

Chapter-1

Introduction

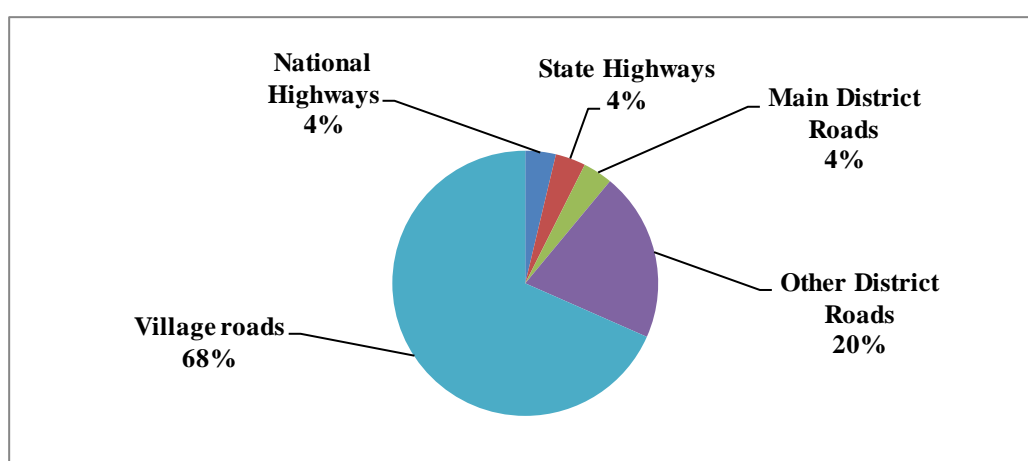
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Introduction

1.1 Background

Uttar Pradesh is the most populous State in the country and has made massive investments in road sector in recent years to improve connectivity. Still the State stands at 25th position in road density per lakh population and at 9th place in road density per 100 square km area. The State had 2,03,457¹ km of various category of roads such as National Highways (NH), State Highways (SH), Major District Roads (MDR), Other District Roads (ODR) and Village Roads (VR) as on 1 April, 2014 as shown in chart-1.1 below:

Chart-1.1: Composition of various types of roads in the State as on 1 April 2014 (percentage length in km.)



(Source: Performance budget 2015-16)

Public Works Department (PWD) is responsible for construction and maintenance of roads, buildings and bridges in the State. The department had established two public sector corporations namely Uttar Pradesh State Bridge Corporation Limited (UPSBC) in 1972 and Uttar Pradesh *Rajkiya Nirman Nigam* Limited (UPRNN) in 1976 for construction and maintenance of major² bridges and buildings respectively. The road works are executed by PWD by award of works to contractors.

1.1.1 Status of roads: The NHs are constructed by the National Highway Authority of India (NHAI) whereas SHs, MDRs, ODRs and VRs are constructed and maintained by the State Public Works Department. Position of existing length of roads under different categories during 2011-14³ was as given in Table-1.1 below:

¹ NH: 7,550 km, SH: 7,486 km, MDR: 7,358 km, ODR: 41,933 km and VR: 1, 39,130 km as per Performance Budget of the department for the year 2015-16.

² Bridges of more than 60 metre span.

³ Figures for the years 2014-15 and 2015-16 did not furnish by the E-in-C.

Table 1.1: Cumulative position of different category of roads (2011-14)

(In km)

Sl. No.	Category of road	As on 31 March 2011	As on 31 March 2012	As on 31 March 2013	As on 31 March 2014
1	National Highways ⁴	6,684	6,684	7,550	7,550
2	State Highways ⁵	7,957	7,957	7,703	7,486
3	Main District Roads ⁶	7,548	7,548	7,548	7,358
4	Other District Roads ⁷	33,915	37,373	39,244	41,933
5	Village roads ⁸	1,27,668	1,34,539	1,39,046	1,39,130
	Total	1,83,772	1,94,101	2,01,091	2,03,457

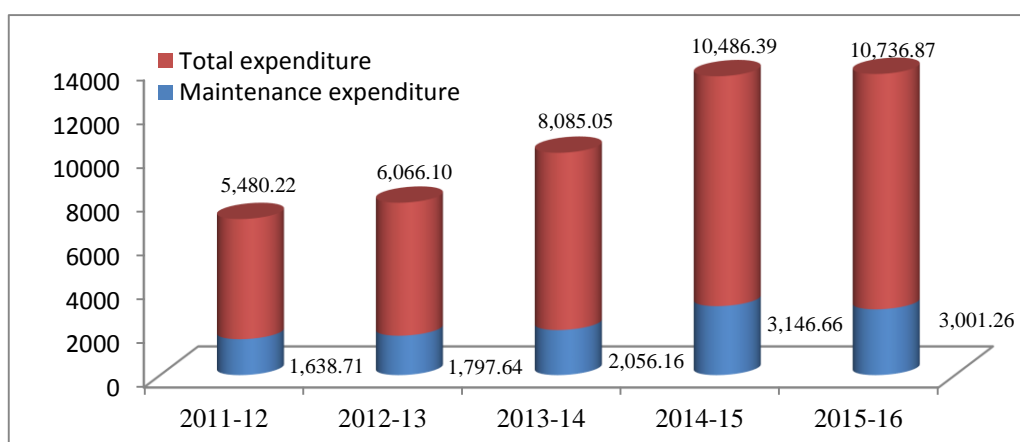
(Source: Performance Budgets furnished by E-in-C)

During 2011-14, 8,018 km of ODRs and 11,462 km of VRs were constructed in the State. There was no net increase in the length of SH and MDR in the State during this period.

1.1.2 Expenditure on road works: During 2011-16, the State government incurred an expenditure of ₹ 40,854.63 crore on construction and maintenance of various types of roads in the State excluding *Pradhan Mantri Gram Sadak Yojana*. This included expenditure of ₹ 11,640.43 crore (28.49 per cent) on maintenance of roads. Position of year-wise total expenditure and expenditure on maintenance works during 2011-16 is depicted in bar chart-1.2 below:

Chart 1.2: Total expenditure and maintenance expenditure (2011-16)

(₹ in crore)



As may be noticed from the above, the capital expenditure rose from ₹ 3,841.51 crore in 2011-12 to ₹ 7,735.61 crore in 2015-16 (101 per cent).

Position of expenditure on construction of new roads and widening/strengthening of existing roads during 2011-16 is given in Table-1.2:

⁴ NHs are main highways running through the length and breadth of the country connecting major ports, foreign highways, State capitals, large industrial and tourist centres, etc.

⁵ These are arterial routes of a State linking district headquarters and important cities within the State and connecting them with national highways or highways of the neighboring State.

⁶ These are important roads within a district serving areas of production and markets, and connecting these with each other or with the main highways.

⁷ These are roads serving rural areas of production and providing them with outlet with market centres, taluka/tehsil headquarters, block development headquarters, or other main roads.

⁸ These are roads connecting villages or group of villages with each other and to the nearest road of a higher category.

Table 1.2: Expenditure on new and existing roads(**₹ in crore**)

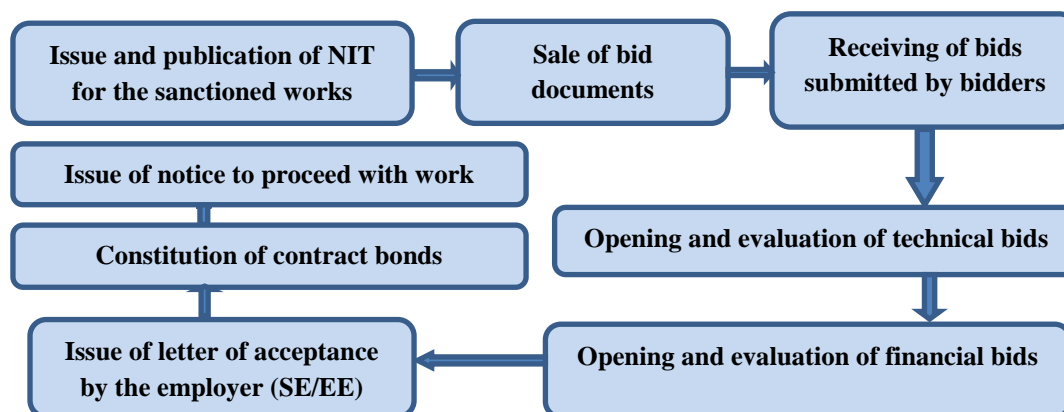
Year	New Roads		Widening/Strengthening	
	Length (km)	Expenditure	Length (km)	Expenditure
2011-12	8,147	1,444	2,234	2,397
2012-13	4,529	798	3,931	3,470
2013-14	4,338	1,760	2,743	4,269
2014-15	2,579	1,938	4,392	5,402
2015-16	1,943	871	7,899	6,865
Total	21,536	6,811	21,199	22,403

(Source: Information furnished by E-in-C)

Out of total capital expenditure of ₹ 29,214 crore, about 77 per cent funds were utilised on widening/strengthening of existing roads and remaining 23 per cent funds were utilised on construction of new roads.

Tendering process: A pictorial presentation of tendering process followed in the State is given below:

Pictorial presentation of tendering process



1.2 Organisational Structure

Principal Secretary, PWD represents the Department at the Government level while the Department is headed by Engineer-in-Chief (E-in-C), Development and Head of Department who is assisted by two Engineer-in-Chiefs⁹, Chief Engineers, Superintending Engineers and Executive Engineers. The Chief Engineers are responsible for the administrative control of the Department in their respective Zones and perform the functions related to according technical sanction to the detailed estimates, finalising contracts, sanctioning time-extension, etc. The Circles, headed by Superintending Engineers, are responsible for preparation and periodic revision of Schedule of Rates (SoR), finalisation of contracts, etc. Circles are further divided into Divisions, headed by Executive Engineers who are directly responsible for execution of works.

Apart from this, the department also has two other E-in-Cs: Design & Planning and Rural Roads. Presently, there are 12 zones, 32 circles and 178 divisions in PWD.

⁹ Engineer-in-Chief, Design & Planning and Engineer-in-Chief, Rural Roads.

1.3 Audit objective

The objectives of performance audit were to ascertain that:

- Planning for road works was comprehensive and sanction of works was based on prescribed technical and financial norms/standards;
- Tendering and contract management was fair, transparent and competitive, and consistent with prevailing best practices in the sector;
- Contract variations and payments were managed efficiently as per provisions of the agreements and financial rules;
- Prescribed quality control norms and timelines were adhered to; and
- There existed a sound management information system for effective planning, monitoring and decision making at all levels in the department.

1.4 Audit criteria

Audit criteria was drawn from Financial Hand Book volume-V, Public Works Account Rules (Financial Hand Book volume-VI), Budget Manual and Treasury Rules, Departmental Rules, Regulations and Manual, PWD Model Bidding Document 2007, PWD Schedule of Rates and IRC's specifications, Government Orders/E-in-C circulars issued from time to time; and best practices followed in Central Public Works Department, National Highways Authority of India, MORTH norms, *Pradhan Mantri Gram Sadak Yojna* and best practices drawn from other States.

1.5 Scope of Audit and methodology

Performance audit was conducted during the period March to July 2016 covering the period from 2011-12 to 2015-16 by scrutiny of records in the offices of the Principal Secretary, PWD, Engineer-in-Chief, PWD and seventeen¹⁰ out of 75 districts in the State. The districts were selected on the basis of Probability Proportionate to Size without Replacement sampling method from four economic regions (Eastern, Western, Central and *Bundelkhand*) of the State. Lucknow was selected being the capital city. On the request of Secretary, PWD, Saharanpur district was also included in the scope of audit.

In these 17 test-checked districts, records of Public Works divisions besides that of circles and zones of test-checked divisions were examined. An entry conference was held (March, 2016) with Secretary, PWD to discuss the audit objectives, criteria, scope and methodology etc. The scope of audit covered construction of new roads and widening & strengthening of existing roads under the jurisdiction of Public Works Department. Works related to maintenance of roads have not been covered in this performance audit.

¹⁰ 1. Agra 2. Basti 3. Budaun 4. Ghazipur 5. Gonda 6. Gorakhpur 7. Hapur 8. Hardoi 9. Jhansi 10. Lucknow 11. Mainpuri 12. Mirzapur 13. Moradabad 14. Saharanpur 15. Sambhal 16. Siddharthnagar 17. Unnao.

Audit methodology included collection and analysis of data/information through examination of records, issuing questionnaires/audit observations, obtaining replies, conducting joint physical inspection of works and gathering other evidence such as photographs of sites, etc. Audit test-checked 802 contracts pertaining to 2011-16 worth ₹ 4,857.60 crore in selected 17 districts.

The Performance Audit Report was issued to the Principal Secretary, PWD, Government of Uttar Pradesh and Principal Secretary, Finance Department, Government of Uttar Pradesh (October 2016). Reply of the Government (June 2017) has been suitably incorporated in the report. In the Exit conference held (June, 2017), the State Government assured to issue instructions to implement the recommendations made by the audit.

1.6 Acknowledgement

Audit wishes to acknowledge the co-operation extended by the Government, Engineer-in-Chief and Chief Engineers, Superintending Engineers & Executive Engineers of the selected districts of Public Works Department at various stages during the conduct of this Performance Audit.

