

*PRESENTED TO THE  
ODISHA LEGISLATIVE ASSEMBLY  
ON THE 3<sup>RD</sup> OCTOBER, 2020*



सत्यमेव जयते

**ODISHA LEGISLATIVE ASSEMBLY**

**PUBLIC ACCOUNTS COMMITTEE**

**2020-2021**

**SIXTEENTH ASSEMBLY**



**7<sup>TH</sup> REPORT**

**ON**

**C & A. G OF INDIA (GENERAL AND SOCIAL SECTOR)**

**FOR THE YEAR 2013-14**

**OF**

**RURAL DEVELOPMENT DEPARTMENT**

**SECRETARIAT**

**OF**

**THE ODISHA LEGISLATIVE ASSEMBLY,**

**BHUBANESWAR-751001**

<b>Sl. No.</b>	<b><u>CONTENTS</u></b>	<b>Page</b>
1.	Composition of the Public Accounts Committee, 2020-21	i
2.	Composition of the Public Accounts Committee, 2019-20	ii
3.	Composition of the Public Accounts Committee, 2018-19	iii
4.	Composition of the Sub-Committee-V of the Public Accounts Committee, 2018-19	iv
5.	Introduction	v
6.	Report	1-12
7.	Minutes of the meeting held on 20.03.2020	13
8.	Minutes of the meeting held on 01.10.2020	14

## **COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 2020-21**

### **CHAIRMAN**

Shri Pradipta Kumar Naik,  
Leader of Opposition.

### **MEMBERS**

Smt. Pramila Mallik,  
Hon'ble Government Chief Whip.

Shri Mohan Charan Majhi,  
Hon'ble Chief Whip, Bharatiya Janta Party

Shri Narasingha Mishra, M. L. A.

Shri Debiprasad Mishra, M. L. A.

Shri Jaya Narayan Mishra, M. L. A.

Shri Sarada Prasad Nayak, M. L. A.

Shri Pranab Prakash Das, M. L. A.

Shri Rajendra Dholakia, M. L. A.

Shri Braja Kishore Pradhan, M. L. A.

Shri Priti Ranjan Gharai, M. L. A.

Shri Ananta Narayan Jena, M. L. A.

### **SECRETARIAT**

Shri Dasharathi Satapathy, I. A. S., Secretary.

Smt. Sushila Mallick, Deputy Secretary.

Smt. Baijayanti Pattanayak, Under Secretary.

Shri Partha Sarathi Das, Section Officer.

Smt. Manjushree Tripathy, Assistant Section Officer

## **COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 2019-20**

### **CHAIRMAN**

Shri Pradipta Kumar Naik,  
Leader of Opposition.

### **MEMBERS**

Smt. Pramila Mallik,  
Hon'ble Government Chief Whip.

Shri Mohan Charan Majhi,  
Hon'ble Chief Whip, Bharatiya Janta Party

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Shri Sarada Prasad Nayak, M. L. A.

Shri Pranab Prakash Das, M. L. A.

Shri Rajendra Dholakia, M. L. A.

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Smt. Baijayanti Pattanayak, Under Secretary.

Shri Partha Sarathi Das, Section Officer.

Smt. Manjushree Tripathy, Assistant Section Officer

## **COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 2018-19**

### **CHAIRMAN**

Shri Narasingha Mishra  
Leader of Opposition.

### **MEMBERS**

Shri Debiprasad Mishra, M. L. A.

Smt. Pramila Mallik, M. L. A.

\* Shri Dilip Kumar Ray, M. L. A.

Shri Pravata Kumar Tripathy, M. L. A.

Shri Pravat Ranjan Biswal, M. L. A.

Shri Mahesh Sahoo, M. L. A.

Shri Saroj Kumar Samal, M. L. A.

\*\* Shri Naba Kishore Das, M. L. A.

Shri Samir Ranjan Dash, M. L. A.

Shri Chiranjib Biswal, M. L. A.

Shri Debasish Samantaray, M. L. A.

### **SECRETARIAT**

Shri Amiya Kumar Sarangi, Secretary.

Shri S. K. Swain, Joint Secretary.

Shri M. Dungdung, Under Secretary.

Shri Prafulla Kumar Parida, Desk Officer.

Smt. Baijayanti Pattanayak, Desk Officer.

### **N. B.:-**

\* The Membership of Shri Dilip Kumar Ray, M. L. A. was ceased w.e.f. 30.11.2018 vide notification No. 10486/L. A., dated 5<sup>th</sup> December 2018.

\*\* The Membership of Shri Naba Kishore Das, M. L. A. was ceased w.e.f. 28.01.2019 vide notification No. 742/L. A., dated 30<sup>th</sup> January 2019.

**COMPOSITION OF THE SUB-COMMITTEE-V OF PUBLIC ACCOUNTS  
COMMITTEE, 2018-19**

**CHAIRMAN**

Shri Saroj Kumar Samal, M. L. A.

**MEMBERS**

Shri Pravat Kumar Tripathy, M. L. A.

Shri Mahesh Sahoo, M. L. A.

**SECRETARIAT**

Shri Amiya Kumar Sarangi, Secretary.

Shri Shishir Kanta Swain, Joint Secretary.

Shri M. Dumdung, Under Secretary.

Shri Prafulla Kumar Parida, Desk Officer.

Smt. Baijayanti Pattanayak, Desk Officer.

Smt. Manjushree Tripathy, Assistant Section Officer

## **INTRODUCTION**

I, the Chairman of the Public Accounts Committee having been authorised by the Committee on their behalf present this 7<sup>th</sup> Report of the C & A. G of India for 2013-14 (General & Social Sector) Report No. 7 of the year 2014 relating to Rural Development Department.

The Sub-Committee-V of Public Accounts Committee had examined the above subject in its meetings held on 07.06.2018 and 09.07.2018. The findings and conclusions based on the result of the examination of the Committee, are presented herewith.

The Public Accounts Committee, 2019-20, finalized the Report in their sitting held on 20.03.2020 and reapproved by the Public Accounts Committee 2020-21 on 01.10.2020.

The Committee place on record their appreciation of the assistance rendered by the officers of the Departments of Rural Development, Finance and the Office of the Accountant General (G & SSA), Odisha during the course of examination.

The Committee further express their thanks to the Officers and Staff of the Odisha Legislative Assembly Secretariat for their Secretarial assistance.

Sd/-

**Bhubaneswar**  
**Date: 01.10.2020**

**(PRADIPTA KUMAR NAIK)**  
**CHAIRMAN**  
**PUBLIC ACCOUNTS COMMITTEE**

## **REPORT**

### ***Para-3.2.3 Contract Management.***

#### ***1. Para-3.2.3.1 Execution of work without prior acquisition of land***

According to Audit observation four Executive Engineers (Baripada, Ganjam-II, Jajpur-I and Jajpur-II, Jaraka) entered into agreement for construction of five works worth ₹ 16.55 crore without prior acquisition of land. As a result, the works could not be completed within the stipulated time. Three works were completed with an additional cost of ₹ 1.62 crore and other two works remained incomplete even after incurring expenditure of ₹ 1.59 crore.

##### ***(a) RW Division, Jajpur-II at Jaraka***

In response the Department explained that work was a PMGSY Road. There is no provision of land acquisition in PMGSY Road. The local villagers had consented to spare their land for improvement of the road in respect of package OR-13-117 when the DPR was prepared. But, during executing of work some people did not stick to their earlier commitment and did not allow the agency to execute further work prior to closure of the contract, 400mtrs of C. C road was constructed. In the meantime, the land dispute had been resolved and balance work was awarded to another agency with stipulation to complete the work by December, 2015 and the work was completed and opened for traffic from December, 2016.

According to Audit para the original work was approved for closure in September, 2012 and in the next month the MOU was signed by the AE with land owners. Due to execution of work without physical possession of land, the state exchequer suffered an extra liability of ₹ 35.51 lakh in the form of cost escalation and time escalation of more than four years.

***The Committee went through the compliance and considering the statement of the Departmental representative during discussion dropped the para with recommendation for formation of district wise committee to sort out land problem of PMGSY.***

##### ***(b) RW Division, Jajpur-I***

As per Audit para though the work (package No. OR-13-44) was scheduled to be completed on 11.04.2008, it was extended upto July, 2010 for which the state exchequer suffered an extra expenditure of ₹ 17.38 lakh. Further, the work was taken-up knowing the fact that the existing road was running on land owned by East Coast Railway. The Department could not produce the DPR of the project to the audit.



On their reply the Department stated that after completing the C. C. road for a length of 3,650 Km. against packages No. OR-13-44, the contract was closed due to non-availability of adequate land for road. After resolving the land problem, the balance work for 1 KM. had been awarded to another agency and the work had been completed since April, 2015. Regarding DPR the Department replied that since 2014-15, 100% funding was from Government of India. Everything had been approved by them. What were changed in the DPR everything had been approved by them?

**The Committee went through the compliance, had a detailed discussion on para and asked the Department to supply the original and revised estimate of 1 Km. road. Further the Department was directed to contain the East Coast Railway to be careful in future on such cases.**

**(c) RW Division, Baripada**

As per Audit the land acquisition for the project (construction of High Level Bridge over river Budhabalanga at 11<sup>th</sup> Km. on Kuchilakhunta Pratappur Road under PMGSY) was made by the Executive Engineer after 18 months of award of the work which resulted in cost overrun by ₹ 1.09 crore and time overrun by 29 months.

The Department stated that construction of High Level Bridge over river Budhabalanga at 11<sup>th</sup> Km. on Kuchilakhunta Pratappur Road under PMGSY had been completed in March 2013 against stipulated date of completion of December 2011. The delay in completion of work was due to some unavailable hindrances for which E. O. T. had been granted considering the same.

**After discussion the Committee asked the Department to clarify on the cost overrun and time over run on construction of approach road.**

**(d) RW Division, Ganjam-II**

According to Audit observation non-acquisition of land before award of work for the package No. OR-11-150/VIII, under R. W. Division, Ganjam/VII resulted the extra liability of ₹ 30.16 lakh and the audit suggested for fixing responsibility on the officer responsible for such extra liability. The Department stated that it was also a PMGSY road and completed on 30.08.2013.

**The Committee accepted the Departmental explanation and dropped the para.**

**(e) High Level Bridge over river Sono**

According to Audit observation, the proposal for land acquisition for High Level Bridge over river Sono on Kaptipada-mankadpada road was made by the Executive Engineer after 16 months of award of the work for which connectivity

could not be established till December 2015 which incurred the expenditure of more than ₹ 128.74 lakh.

The Department stated that the construction work of High Level Bridge over River Sono on Kaptipada-mankadpada road was delayed due to land acquisition problem. It had been completed in March, 2018 and opened for traffic.

**The Committee considered the explanation and dropped the para.**

**2. Para-3.2.3.2 Award of work without proper survey and investigation**

It had been observed by Audit that the work of High Level Bridge over Kelua on Udayanagar-Kadampal Road was awarded with an agreement value of ₹ 13.45 crore which was revised twice with a final value of ₹ 14.09 crore but remained incomplete till May 2014.

The Department stated that basing on the preliminary survey & investigation. GAD was prepared with provision of 11×30.63 mtr span and 400 mtr approach road for High Level Bridge over River Keluo on Udayanagar-kadampal road in the district of Jajpur, which was tentative. During execution of work, the GAD was finally revised to 9×30.63 mtr plus and span of 18 mtr. There is a reduction of overall span of bridge by 43.26 mtr. In the revised GAD the depth of foundation of all wells had been increased from 28.80 mtr to 45.20 mtr for which the cost of the project had been increased from 28.80 mtr to 45.20 mtr for which the cost of the project had been increased by ₹ 63.22 lakh. During DPR preparation, soil investigation was done at one or two locations. But, during execution, design was done based on soil investigation on each foundation location. Hence, deviations as well as extra out lay of fund were unavoidable.

**Considering the compliance the Committee dropped the para with the recommendation that full soil testing should be taken up before the tender. Testing should be made at each foundation location.**

**3. Para-3.2.3.3 Invitation of tender and award of work without physical existence of work site**

The Audit pointed out that the construction of bridge over “Local nullah at 2 Km on Mangalpur-Bhimakunda road” was awarded at ₹ 1.38 crore. However, the Superintendent Engineer who had approved the estimate subsequently intimated to Chief Engineer that no such nullah was physically available. Audit suggested to fix accountability on concerned Executive Engineer and Superintendent Engineer for their gross negligence due to which the construction of bridge was delayed for more than two and half years. Besides, the cost escalation of the project for such delay could not be ruled out.

The Department stated that basing on the survey & investigation conducted for the proposed bridge over local nallah at 2<sup>nd</sup> Km on Mangalpur-Bhimkund road in the

district of Keonjhar, design and estimate were prepared and work awarded. During execution stage it was noticed that the chainage of the proposed bridge was at 12<sup>th</sup> Km instead of 2<sup>nd</sup> Km on Mangalpur-Bhimkund road. The contractor pleaded for not taking up the work at 12 km chainage. Due to the above the contract was closed. The work was taken up after fresh tender and had been completed since March 2016.

**Committee was dis-satisfied with the explanation given by the Department and asked the Secretary, Rural Development to take appropriate action as deemed fit.**

**4. Para-3.2.3.4 Unfruitful expenditure due to execution of work without coordination with railways**

The audit pointed out that “improvement of the road Salapada to Enderpada extended to NH-5” was completed in June 2009 with an expenditure of ₹ 2.17 crore but could not be made open to traffic for non-provision of a level crossing as the roads passed through a railway line. Permission from the railways could not be obtained before taking up the work.

The Department stated that basing on the actual requirement and for greater interest of the local people, it was proposed to provide a manned level crossing gate at 6<sup>th</sup> km of Bandalo-Endarpada road at Km 380/19-21 between Dhanamandai-Byree station after due consultation with the Railways Authorities. The fund as demanded by the railways about ₹ 67.15 lakh was deposited in February 2010 for a level crossing. Instead of construction and maintaining the level crossing, the Railway authorities imposed a number of conditions which involved extra financial burden for which construction of level crossing work delayed. A joint inspection was conducted in January 2014 by the Engineers of Railways, Officers of R.D. Department and Works Department. The Railway authorities had completed a manned level crossing in September 2014.

**Considering the explanation the Committee dropped the para and advised the Department to be careful in future for this type of expenditure.**

**5. Para-3.2.3.5 Non-retention of valid performance security from the contractors**

The General Conditions of Contract (GCC) of PMGSY stipulates that the successful bidder shall provide performance security of five per cent of the contract price which shall be valid for period of 45 days from the date of completion of construction and maintenance work. If the performance security is in the form of bank guarantee, which has one year validity initially, the validity periods required to be extended for the required period otherwise the employer would recover the same from any dues payable to the contractor. As per para 3.2.2.1 of the SBD, the contractor shall do routine maintenance of roads and keep the entire road surface and

structure in defect free condition during the entire maintenance period which begins at completion and ends after five years. Further, Government instructed (March 2007) that contractors furnishing false document for consideration of tenders are to be blacklisted by the Chief Engineer with the approval of concerned Administrative Department.

The Audit pointed out that is 10 RW Division contractors did not turn up for maintenance of roads during the five year maintenance period in 118 works completed with expenditure of ₹ 240.58 crore. But the EEs did not take any action to forfeit the performance security or get the repair works done charging the expenditure against the performance security of the contractors.

In eight RW divisions, the validity period of bank guarantees worth ₹ 5.23 crore towards performance security for 61 works had been expired since one to 35 months.

In Cuttack-I Division, one agency submitted fake fixed deposit of ₹ 6.44 lakh and two agencies under EE, RW Division, Ganjam-I furnished fake bank guarantees.

The Department stated that SD of 5% and Performance Security of 2½ % of the contract price was obtained through unconditional bank guarantee. But, due maintenance work had been done through the agencies except one package work of RW Division-II, Jajpur. In case of RW Division-II, Jajpur, the performance security had been forfeited. The routine maintenance cost was also borne by the State Government and not by the agencies.

The contractor Sri Bijaya Kumar Swain (RW Division, Cuttack-I) had signed the agreement after furnishing required amount of EMD afresh.

So far as fake bank guarantees of RW Division, Ganjam-I are concerned, the bank guarantees submitted by M/s Mubarak Buildcon Pvt. Ltd. and M/s Tabraj Ahmad had been replaced.

However, the field functionaries had been instructed to exercise due care in verifying securities/bank guarantee before entering into agreement.

**Committee were not satisfied with the explanation and directed that the Department should take a strict view and a policy guide line or executive guide line should be given to the Executive Engineers so that they would be vigilant. The para would be dropped after compliance is submitted.**

#### **6. Para-3.2.3.6 Grant of extension of time to the contractors**

The Audit observed that the provision of para 3.5.30 of OPWD code Vol-I for grant of EOT for completion of a work had not been followed strictly. Out of eleven test checked divisions extension of time were applied by the contractors after one to 16 months of completion of work and in 42 cases after one to 48 months of actual occurrence of hindrances instead of within 30 days of occurrence of hindrances. In

four cases, through application for EOT was submitted within the prescribed period, the same was forwarded for sanction after four to six months of receipt of application.

The Department stated that the contractors were always encouraged to complete the work within the stipulated period, time was deemed to be essence of contract on the part of the contractor. If, however, the contractor could not complete the work due to unavoidable hindrances in execution thereof or on any other ground, he could apply for extension of time. Although the contractor was required to apply for extension within 30 days of occurrence of hindrance for which extension was sought for, it did not debar grant of extension sought later as it was always competent to a promise to waive delay and accept performance, after the stipulated time. Where there was a land problem or forest clearance, in that case the Department did not levy compensation. At the time of negotiation regarding forest land clearance/land problem takes longer time. In that case, if the Department closed the work then the work would not be completed. Always the Department hoped that the problem would be solved, if the work was closed. After that the forest clearance would be given or the land then retendered would demand extra cost. In that case, the Department became lenient and wanted to complete the work with the same contractor with penalty which led to the delay.

**After a detailed deliberation the Committee dropped the para.**

**7. Para-3.2.3.7 Non-withholding of amount towards differential cost of estimated cost and quoted amount**

The Audit observed that the work of “Construction of HL Bridge over river Kukarkata nullah on Ghatagaon-Chinamaliposi road” was put to tender by Executive Engineer RW Division, Keonjhar-I, While accepting the tender of the lowest bidder of ₹ 4.31 crore, the CE instructed (July 2011) Executive Engineer to draw the agreement and to withhold ₹ 48.00 lakh from the running bills till satisfactory completion of one item (earth work in all kinds of soil in approve borrow areas including leads and lifts and carriage with manual means) as the rate quoted for that item by the contractor was abnormally less (94.85 per cent) than the estimated cost Accordingly, Executive Engineer executed (November 2011) the agreement to complete the work by February 2013. Further, scrutiny revealed that the contractor did not execute that item of work. But, the Executive Engineer did not take any step to withhold the amount although ₹ 3.62 crore was already paid in 13 running account bills by February 2014. As such, undue favour was extended by the Executive Engineer to the contractor by not withholding the amount as instructed by Chief Engineer.

The Department stated that Due to oversight, the differential amount of ₹ 48.00 lakh could not be withheld from running bills of the contractor as reported by the concerned Executive Engineer. Subsequently, the quantity of the said item was reduced to 11681.20 cum as against 52176 cum for which the differential cost recoverable had been worked out to ₹ 10, 74,670/- out of this ₹ 5.00 lakh had already been withheld by Executive Engineer, R.W. Division, Keonjhar. The balance differential amount had been settled at the time of final bill. The work had been opened to traffic since 18.02.2016.

**The Committee accepted the Departmental compliance and settled the para.**

**8. Para-3.2.3.8 Short recovery of penalty after rescission of agreement**

The Audit observed that in four test checked Divisions (Cuttack-I, Ganjam-I, Ganjam-II, Jajpur-I) contracts for four works of ₹ 11.88 crore were rescinded and against the recoverable penalty of ₹ 2.57 crore, Executive Engineers recovered with hold only ₹ 0.50 crore leading to short recovery and extension of undue benefit of ₹ 2.07 crore to the contractors.

The Department stated that the balance amount otherwise payable to the contractor had been withheld by the concerned Divisions. Further stated that the shortfall should be recovered by issue of notice to the contractor by requiring other Divisions/Departments. If all the above said efforts proved futile, as a measure to last resort, money suit would be filled against the defaulting contractors. Necessary instruction in this respect had been communicated to the concerned Executive Engineers.

The Department stated that notice had been issued to the contractors for recovery of the amount. Security deposit of ₹ 7.72 lakhs and miscellaneous deposit of ₹ 5.5 lakh had already been forfeited. The contractors who failed to deposit the recovery amount were debarred from taking part in tender.

**The Committee recommended to furnish the detail compliance regarding action taken by the Department to recover the amount from the contractor and then the matter would be dropped.**

**9. Para-3.2.3.9 Non-renewal of insurance coverage of PMGSY roads**

Clause 13 of General Condition of Contract (GCC) for PMGSY works stipulated that the contractor at his cost, is required to provide insurance cover from the date of commencement to the date of completion of the works, plant, materials and other loss or damage to the property personal injury or death and the currency of the insurance should be kept valid till actual completion of work. As per clause 52 of GCC, it is a fundamental breach of the contract if the contractor fails to provide insurance coverage.

Audit pointed out that 106 PMGSY works with contract value of ₹ 267.64 crore under execution during 2010-13 in respect of 10 RW Divisions continued beyond the stipulated date of completion for a period ranging from one month to five years. The contractor neither furnished the requisite insurance cover for the extended period nor did the EEs insisted on the same.

The Department stated that the 106 PMGSY works had already been completed without any accident and the contractors would be instructed to extend the insurance coverage for the extended period. An advisory had already been issued to all EE.

**The Committee recommended that EIC should issue an order to all Executive Engineers and he should ensure that the insurance coverage for the further period is taken. If not, no EOT will be considered. Further the Committee suggested that Accountant should also be careful before passing the RA bill on giving EOT. He had to see what the deviation, whatever it might be. He has to see whether the procedural aspects have been taken care of or not. And then only that will be checked by the Executive Engineer. Executive Engineer is not supposed to see all these things, because he has to look into the work in the field. Further the Committee expressed their opinion that AG should give instructions to their officers and in that way they will also be responsible for the work. The Committee settled the para with this suggestion.**

#### **10. Para-3.2.3.10 Avoidable expenditure on state Highways**

Audit pointed out that Executive Engineer, RW Division, Deogarh awarded (between November 2011 and June 2012) construction work of three roads for execution with an agreed cost of ₹ 10.46 crore though the same Executive Engineer had written to the Executive Engineer, R & B Division, Sambalpur to take possession of these roads as per the decision of Works Department. Executive Engineer, Deogarh instructed (July 2012) stopping of the works of these packages after an expenditure of ₹ 4.38 crore after being pointed out to him in July 2012.

Thus, execution of these works under PMGSY despite the fact that these roads were under State Highways as not in conformity with the instruction issued by the department and this led to avoidable expenditure of ₹ 4.38 crore.

The Department stated that though, the Works Department declared 3 roads namely NaktideulaBatagaon-Nuapada upto the Aunli River (46km), Aunli River-Chandipada (12.50 km) and TaktapositChhak-Deogarh (57.50 km) as State Highway during June 2005 for improvement as “Ranchi-Vijaywada Corridor”, the same could not be taken over by Executive Engineer, R & B Division. Sambalpur till April’ 2012.

The development of road cannot be left for years together anticipating that the road will be developed under some other scheme.

Corridor Project included the road “Nuapatna to Tungamai” (taken in OR-08-44) for a length of 12.06 Km and road “Sunamunda to Chhalipali” (taken in OR-08-37) for a length of 10.05 km from a part of Naktideula-Batagaon-Nuapadaup to Aunli River and Taptaposi Chhak to Deogarh stretch respectively. The 3<sup>rd</sup> road namely “RD road to Kuasapnga (taken in OR-08-60) for a length of 4.22 km, is an independent road and does not overlap with the corridor project, the said has been completed in July 2013.

The improvement of work in package No. OR-08-37 and OR-08-44 were taken up under PMGSY in phase-VII under new connectivity. After achieving progress of 79.40% and 40.87 % against package No. OR-08-37 and OR-08-44 respectively, the works were stopped immediately by foreclosing contract for handing over the said stretch to R & B Division, Sambalpur on receipt of information from Works Department to transfer.

The local people had been benefitted by all-weather road which had been improved partly upto BT/CC & metalling standard. The above improvement portion could also serve at the time of upgrading of the road to 2 lane standard under Vijayawada-Ranchi corridor. Presently the stretch of road included above 2 no of packages which were being improved under Vijaywada-Ranchi corridor.

**The Committee recommended that the work had been done for public interest and there was no double payment for the work and therefore the para should be dropped.**

**11. Para-3.2.3.11 Delay in payment of final bills after completion of works**

Clause 50.1 of the Contract Agreement of PMGSY provides that the Contractor shall submit detailed account of the total amount payable within 21 days of the issue of certificate on completion of work. The Engineer shall certify any payment due to the contractor within 42 days of receiving the detailed account. The payment of final bill for execution of works will be made within 14 days thereafter. The Department also instructed (November 2010) that in no case the bills of the executants should be kept pending beyond three months.

Audit para revealed that in 161 cases there was inordinate delay in making final payment to the contractors. In 80 cases the delay ranged up to 200 days in 63 cases the delay was between 200 and 500 days, in 16 cases between 501 and 1000 days and in two cases beyond 1000 days. This was indicative of poor management of contract as the dues of the contractors were paid much after the stipulated period of 90 days.

The Department stated that as per MORD guidelines the finalization of the works executed was taken up after final inspection of the work by SQM/NQM and issue of final completion certificate with due compliance of all outstanding ATRs.



After accomplishment of all these formalities, final bills were considered for effecting pass and payment. Such process took time depending upon the inspection of SQM/NQM. The delay in passing of final bill was not intentional but due to circumstances beyond the control of Departmental officers. Sometimes the contractors were not available to participate in final measurement because of their involvement in other works.

Final payments were released after sanction of EOT, extra items, deviations etc. In some cases, the delay might be due to litigation by the contractors, court cases, disputes raised by the contractor and vigilance cases etc.

The cases of delay were negligible compared to the total no. of contracts executed under PMGSY. However, the matter was being pursued for timely finalization of bills. This was also being monitored regularly by higher officers.

**The Committee discussed the matter and dropped the para.**

**12. Para-3.2.3.12 Non-recovery of mobilization advance**

Clause 45 of the GCC stipulates that employer will provide mobilization advance to the contractor for new equipment brought to the site against submission of unconditional bank guarantee for the amount equal to the advance payment which shall remain effective till recovery of such advance. The advance payment shall be repaid by deducting proportionate amounts from payment to the contractor following the schedule of completed percentage of works.

The Audit observed that Executive Engineer, RW Division, Cuttack-I paid (January 2012) mobilization advance of ₹ 50 lakh to contractor for a work (package OR-07-100) against submission of bank guarantee for ₹ 50 lakh which was valid up to 31<sup>st</sup> March 2012. The Executive Engineer recovered ₹ 39 lakh from the contractor as of April 2013 and the balance amount of ₹ 11 lakh was yet to be recovered and the validity of the bank guarantee against which advance was given had expired since March 2012.

The Departmental compliance stated that as indicated by the Audit, the balance advance of ₹ 11.00 lakh out of ₹ 50.00 lakh had been recovered from the 12<sup>th</sup> RA and final bill of the work OR-07-100/Ph-VII against Vr No. 42 dt. 31.08.2013 of R.W. Division Cuttack-I.

Similarly, mobilization advance of ₹ 6.80 lakh paid (August 2012) by the Executive Engineer, RW Division, Deogarh to contractor against a work (Package No. OR-0/8-57) was not recovered, though he had already been paid (May 2013) an amount of ₹ 54.80 lakh.

The Executive Engineer, RW Division, Deogarh had already recovered the outstanding mobilization advance of ₹ 6.80 lakhs vide Vr. No. 15 dt 30.05.2015. It was stated that advances were granted against unconditional bank guarantees and in

the event of non-recovery the said bank guarantees could be encashed securing the interest of the Department. This was the normal procedure.

**The Committee discussed and advised to make a mobilization advance procedural guide line and instruct the Executive Engineer and Divisional Accountant to recover the mobilization advance at the time of final running advance bill. The para was settled.**

**13. Para-3.2.3.13 Sub-standard execution of road work**

Clause 52.2 of SED of PMGSY provided that failure to complete the work as per the specifications and failure on the part of the contractor to rectify the defects within a reasonable period of time as determined by the engineer is a fundamental breach of contract and the agreements are to be terminated with imposition of penalty of 20 per cent of the value of the leftover works as provided in the contract data.

The Audit pointed out that Executive Engineer, RW Division, Jajpur-I revealed that the work (PMGSY package No. OR-13-136/VIII) was awarded (July 2009) to a contractor at ₹ 3.72 crore for completion by July 2010. As reported by the State level Quality Monitor (SQM) and Divisional Officer, the work executed by the contractor was substandard due to defects like inappropriate compaction, low cement content in cross drainage work, non-maintenance of proper slopes, etc. The agency was issued (February 2010 to August 2013) show cause notices to rectify the defects. But the agency did not rectify them and left the work incomplete. The Executive Engineer neither rescinded the agreement imposing penalty nor got the balance works executed through other agency as of June 2014.

The Department declared that the work “Improvement to Barundei Mukunapur road” in PMGSY package No. OR-13-136(A) under phase-VIII was entrusted to M/s Haraparbati Construction vide agreement No. 05 PMGSY of 2009-10. The work was completed in all respect on 07.05.2014.

So far rectification of defects were concerned, it was stated that the defects had been rectified by the contractor at his own cost before the concerned State Quality Monitor had inspected the said road and finally regarded the work as “Satisfactory” on 26.07.2014.

**The Committee discussed and instructed the Department to submit the State Quality Monitor Reports for settlement of the para.**

**14. Para-3.2.4 Monitoring and Supervision.**

Para 2.2.55 of OPWD Code, Volume I provides that Executive Engineer should inspect every important work under his jurisdiction at least once a year and furnish a report on its condition to the SE with suggestions for improvement, repair or otherwise as specified in the statutory or executive instructions issued by the Department.

The audit revealed that no Registers of inspection were maintained at Division level as required under Appendix-II of OPWD Code Volume-II. In absence of these, the number of roads inspected by the Executive Engineer and remarks/recommendation made could not be ascertained by Audit. Quality Control test of PMGSY works and major bridge works were conducted at Government approved laboratory. But, quality control test was not conducted for construction of building and maintenance and repair works of roads either at Divisional level or at Government approved laboratories.

- a. The Departmental compliance stated that the Divisional Officers had been instructed to maintain the “Register of Inspection” at their level for recording number of works inspected by them with remarks/recommendations, if any; and
- b. Steps had been taken for quality assurance of major building, road and bridge projects (Non-PMGSY) through Independent Quality Monitoring system in addition to supervision and quality control by departmental engineers.

**The Committee advised to issue a guide line for proper supervision and dropped the para.**

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**MINUTES OF THE TENTH MEETING OF PUBLIC ACCOUNTS COMMITTEE, 2019-20  
HELD AT 04:00 P. M. ON 20.03.2020 IN ROOM NO. 54 OF THE ODISHA LEGISLATIVE  
ASSEMBLY BUILDINGS, BHUBANESWAR.**

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**P R E S E N T**

**Shri Pradipta Kumar Naik.**

**CHAIRMAN**

**Leader of Opposition.**

Shri Mohan Charan Majhi,

Hon'ble Chief Whip, Bharatiya Janta Party

Shri Debiprasad Mishra, M. L. A.

Shri Jaya Narayan Mishra, M. L. A.

Shri Rajendra Dholakia, M. L. A.

Shri Ananta Narayan Jena, M. L. A.

**MEMBERS**

**S E C R E T A R I A T**

Shri Dasharathi Satapathy, I. A. S., Secretary.

Smt. Sushila Mallick, Deputy Secretary.

Smt. Baijayanti Pattanayak, Under Secretary.

Shri Partha Sarathi Das, Section Officer.

The Committee met as scheduled and approved the following Reports:-

1. 1<sup>st</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (Revenue Receipt) for the year 2007-08 relating to Finance Department.
2. 2<sup>nd</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (Revenue Receipt) for the year 2015-16 relating to Finance Department.
3. 3<sup>rd</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA - Report No. 4 of the year 2016) relating to Electronics & Information Technology Department for the year, 2014-15.
4. 4<sup>th</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA) for the year 2016-17 relating to Higher Education Department.
5. 5<sup>th</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA) for the year 2014-15 relating to Home and Women & Child Development Department.
6. 6<sup>th</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA) for the year 2013-14 relating to Rural Development Department.
7. 7<sup>th</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA) for the year 2013-14 relating to Rural Development Department.
8. 8<sup>th</sup> Report of PAC, 2019-20 on the Report of the C & A. G of India (G & SSA) for the year 2014-15 relating to School & Mass Education Department.

The Committee also authorized the Chairman to present the same to the Assembly.

The meeting of the Committee adjourned *sine-die*.

Sd/-

**PRADIPTA KUMAR NAIK**

**CHAIRMAN**

**PUBLIC ACCOUNTS COMMITTEE**

**MINUTES OF THE TENTH MEETING OF PUBLIC ACCOUNTS COMMITTEE, 2020-21  
HELD ON 01.10.2020 AT 03:00 P. M. IN ROOM NO. 54 OF THE ODISHA LEGISLATIVE  
ASSEMBLY BUILDINGS, BHUBANESWAR.**

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**P R E S E N T**

**Shri Pradipta Kumar Naik.**

**CHAIRMAN**

**Leader of Opposition.**

Shri Mohan Charan Majhi,

Hon'ble Chief Whip, Bharatiya Janta Party

Shri Debiprasad Mishra

**MEMBERS**

Shri Jaya Narayan Mishra, M. L. A.

Shri Pranab Prakash Das, M. L. A.

Shri Braja Kishore Pradhan, M. L. A.

**S E C R E T A R I A T**

Shri Dasharathi Satapathy, I. A. S., Secretary.

Smt. Sushila Mallick, Deputy Secretary.

Smt. Baijayanti Pattanayak, Under Secretary.

Shri Partha Sarathi Das, Section Officer.

The Committee met as scheduled and approved the following Reports finalized previously by the Public Accounts Committee, 2019-20 on 20.03.2020 for presentation in the House during the 4<sup>th</sup> Session of the 16<sup>th</sup> Assembly.

1. 1<sup>st</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (Revenue Receipt) for the year 2007-08 relating to Finance Department.
2. 2<sup>nd</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (Revenue Receipt) for the year 2015-16 relating to Finance Department.
3. 3<sup>rd</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (G & SSA - Report No. 4 of the year 2016) relating to Electronics & Information Technology Department for the year, 2014-15.
4. 4<sup>th</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (G & SSA) for the year 2016-17 relating to Higher Education Department.
5. 5<sup>th</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (G & SSA) for the year 2014-15 relating to Home and Women & Child Development Department.
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7. 7<sup>th</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (G & SSA) for the year 2013-14 relating to Rural Development Department.
8. 8<sup>th</sup> Report of PAC, 2020-21 on the Report of the C & A. G of India (G & SSA) for the year 2014-15 relating to School & Mass Education Department.

The Committee also authorized the Chairman to present the same to the Assembly.

The meeting of the Committee adjourned *sine-die*.

Sd/-

**PRADIPTA KUMAR NAIK**

**CHAIRMAN**

**PUBLIC ACCOUNTS COMMITTEE**