, non-levy as well as incorrect collection of cess could not be ruled out.

3.3.5 Implementation of Welfare Schemes

A beneficiary registered under the Act was required to submit an application in the prescribed format to the registering authority for availing benefits under the scheme. The Board, after sanctioning the claims, disburses the financial assistance by cheque.

Only after the composition of full-fledged Board in May 2011, the Board approved (June 2011) welfare schemes for providing financial assistance to the registered workers for purpose of education of children of the beneficiaries, medical expenses *etc.* The expenditure incurred by the Board on the welfare schemes was ₹ 38.16 crore as against the total receipt of ₹ 1,989.32 crore till March 2014 which included cess of ₹ 1,929.58 crore (**Appendix 3.2**). Out of ₹ 38.16 crore disbursed, ₹ 37.35 crore was towards premium paid for two insurance Schemes while ₹ 0.81 crore covering 1,035 workers was towards five Schemes (**Appendix 3.3**).

Test check of 236⁴¹ claims out of 986 claims passed during 2012-14 revealed irregularities as discussed below:

(a) Immediate Funeral Assistance: As per the Scheme ₹ 5,000 was payable to the nominee of the beneficiary as immediate funeral assistance. The Board paid ₹ 1.20 lakh to 24 nominees (₹ 5,000 each) of registered beneficiaries under the Scheme during the period 2012-14. However, documentary evidence in support of the payments such as application of the nominees and death certificate of the registered workers *etc.* were not produced to audit for verification.

The records relating to the actual number of deaths/accidents of registered workers was also not available with the Board indicating that there was no system of ensuring help in all such cases.

The Board stated (June 2014) that applications received and benefits given to the beneficiaries were not maintained properly due to lack of staff.

(b) Assistance for Natural delivery and Caesarean delivery: As per the Scheme an amount of ₹ 5,000 and ₹ 10,000 was payable to each beneficiary for natural delivery and cesarean delivery respectively which was increased (December 2013) to ₹ 10,000 and ₹ 15,000 respectively. An amount of ₹ 15.55 lakh was disbursed during the period 2012-14 to 222 beneficiaries. Scrutiny revealed that an amount of ₹ 15,000 was disbursed (₹ 5,000 and ₹ 10,000) to two beneficiaries who were not registered at the time of delivery (registered on 31 January 2012 and date of delivery 09 February 2011 in both the cases). While documentary evidence in respect of six claims involving disbursement of ₹ 30,000 (₹ 5,000 per claim) were not produced to audit for verification, in eight test-checked cases, the payments to the beneficiaries were made after a time lag of 22 days to nine months from the date of receipt of applications, thereby depriving the beneficiaries of timely assistance.

The Board accepted (June 2014) the fact about the payment made to the non-registered beneficiaries and regarding documentary evidence it was stated that efforts would be made to trace out the missing application forms.

⁴¹ Educational assistance: 131 claims, Assistance for natural delivery: 100 claims, Assistance for cesarean delivery: 3 claims, Medical assistance: 2 claims

(c) Educational Assistance for children of beneficiaries: As per the Scheme educational assistance to maximum two children of the beneficiaries was payable⁴². Under the Scheme, an amount of ₹ 38.24 lakh was disbursed during the period 2012-14 to 732 beneficiaries. Audit observed the following:

- An amount of ₹ 3,000 were disbursed to five beneficiaries before they were registered under the Act.
- An amount of ₹ 1.05 lakh was disbursed to three beneficiaries for education assistance of their children for the year 2012-13 though the workers were registered in the month of April and May 2013 *i.e.* in the year 2013-14.
- An amount of ₹ 1.49 lakh was disbursed to 17 beneficiaries without supporting documents such as copy of ration card, nomination form, passing certificate *etc.*
- In 24 test-checked cases, the payment of ₹ 1.66 lakh to the beneficiaries were made after a time lag of nine days to seven months from the date of receipt of applications thereby depriving the beneficiaries of timely assistance.

The Board accepted (June 2014) the fact and stated that appropriate action would be taken.

(d) Janashree Bima Yojana : In order to extend benefits to the workers of unorganised sector, which normally are available in organised sector, GoM implemented (August 2004) Janashree Bima Yojana (JBY) operated by Life Insurance Corporation of India (LIC) for workers in unorganised sector. The Scheme envisaged payment of annual premium of ₹ 200 (Share of GoI: ₹ 100, GoM : ₹ 50 and beneficiary : ₹ 50). The Board decided (June 2012) to implement JBY⁴³ for workers registered with the Board entailing payment of beneficiary contribution of ₹ 50 by the Board. The Scheme commenced from 14 December 2012, with payment of premium of ₹ 32.70 lakh for one year to LIC covering 65,389 beneficiaries. The scheme was not renewed by the Board as per the decision (November 2013) of Expert Committee of the Board on the ground that the benefit of the Scheme reached only few beneficiaries. The discontinuation of subscriptions to the Scheme rendered the workers without a social security in the form of life insurance cover.

(e) Distribution of Laptops: As per the decision taken (January 2014) in the meeting held in Secretariat under the Chairmanship of Minister (Labour) the Board purchased (February 2014) 50 laptops amounting to ₹ 23.80 lakh to be distributed to the children of the beneficiaries. However, the beneficiaries were neither identified by the Board nor the eligibility criteria for distribution of laptops fixed. Consequently, the laptops were not distributed till date (August 2014). The Board while accepting the fact stated (June 2014) that the

⁴² Standard I to X : ₹ 600 per year; standard XI to graduation: ₹ 2,000 per year; I, II and III year of graduation ₹ 15,000 per year towards books and educational material; Medical and Engineering courses: ₹ 35,000 per year

⁴³ The sum assured per member was ₹ 30,000 in the event of natural death, ₹ 75,000 in the event of death due to accident or 100 *per cent* disability, ₹ 37,500 in the event of partial permanent disability and financial assistance of ₹ 100 per month per child limited to two children

laptops were not distributed pending communication of date for distribution by GoM.

Thus, despite a lapse of more than six years since the formation of the Board, the poor disbursement of funds towards workers welfare schemes covering 1,035 workers only *vis-a-vis* the huge accumulated receipt of ₹ 1,989.32 crore, defeated the objective of providing safety, health and welfare measures for the workers under the Act.

3.3.6 Financial management

3.3.6.1 Budgetary Control

Section 25 of the Act, 1996 provides that the Board shall prepare budget for the next financial year showing the estimated receipt and expenditure of the Board and forward to the State Government and Central Government. The Board did not prepare budget for the year 2011-12, while the budget for the years 2012-13 and 2013-14 were submitted to the State Government on 30 April 2012 and 21 August 2013 respectively *i.e.* after the commencement of the financial year. No approval was accorded by GoM to the budget submitted.

3.3.6.2 Non-preparation of annual accounts

Section 27 of the Act provides that the Board shall maintain proper accounts and other relevant records and prepare an Annual Statement of accounts. However, the Board had not prepared the annual statement of accounts so far for any year. Hence the audit could not be taken up (December 2014).

3.3.6.3 Non-maintenance of cash book and other basic records

The Board did not maintain cash/bank book and other basic records such as ledger, challan register *etc.* As per GR issued (June 2010) by GoM, details of the date of cess collection, its remittance with challan number was to be submitted each month by each cess collector in the prescribed format to the Board for reconciliation with the bank account. Audit observed that such details were neither received by the Board from the cess collector nor did the Board take any action to obtain the same. Consequently, the reconciliation of the amount deposited in the bank could not be carried out by the Board to ensure correctness of the amount remitted.

3.3.6.4 Dishonored Cheques

As per Rule 4 of Cess Rules, where the approval of a construction work by a local authority is required, every application for such approval shall be accompanied by a crossed demand draft in favour of the Board. However, in violation of the provisions of the Act, Board accepted cheques till March 2014. Audit scrutiny revealed that an amount of ₹ 17.59 crore received through cheques in 1,161 cases and deposited in bank account was dishonoured due to insufficient funds, bank liquidation *etc.* The Board however, did not take any action for recovery of the amount. The Board stated (September 2014) that the details of dishonored cheques would be obtained from bank and action taken.

3.3.7 Internal Control and monitoring mechanism

An effective internal control system provides a reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organisation. The internal control mechanism and monitoring was weak as discussed below:

3.3.7.1 Non-maintenance of proper records

The Board did not have list of entire cess collectors in the State and agencies involved in construction activities under its jurisdiction. The Board had also not devised a system for preventing duplicate registration of workers in different districts, linking the registration of beneficiaries who are from the same family to avoid duplicate payment of benefits.

3.3.7.2 Submission of Annual Report

Section 26 of the Act, stipulates that the Board shall prepare annual report, giving full accounts of its activities during the previous financial year and submit a copy thereof to the State Government and the GoI. The Board had submitted only one Annual Report for the year 2011-12 to the State Government since 2007-08 to 2013-14 *i.e.* last seven years.

3.3.7.3 Internal Audit

The Board had not set-up Internal Audit Wing nor had it conducted internal audit by outsourcing the work during the period 2008-14.

3.3.7.4 Monitoring

The monitoring of the Board was weak in view of non-maintenance of vital records, non-submission of annual reports, annual accounts, non-conducting of internal audit, low registration level of construction workers and poor disbursement of funds towards workers welfare.

3.3.8 Conclusion and recommendations

The delay in constituting the Board led to non-implementation of the Act in the State for more than 11 years. The delay in constituting full-fledged Board and inadequate manpower, delayed the process of registration of workers which in turn contributed to poor registration of workers apart from delayed operation of schemes for the welfare of the workers. The poor coverage of workers and disbursement of funds towards workers welfare schemes *vis-a-vis* the huge accumulated receipt defeated the objective of providing safety, health and welfare measures for the workers.

The Board may appoint adequate staff and devise suitable strategy to identify the employers and workers for coverage under the Act. The reasons for poor coverage of workers under various welfare schemes may be analysed and workers encouraged to avail scheme benefits.

No action was taken by the Board despite delay in remittance of cess collected within the prescribed period while there was loss of revenue due to non-levy of cess and dishonoured cheques.

The Board may institute a suitable mechanism to prevent delays/non-recovery of cess and take prompt action on dishonour of cheques.

The financial management, internal control and monitoring was weak on account of non-maintenance of cash book, non-conducting of bank reconciliation, lack of internal audit and non-preparation of annual reports and annual statement of accounts.

The Board may strengthen financial management, internal control and monitoring by ensuring maintenance and preparation of proper records and reports.

The matter was referred to the GoM in August 2014; their reply was awaited (January 2015).

Water Resources Department

3.4 Working of Mechanical Organisation of WRD

3.4.1 Introduction

Mechanical Organisation (MO) is the mechanical wing of Water Resources Department (WRD), Government of Maharashtra (GoM) which was established in 1959. The working of MO broadly included Earthwork, Hydraulic Gates and Hoist, Canal maintenance, Workshop management, Boring, Stores management, Transportation, Lift Irrigation Scheme, Tunneling, Emergency services and Disposal of Machineries.

3.4.2 Scope of Audit

The audit on the working of MO covering the period 2009-10 to 2013-14 was conducted (April 2014 to July 2014) by test-check of the records of WRD at Mumbai, CE office, five circle offices and 11 mechanical divisions⁴⁴ out of 30 divisions selected by using stratified simple random sampling method. In the selected divisions, 314 earthwork and canal cleaning and 336 gate manufacturing and erection works, executed during the period 2009-14 were test checked.

Replies received from GoM in October 2014 have been suitably incorporated in the report.

Audit findings

3.4.3 Planning

WRD initiated action for preparation of a vision document (Vision 2020) in June 2013. The vision document was prepared (September 2013) for the entire organisation which included MO and circulated the same for comments. The document is yet to be finalised (October 2014).

3.4.3.1 Preparation of Annual Deployment Programme

The MO prepares Annual Deployment Programme (ADP), which consists of works to be undertaken / executed by the divisions of MO during the year. The

⁴⁴ Mechanical Division No. 1, Pune, Mechanical Division No. 2, Pune, Mechanical Division (KR) Alore, Mechanical Division (UPP), Nanded, Gate Manufacturing Division A, Pune, Hoist Design & Manufacturing Division, Pune, Chief Gate Erection Unit No. 5, Nashik, Mechanical Engineering Workshop Division, Nagpur, Mechanical Stores Division, Pune, Vishnupuri Pump House Division, Nanded and Inspection Unit, Aurangabad

works which are included in the ADP are compiled by the Circle offices and by the CE and are placed in the meeting for approval of ADP.

3.4.3.2 Delay in finalisation of ADP

It was observed that there was no prescribed time frame for finalisation of ADP and there were delays in finalisation of ADP forwarding the approval of ADPs to Circle offices by CE in last five years ending 31 March 2014. The ADPs were approved and forwarded to Circle offices with delays ranging from more than three to four months after start of working year.

The GoM stated henceforth ADP would be finalised in third week of August every year and a midterm review would also be held by December every year.

3.4.3.3 Improper planning of works

Annual Deployment programme includes works relating to earthwork, canal cleaning, gate manufacturing and gate erection which forms four major activities of the MO. Audit observed that in respect of these activities, works finalised in ADPs during last five years were not taken up and executed. The activity-wise and year-wise works planned, works taken up for execution and works not taken up for execution are shown in **Appendix 3.4**.

- A total of 1,481 *earthworks and canal cleaning works* were sanctioned through ADPs during the year 2009-14, out of which, 304 works were not taken up for execution and 655 works remained incomplete on which expenditure of ₹ 55.56 crore was incurred during the period 2009-14. Further, there was no system of carrying forward the incomplete work and works not taken up in the subsequent ADPs in respect of earthworks and canal cleaning works.
- Out of total 1,546 *earthworks and canal cleaning works* (planned and unplanned) executed during 2009-14, 1,024 works (66 *per cent*) were unplanned works.
- Similarly, in case of *gate manufacturing and erection works*, out of total 1,197 works sanctioned during the year 2009-14, 613 works were not taken up and 240 works on which ₹ 88.20 crore was incurred during the period 2009-14 remained incomplete. Further, only 136 works out of 240 incomplete works and 274 works out of 613 works not taken up were carried forward in the subsequent ADPs of years 2010-14.
- Out of total 648 *gate manufacturing and erection works* (planned and unplanned) executed during 2009-14, 303 works (47 *per cent*) were unplanned works.
- The *gate manufacturing and erection works* allotted through ADPs were outsourced to private agencies due to acute shortage of required manpower and resources. The percentage of works executed by MO during the period 2009-14 ranged between 8 *per cent* and 19 *per cent* only while the percentage of works outsourced by MO ranged between 50 *per cent* and 71 *per cent*.

GoM while accepting the facts stated that it would be ensured that all incomplete works of previous year are included in the next year ADP and a

circular has been issued (September 2014) in this regard. Further, GoM added the percentage of unplanned works would be restricted upto 15 *per cent* in any year and in respect of works proposed by Collector/Public Representatives, the MO should obtain GoM sanction before undertaking such works. Reply was silent about outsourcing of work.

3.4.3.4 Replacement of old machineries

In the MO the shelf life of different Heavy Earth Moving machineries (HEM) ranging from 8,000 hours to 20,000 hours and life in years ranging from 8 years to 15 years.

Audit observed that even though the shelf life of each machinery was stipulated, the MO did not have any planned mechanism for replacement of old machineries. The MO has 556 HEMs which included 341 HEMs purchased during 1957 - 1997 and as such the life of these HEMs had expired in terms of years. Further, 175 HEMs have already been utilised for more than 125 *per cent* of the scheduled life in hours as of 31 March 2014. Thus, due to non-replacement of old machineries, MO faced a decrease of 4.65 lakh hours in utilisation of these HEMs in comparison to anticipated machine hours of 20.80 lakh hours during the period 2009-14.

GoM while accepting the observations stated that out of existing 175 HEMs whose life has expired, survey reports⁴⁵ of 55 HEMs were sanctioned and survey reports of 12 HEMs are under consideration. Further, instructions were issued to the newly constituted Equipment Deployment Committee to review the requirements of machineries activity wise and submit recommendations to the Government.

3.4.3.5 Shortage of Converted Regular Temporary (CRT) staff

Water Resources Department had fixed (July 1994) the capacity of each of the sub divisions with reference to the availability of CRT⁴⁶ staff and machineries. Post of a CRT staff gets abolished after the retirement since there is no sanctioned strength of this staff. The CE was to review the capacity of each sub divisions every year in June/July. The number of CRT staff in the MO as of March 1994 was 10,055.

Audit observed that during 2009-14 the number of CRT staff employed in MO decreased from 4,471 in 2010 to 2,864 in 2014. With retirements of 1,329 CRT staffs in next four years, the strength of CRT will further get diminished by 50 *per cent* by March 2018. Though the capacity of MO largely depends on the availability of CRT staff, the MO has not reviewed the capacities of its divisions/sub divisions with reference to the availability of CRT staff.

⁴⁵ According to para 421 of MPW Manual when stores (including tools and plants) of any kind become unserviceable, a report thereof must be made in the survey report form wherein full explanations must be given and the period during which the articles have been in store or in use stated and the cause of deterioration

⁴⁶ The duties of CRT staff include operation, running, maintenance and repairs of machineries (including machineries of workshops and pump houses) and executing gate manufacturing and erection works

GoM stated that the CE has submitted (October 2014) a proposal in this regard. Further progress in the matter is awaited (December 2014).

Thus, the utilisation of installed capacity of the divisions has been falling and outsourcing has been increasing. The old machineries were also not being replaced and vacancies of converted regular temporary staff not being filled up.

3.4.4 Financial Management

3.4.4.1 Funding pattern and Fund Position

The requirement for funds are compiled by the Mechanical Circles and a consolidated proposal is submitted to WRD which in turn forwards the consolidated requirement of the department to Finance Department for sanction. After sanction, WRD allocates the grants to respective circles for distribution to the divisions. Details of fund demanded, allocated and expenditure incurred during the last five years ending 31 March 2014 are as detailed below:

Table 3.4.1: Details of fund demanded, final allocation and expenditure incurred

(₹ in crore)

Year	Demand		Final Allocation		Actual Expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2009-10	291.08	4.59	213.09	1.13	212.14	1.13
2010-11	370.14	4.11	236.58	2.61	234.83	2.61
2011-12	443.35	11.62	239.88	2.66	239.37	2.66
2012-13	427.55	10.13	250.53	0.90	254.05*	0.90
2013-14	473.84	11.40	252.07	3.05	252.12*	3.05
Total	2,005.96	41.85	1,192.15	10.35	1,192.51	10.35

(Source: Information furnished by MO)

*The expenditure in excess of final allocation in year 2012-13 and 2013-14 amounting to ₹ 3.52 crore and ₹ 0.05 crore respectively was related to establishment expenditure as the same was allocated through Plan Head of expenditure.

In addition to regular funds from GoM, the mechanical divisions had received deposits of ₹ 550.74 crore from the civil divisions of WRD for executing the works allotted by them during the period 2009-14 and the expenditure of ₹ 528.35 crore incurred there against.

3.4.4.2 Non-availment of CENVAT credit

CENVAT Credit Rules allows manufacturer of final products to take credit of excise duties paid on any input or capital goods used in the manufacture of final or intermediate products. For claiming the credit of payment of excise duties on input goods, the manufacturer is required to maintain the records of Daily Stock Account and invoices properly.

Audit observed that two⁴⁷ divisions did not maintain the records of Daily Stock Account and invoices properly hence could not avail credit of excise duty for input material of ₹ 6.66 crore during the period 2009-14.

GoM while accepting the audit observations stated that in future responsibility would be fixed for failure to take credit. However, reply was silent about the amount not claimed during 2009-14.

⁴⁷ Gate Manufacturing Division-A, Pune, Hoist Design & Manufacturing Division, Pune

3.4.4.3 Recovery from civil divisions

As per the provisions of the MPWA Code, estimated cost of job work / supply of stores should be paid in advance to the executing division(s) on the basis of proforma invoice and the final cost should be scrutinised and got adjusted before the end of the financial year.

Audit observed that as of March 2014, there was a pending amount of ₹ 499.89 crore for recovery from civil divisions against the debit memos raised by various mechanical divisions for execution of works. The total recovery in last five years was only ₹ 156.63 crore as against the additions of ₹ 331.18 crore. Out of the pending amount of ₹ 499.89 crore, amount outstanding from five⁴⁸ Irrigation Development Corporations (IDCs) were ₹ 496.87 crore.

GoM stated that a review was taken at Government level with Chief Accounts and Finance Officers of all IDCs in July 2014 wherein the concerned mechanical divisions were instructed to settle the issue of verification of debit memos with concerned civil divisions. Final outcome of the review is awaited (December 2014).

3.4.4.4 Outstanding third party inspection charges

Audit observed that agreement was executed between Project Engineer of civil division and MO for third party inspections (TPI) in respect of the works of manufacturing and erection of gates of irrigation projects. However, no terms and conditions regarding payment of TPI charges before conducting the TPI was incorporated in the agreements. This resulted in non-recovery of the TPI charges of ₹ 10.58 crore as of March 2014.

GoM stated that instructions would be issued to civil divisions for early adjustment of TPI charges.

3.4.4.5 General observations

- It was observed that three⁴⁹ Divisions had an unspent deposit amounting to ₹ 10.27 crore for which no action was initiated to refund the same. GoM stated that all concerned officers will again be instructed to follow the prescribed procedures for refund.
- Audit observed that in four⁵⁰ mechanical circles, the expenditure incurred during 2009-14 on repairs to machineries was ₹ 56.35 crore as against the sanctioned limit of ₹ 44.13 crore resulting in excess expenditure of ₹ 12.22 crore.

3.4.5 Specialised Sub-Divisions

MO has 25 specialised sub-divisions for activities such as Workshop Management for gate works and machinery repair works, Store Management,

⁴⁸ Vidarbha IDC (₹ 86.94 crore), Godavari Marathwada IDC (₹ 253.56 crore), Tapi IDC (₹ 14.04 crore), Konkan IDC (₹ 10.52 crore), Maharashtra Krishna Valley IDC (₹ 131.81 crore)

⁴⁹ Mechanical Division (K.R.) Alore (₹ 1.28 crore), Mechanical Division (U.P.P), Nanded (₹ 4.08 crore) and Mechanical Engineering Workshop Division, Nagpur (₹ 4.91 crore)

⁵⁰ Pune, Kolhapur, Nanded and Nashik

Transportation, Boring, procurement of Equipments and tools. During Test-check of 14 specialised sub-division the following was observed:

- The production of the Mechanical Engineering and Workshop Sub-division No. 2, Pune has decreased from 30.57 MT (₹ 0.36 crore) during 2009-10 to 14.98 MT (₹ 0.18 crore) during 2013-14 as against the target of 66 MT (₹ 1.00 crore) per year. The shortfall in production was due to shortage of CRT staff, old machineries, non-allotment of planned works.
- The Regional Workshop Sub-division No. 3, Pune deals with the work of Lift Irrigation Scheme (LIS) since 2009-10. This includes design, manufacture, supply, erection, testing and commissioning of pumping machineries and allied equipments etc. It was observed that technical manpower was being utilized for the purpose of supervising outsourced works pertaining to LIS. The sub-division did not carry out any work utilising its own manpower.
- The Heavy Machineries Sub-division, Auto Spares Sub-division and Steel Sub-division under the Mechanical Stores division perform works such as stores procurement and management of spare parts of HEM machineries, light vehicles and procurement of steel for gate manufacturing for the entire State. These divisions achieved an outturn⁵¹ of ₹ 3.12 crore during 2009-14 as against a target of ₹ 15.15 crore. Further, a proposal for closure of the Steel sub-division has been forwarded to SE (October 2012), on which action has not been taken so far (October 2014).
- The Boring Sub division, Dapodi, Pune has been entrusted with the execution of works relating to boring, exploration and project site investigation for the entire State. It was observed that during 2009-14 as against 1,002 works included in ADP, only 106 works were allotted to the sub-division by the civil divisions.
- The Equipment and Maintenance sub-division, under Mechanical Division No.1, Pune, was responsible for execution of different type of mechanical works on gate parts. The earning of the sub-division has decreased from ₹ 6.34 lakh in 2009-10 to ₹ 0.01 lakh in 2013-14 due to decrease in the quantum of work carried out despite the staff position having remained the same.
- The Inspection and Quality Control Sub-division, Pune has been entrusted with working and maintenance of the Non Destructive Testing (NDT) laboratory for conducting testing of final products for detection of welding defects.

Audit observed that the laboratory procured only 15 equipments between 1962 and 1998 including some portable instruments. The NDT Operators are trained in Bhabha Atomic Research Centre. Though the records of the lab revealed that 49 tests such as Penetration Testing, Ultrasonic or X-ray Testing had been conducted between April 2009 and July 2011, the laboratory was unable to analyse and issue testing certificates as

⁵¹ Cost of total receipts and issue of store

trained staff was not available. The NDT equipments were lying unused since November 2011.

- Water Resources Department decided (June 2010) to close the Mechanical division, Nanded and its three sub-divisions (out of four sub-divisions). It also directed that all the machineries, stores, equipments etc. be transferred to other divisions by CE (Mechanical), Nashik. However, it was observed these had not been transferred and were found to have been dumped in the workshop.
- Regional workshop Sub-division No.1, Nanded, has been attached to the Mechanical division (Upper Penganga Project), Nanded in August 2010 for carrying out the maintenance and repairs of HEM machineries. However, due to non-availability of work, the percentage of shortfall as against targets during the period 2010-14 ranged between 72.04 per cent (2010-11) and 100 per cent (2013-14).

GoM accepted that the available machineries in the workshop are very old and unserviceable and CE (Mechanical) has been instructed to review the present situation of workload, available machineries and take necessary action.

3.4.6 Blockade of fund

- Mechanical Division, Pune was allotted the works of erection and installation of machineries⁵² in 10 LIS projects. The machineries and materials costing ₹ 33.38 crore were procured by the division and supplied at sites between March 2010 and August 2013. However, the installation works were not completed due to non-availability of site as or non-supply of electricity. Thus, the machineries and materials were lying idle at the sites and with passage of time deterioration in quality/theft of the machineries and materials supplied at site cannot be ruled out.

GoM accepted the facts and stated that remaining activity of erection will be taken up as and when the civil/electrical works are completed.

- It was observed that 1,404.40 MT of gates and gate parts costing ₹ 16.16 crore manufactured by five selected divisions⁵³ were lying idle at the workshops for a period ranging one year to five years.

GoM stated that due to non-availability of sites, the gates and gate parts could not be utilised. However, efforts will be made to explore the possibility of utilising these manufactured parts at other sites of identical nature.

⁵² Vertical Turbine Pump, Booster pump, Non-Return Valves, Butterfly Valves, Kinetic Air Valve, Delivery Pipe line, Dismantling Joints, Induction Motors (H.T. Motors), Capacitors, Soft Starter, H.T. Panel (main panel), Batteries, Battery Chargers and D.C.D.B, Auxiliary Transformer, Preparation of cable, schedule & supply, Water Level Indicators. Temp. Scanner panels, Spares & Tools etc.

⁵³ Hoist Design & Manufacturing Division, Dapodi Pune (340.10 MT) - ₹ 5.03 crore; Mechanical Division No.2, Pune (142 MT) – ₹ 2.42 crore; Gate Manufacturing Division A, Dapodi, Pune (846.27 MT) – ₹ 7.91 crore; Mechanical Engineering & Workshop Division, Nagpur (15 MT) – ₹ 0.22 crore; Mechanical Division (KR), Alore (61.03 MT) – ₹ 0.58 crore

- In five selected divisions, it was observed that obsolete spare parts/ machineries amounting to ₹ 4.48 crore were lying idle since 1972 to 2013 and no action had been taken for their disposal.

GoM stated that newly appointed equipment deployment committee will look in to the matter and take appropriate action.

3.4.7 Internal Controls and Monitoring

3.4.7.1 Non-maintenance of records to measure departmental work

Para 2.2.1 of Guide book issued by CWC prescribes that performance of machineries/equipment should be evaluated in relation to the production accomplished vis-à-vis the works targets set and scheduled production hours could be used only as guide. As such, the department is required to maintain records for actual hours worked and physical output achieved for evaluation of performance of machineries/equipments. However, it was observed that the divisions were only working out the achievements of the machineries by multiplying number of hours worked by machinery by the pre-decided capacity factor of the machinery. The actual work accomplished by the machinery is neither calculated nor being brought on record. In absence of maintenance of records, audit could not vouch the actual physical work executed by machineries as shown in progress report.

GoM stated that all concerned officers would again be instructed to follow the prescribed procedures regarding physical measurement of the work done.

3.4.7.2 Non-compliance to the observations made during pre monsoon and post monsoon inspection

The Inspection unit, Aurangabad conducts pre-monsoon and post-monsoon inspection of gated and non-gated dams in the region of Vidarbha, Marathwada and part of Western Maharashtra. The deficiencies pointed out by the unit are classified in three⁵⁴ categories and out of these, the deficiencies of Category I and II are of serious nature. The deficiencies are reported to the concerned civil divisions for compliance after the inspections of the project.

It was observed that the unit raised 133 and 7,703 pre monsoon and post monsoon observations of category I and II respectively during the period 2009-14 in respect of 114 projects. The civil divisions did not comply to any of the category I observations and had complied only in respect of 33 category II observations. The low number of compliances to the deficiencies of serious nature reflects improper monitoring by department.

GoM stated that necessary circular / guidelines will be issued shortly.

3.4.8 Conclusions and recommendations

The Mechanical Organization of the Water Resources Department was beset with numerous problems and therefore, its objectives were not being met. It was found in audit that the sub-divisions were equipped with old machinery.

⁵⁴ Categories of deficiencies: Category I deficiencies: Deficiencies which may lead to failure of dam; Category II deficiencies: Major deficiencies requiring prompt remedial measures; Category III deficiencies: Minor deficiencies which are rectifiable during the year

There was under utilisation of capacity as adequate manpower was not available. Thus, there was found to be heavy reliance on outsourcing of works. Further, the organisation was not delivering to capacity due to lack of effective co-ordination with various divisions of the Water Resources Department.

The Government may review and evaluate the performance of the Mechanical Organisation and take suitable steps to improve its efficiency.

Water Resources Department

3.5 Undue benefit

Unwarranted payment for workmen's compensation insurance resulted in providing undue benefit of ₹ 1.39 crore to the contractor.

The Irrigation Department under GoM accorded (November 1968) administrative approval (AA) to the Upper Penganga Project for ₹ 35.06 lakh. The AA was revised time to time and final AA was accorded (October 2010) for ₹ 1,976.09 crore. The Isapur Right Bank Canal was part of the canal distribution system of this project. The work of Construction of Earthwork, Structures, Lining and Tunnel in km 120 to 125 of Isapur Right Bank Canal was awarded (March 2007) to a contractor at 4.91 *per cent* above the estimated cost of ₹ 51.26 crore was scheduled for completion in 48 months. As per clause 40 of 'Special Conditions of the Contract', the contractors were responsible for providing protection against accidents on the work site. The clause further stipulated that "though the Corporation is a Principal Employer, the complete responsibility of compensation shall be on the contractors". The contractors were also to indemnify the Corporation against any claims for damages to the property, injury to workers or any other persons, deaths, etc.

Scrutiny (March 2013) of the records of Executive Engineer (EE), Upper Penganga Project Division 6, Nanded revealed that to cover risks to workmen during execution, the rates of the tunneling items were derived after loading charges for Workmen's Compensation Insurance (WCI) at the rate of three *per cent* of the cost of the items. Accordingly, the contractor was paid (May 2013) the final bill amounting to ₹ 87.78 crore, of which ₹ 1.39 crore was towards WCI.

The inclusion of WCI charges in the rates for tunneling works was not justified in view of clause 40 *ibid* of the agreement and therefore resulted in providing undue benefit to the contractor.

The EE stated (July 2013) that the element of insurance charges was included in the rate so as to indemnify contractor for the work involved in underground excavations. The reply was not acceptable as the agreement specifically provided that in the event of accident; the contractor was responsible for payment of compensation under the Workmen's Compensation Act.

Matter was referred to the GoM (June 2014); their reply was awaited (January 2015)

3.6 Undue benefit**The Superintending Engineer, Nashik Irrigation Project Circle, Dhule sanctioned revised rates for EIRL in contravention of contract provisions resulting in overpayment of ₹ 2.02 crore to the contractor.**

The Maharashtra Public Works Manual authorises the Executive Engineer under Rule 277 (A) to sanction rates for new item(s) of work, requirement of which is felt at the time of execution but was not included in the scope of work (Schedule B). The new item(s) termed as Extra Item Rate List is/are payable at the prevailing Current Schedule of Rates (CSR).

GoM accorded (October 2007) revised administrative approval to Dehali Medium Project for ₹ 95.45 crore based on the CSR for the year 2005-06. The construction work of balance earthwork, spillway and head regulator was awarded (February 2007) to a contractor at 4.97 *per cent* above the estimated cost of ₹ 34.29 crore with stipulated period of 36 months for completion. The work is still ongoing and the contractor was paid (April 2014) ₹ 61.86 crore in the 20 running account (RA) bill. As per Schedule B of the contract, the Waste-Weir, Divide Wall, Guide wall and other appurtenant works were to be constructed in Un-coursed Rubble (UCR) Masonry.

Scrutiny of records (April 2012) of Executive Engineer, Dhule Medium Project Division 2, Nandurbar, District Dhule (EE) and subsequent information obtained (April 2014 to June 2014) revealed that the Central Designs Organisation (CDO, Nashik) revised (June 2008) designs and drawings for the dam, wherein the Waste Weir, Divide Wall, Guide wall and other appurtenant works was to be constructed in Cement Concrete (CC) in grades M-15 and M-20. As construction in CC in grade M-15 was not part of Schedule B, the EE submitted (April 2008) an EIRL proposal for execution of 25,577.87 M³ of CC in grade M-15 at the rate of ₹ 3,977.55 per M³ (CSR for the year 2008-09) which was sanctioned by the Superintending Engineer, Nashik Irrigation Project Circle, Dhule (SE) in October 2008.

The SE, however, on re-verification of the rate sanctioned in the EIRL found that the basic rate prescribed in the CSR was already inclusive of water charges, cost of admixtures and Value Added Tax which were again added while deriving the rates. Hence, the rates were corrected to ₹ 3,683.54 per M³. The SE accordingly directed (February 2011) the EE to apply the revised rates while making EIRL payment. The EE, however, continued payment for the EIRL item at the earlier rate of ₹ 3,977.55 per M³ and an amount of ₹ 2.83 crore was paid towards Price Variation (PV) on the EIRL amount leading to an overpayment of ₹ 1.86 crore to the contractor upto the executed quantity of 55,329.23 M³.

The EE stated (June 2014) that the overpayment of ₹ 1.63 crore to the contractor was adjusted from the bills paid in April 2014.

It was however observed that the SE re-sanctioned (April 2014) rate and quantity of EIRL for the same item by splitting the executed quantity of 60,829.72 M³ in three years rates and paid ₹ 24.43 crore.

The re-sanctioning of rates by splitting the executed quantity and applying that years CSR was unjustified and irregular as the contractor had already been paid PV on the value of work done under EIRL which took care of price variation. Thus, instead of recovering the excess payment from the contractor, the SE re-sanctioned rates for the EIRL and extended undue benefit of ₹ 2.02 crore to the contractor.

Matter was referred to the GoM (June 2014); their reply was awaited (January 2015).

3.7 Overpayment to contractor

Executive Engineer, Design Division Unit, Jalgaon did not follow the provisions of the contract while working out Price variation payable to contractor which resulted in over payment of ₹ 8.13 crore.

Maharashtra State Power Generation Company Limited entrusted the Work of providing, laying and joining of pipeline from Ozarkheda Dam to Bhusawal Thermal plant station, Deepnagar to Executive Engineer, Design Division Unit, Jalgaon (EE) as 'Deposit work'. The EE awarded (August 2009) the work to a contractor at a cost of ₹ 104.11 crore for completion within 12 months (August 2010). Clause 10 of the contract stipulates that bill should be submitted by the contractor every month or before the date fixed by the Engineer-in-charge for all work executed in the previous month. Further, Clause 33 of the agreement prescribed formulae based on the variation of ruling indices⁵⁵ compared with the base index⁵⁶ fixed for the three components⁵⁷ for payment of PV on the gross amount of work done during the period considered for bill payments to contractor.

Scrutiny of records of the EE revealed that the contractor was not submitting running account (RA) bills monthly but after a period ranging from two to 12 months. The contractor was paid (August 2011) the fifth RA bill for value of work done amounting to ₹ 95.88 crore including ₹ 21.44 crore towards PV. It was observed that the EE while working out the PV had not considered the indices prevailing on the date 30 days before the last date prescribed for receipt of tender for 'base indices'. Also the gap between the two bills paid should be treated as the period during which the work was carried out and accordingly indices corresponding to this period should have been considered. However, the indices considered by the EE did not correspond with the period for which the bills were paid. This resulted in excess payment of ₹ 11.57 crore towards PV to the contractor up to fifth RA bill.

⁵⁵ The average of indices prevailing during the period considered for the bill payment in respect of labour, all commodities and petrol / diesel, oil and lubricants (POL) components. For labour component the Consumer price index (New Series) for Industrial Workers applicable for Working Place Center as per the Labour Gazette published by the Commissioner of Labour, Government of Maharashtra; For All Commodities, the whole sale price index for all commodities published by the office of Economic Adviser, Ministry of Industry, Government of India and for POL the prevailing market price

⁵⁶ The indices in respect of Labour, Material and POL prevailing on the date 30 days before the last date prescribed for receipt of tender

⁵⁷ Labour, Material and POL

The EE while accepting the fact of overpayment (April 2014) stated that the PV payable upto the ninth RA bill (paid in May 2014) works out to ₹ 17.97 crore.

The revised working of the PV by the EE was also erroneous as the provisions of the contract were not followed. Had the provisions of contract been followed, PV of only ₹ 13.31 crore was payable up to ninth RA bill. Since PV of ₹ 21.44 crore has already been paid up to fifth RA bill, ₹ 8.13 crore is due for recovery from the contractor. The recovery is yet to be made (December 2014).

The matter was referred to the GoM (June 2014); their reply was awaited (January 2015).

Nagpur,
The 20 March, 2015



(SHEELA JOG)
Accountant General (Audit)-II,
Maharashtra, Nagpur

Countersigned



New Delhi,
The 27 March, 2015

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Name of the Department		Upto 2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		Total			
		IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA	IR	PARA
1. Agriculture, Animal Husbandry, Dairy Development and Fisheries	Nagpur	251	538	72	211	87	325	100	429	74	279	53	195	637	1,977		
	Mumbai	53	110	16	65	10	52	19	64	4	26	16	97	118	414		
	Total	304	648	88	276	97	377	119	493	78	305	69	292	755	2,391		
2. Co-operation and Textile	Nagpur	136	215	13	23	2	3	5	7	5	7	11	43	172	298		
	Mumbai	50	117	4	8	12	20	3	8	3	14	7	44	79	211		
	Total	186	332	17	31	14	23	8	15	8	21	18	87	251	509		
3. Industry, Energy and Labour	Nagpur	39	70	10	19	10	23	3	11	1	7	1	4	64	134		
	Mumbai	61	123	15	51	13	59	13	74	19	105	3	17	124	429		
	Total	100	193	25	70	23	82	16	85	20	112	4	21	188	563		
4. Public Works	Nagpur	106	182	35	109	44	151	22	108	1	3	33	211	241	764		
	Mumbai	128	201	39	60	37	126	38	140	29	140	25	197	296	864		
	Total	234	383	74	169	81	277	60	248	30	143	58	408	537	1,628		
5. Tourism & Cultural Affairs	Nagpur	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Mumbai	12	21	4	18	3	14	0	0	0	0	1	7	20	60		
	Total	12	21	4	18	3	14	0	0	0	0	1	7	20	60		
6. Water Resources	Nagpur	396	823	95	315	84	311	66	315	66	354	26	141	733	2,259		
	Mumbai	87	123	36	139	26	108	41	235	59	421	5	41	254	1,067		
	Total	483	946	131	454	110	419	107	550	125	775	31	182	987	3,326		
7. Forest	Nagpur	98	132	13	28	11	19	7	17	1	1	3	4	133	201		
	Mumbai	65	79	15	34	8	27	10	54	11	74	2	14	111	282		
	Total	163	211	28	62	19	46	17	71	12	75	5	18	244	483		
Grand total	1,482	2,734	367	1,080	347	1,238	327	1,462	273	1,431	186	1,015	2,982	8,960			

Appendix 1.2 <i>(Reference: Paragraph 1.7.3; Page: 6)</i> Statement showing number of paragraphs/reviews in respect of which Government's explanatory memoranda had not been received								
Sl. No.	Name of Department	Up to 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
1.	Agriculture, Animal Husbandry, Dairy Development and Fisheries	3	--	--	1	--	1	6
2.	Public Works	--	--	--	--	--	1	2
3.	Forest	2	--	--	--	--	--	2
4.	Tourism and Cultural Affairs	--	--	--	--	1	--	1
5.	Water Resources	3	--	--	--	--	--	9
6.	Industries, Energy and Labour	--	--	--	--	--	--	--
7.	Public Works and Water Resources	--	1	--	--	--	--	1
	Total	8	1	--	1	1	2	13

Appendix 1.3 (Reference : Paragraph 1.7.3; Page: 7)													
Department-wise position of PAC recommendations on which Action Taken Notes were awaited													
Sl. No.	Name of the department	1985-86 to 2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1.	Agriculture, Animal Husbandry, Dairy Development & Fisheries	23	--	--	--	12	--	02	--	--	--	--	37
2.	Public Works	13	--	--	03	-	02	12	--	--	--	--	30
3.	Forest	--	--	--	--	-	01	--	--	--	--	--	01
4.	Tourism and Cultural Affairs	--	--	--	--	-	-	--	--	--	--	--	--
5.	Water Resources	28	--	04	07	-	-	07	--	--	--	--	46
6.	Co-operation and Textile	04	--	-	--	-	-	--	--	--	--	--	04
7.	Industries, Energy and Labour	21	--	-	--	-	-	--	--	--	--	--	21
Total		89	--	04	10	12	03	21	--	--	--	--	139

Appendix 3.1 (Reference : Paragraph :3.3.3.2 ; Page : 41) Statement showing region wise registration of beneficiaries and shortfall in registration						
Region	Total registration	Total live registration	Percentage of live registration as on March 2014 to total registration	Target fixed (August 2012)	Shortfall in registration with reference to target	Shortfall Per cent
Konkan	27,955	8,917	31.89	50,000	22,045	44.09
Pune	83,839	57,230	68.26	50,000	0	0
Nasik	18,423	11,078	60.13	50,000	31,577	63.15
Aurangabad	21,459	15,332	71.45	50,000	28,541	57.08
Nagpur	26,840	19,004	70.80	50,000	23,160	46.32
Total	1,78,516	1,11,561	62.49			

Source : Data furnished by the Board

Appendix 3.2 (Reference : Paragraph : 3.3.5 Page : 44.) Statement showing the year wise details of cess collected, other receipts, administrative expenditure and expenditure on welfare schemes (₹ in lakh)							
Sl. No.	Year	Cess collected	Other receipts	Total receipts	Administrative expenditure	Scheme expenditure	Total expenditure
1.	2007-08	77.00	0	77.00	0	0	0
2.	2008-09	60.72	0	60.72	0	0	0
3.	2009-10	948.85	0	948.85	0	0	0
4.	2010-11	8,901.35	0	8,901.35	0	0	0
5.	2011-12	40,732.70	1,865.18	42,597.88	5.99	0.25	6.24
6.	2012-13	68,938.60	8,830.71	77,769.31	346.82	30.22	377.04
7.	2013-14	73,298.69	5,561.34	78,860.03	2,124.73	3,785.94	5,910.67
Total		1,92,957.91	16,257.23	2,09,215.14	2,477.54	3,816.41	6,293.95

Source: Data furnished by the Board

Appendix-3.3									
<i>(Reference : Paragraph : 3.3.5; Page : 44)</i>									
Statement showing expenditure incurred on welfare schemes during the period 2011-14									
Sl. No.	Schemes implemented	2011-12		2012-13		2013-14		Total	
		No. of beneficiaries	Amount (₹ in lakh)	No. of beneficiaries	Amount (₹ in lakh)	No. of beneficiaries	Amount (₹ in lakh)	No. of beneficiaries	Amount (₹ in lakh)
1.	Educational Assistance	0	0	12	0.34	720	37.90	732	38.24
2.	Assistance for Natural delivery	0	0	21	1.05	140	7.60	161	8.65
3.	Assistance for caesarean	0	0	1	0.10	60	6.80	61	6.90
4.	Funeral benefit	5	0.25	13	0.65	6	0.30	24	1.20
5.	Medical assistance	0	0	0	0	7	1.75	7	1.75
6.	Distribution of Laptop	0	0	0	0	50	23.80	50	23.80
	Total	5	0.25	47	2.14	983	78.15	1,035	80.54
7.	Janashree Bima Yojana	0	0	65,389	28.08	0	4.62	65,389	32.70
8.	Group Mediclaim and Group Personal Accident Policy	0	0	0	0	94,244	3,703.17	94,244	37,073.17
	Total	5	0.25	65,436	30.22	95,228	3,785.94	1,60,669	3,816.41

Source : Information furnished by Board

Appendix 3.4									
(Reference : Paragraph 3.4.3.3; Page : 49)									
Details of planned and unplanned works taken up for execution by MO									
Year	No. of works allotted	No. of works completed during the year	No. of works not started during the year	No. of works remained incomplete during the year	No. of unplanned works executed during the year	Total no. of works executed during the year	Percentage of unplanned works	No. of incomplete works carried forward in next ADP	No. of works not started but carried forward in next ADP
Earthworks and Canal Cleaning works									
2009-10	197	103	51	43	243	346	70	0	0
2010-11	260	103	87	70	187	290	64	0	0
2011-12	294	111	81	102	210	321	65	0	0
2012-13	365	92	85	188	257	349	74	0	0
2013-14	365	113	0	252	127	240	53	0	0
Total	1,481	522	304	655	1,024	1,546	66	0	0
Gate Manufacturing and Erection Works									
2009-10	328	106	162	60	38	144	26	123	87
2010-11	245	83	103	59	60	143	42	98	52
2011-12	276	73	151	52	60	133	45	109	70
2012-13	205	57	118	30	78	135	58	80	65
2013-14	143	26	79	39	67	93	72	0	0
Total	1,197	345	613	240	303	648	47	410	274

Source: Information furnished by MO

Glossary of Abbreviations in respect of Paragraph 2.1		
Sl. No.	Abbreviations	Full Form
1.	APK Project	Alibag Pen Khopoli Project
2.	BOQ	Bill of Quantity
3.	BOT	Build Operate & Transfer
4.	BPLS Project	Baramati Phaltan Lonand Shirwal Project
5.	CA	Concession Agreement
6.	CE	Chief Engineer
7.	CIC	Cabinet Infrastructure Committee
8.	CKAM Project	Chinchoti Kaman Anjurphata Mankoli Project
9.	COD	Commercial Operation Date
10.	CSD	Common Set of Deviation
11.	CVC	Central Vigilance Commission
12.	DC	Design Circle
13.	DLC	Dry Lean Concrete
14.	DPR	Detailed Project Report
15.	EE	Executive Engineer
16.	EI	Empowered Institution of Government of India
17.	EIC	Engineer In Charge
18.	FD	Finance Department
19.	FOB	Foot Over Bridge
20.	FR	Feasibility Report
21.	GoI	Government of India
22.	GoM	Government of Maharashtra
23.	IE	Independent Engineer
24.	IRC	Indian Road Congress
25.	JV	Joint Venture
26.	JW Project	Jam Warora Project
27.	LD	Liquidated Damage
28.	LOA	Letter of Acceptance
29.	MBC Project	Malkapur Buldhana Chikhali Project
30.	MCA	Model Concession Agreement
31.	MPR	Monthly Progress Report
32.	MPWM	Maharashtra Public Works Manual
33.	MSEDCL	Maharashtra State Electricity Distribution Company Ltd.

Glossary of Abbreviation (concl.)		
Sl. No.	Abbreviations	Full Form
34.	MSRDC	Maharashtra State Road Development Corporation
35.	MWB Project	Manor Wada Bhiwandi Project
36.	NH	National Highway
37.	NIT	Notice Inviting Tender
38.	NNV Project	Nashik Niphad Vaijapur Project
39.	NP	Non Pressure
40.	PCC	Provisional Completion Certificate
41.	PPP	Public Private Partnership
42.	PWD	Public Works Department
43.	RDP	Road Development Plan
44.	RFP	Request For Proposal
45.	RFQ	Request For Qualification
46.	ROW	Right Of Way
47.	SC	Supervision Consultant
48.	SDO	Sub Divisional Officer
49.	SE	Superintending Engineer
50.	SEIAA	State Environment Impact Assessment Authority
51.	SH	State Highway
52.	SP Project	Sion Panvel Project
53.	SPV	Special Purpose Vehicle
54.	STAC	Structural and Technical Audit Committee
55.	STNB Project	Shirur Tajband Narshi Biloli Project
56.	TPC	Total Project Cost
57.	VGf	Viability Gap Fund
58.	VUP	Vehicular Under Pass