Chapter 3

Compliance Audit

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Compliance audit of Departments of Government, their field formation brought out several instances of lapses in management of resources and failures in observance of regularity, propriety as well as absence of good governance. These have been discussed in the succeeding paragraphs.

DEPARTMENT OF WATER RESOURCES

3.1 Parking of compensation money outside Government Account

Advance compensation money of ₹ 19.79 crore was parked outside Government Account (savings bank account) instead of civil deposits

As per rule 16A of Appendix-VII of Odisha Treasury Code (OTC) Vol-II where land is acquired for the Public Works (PW) Department by the Land Acquisition Officer (LAO) amount can be advanced by the PW Divisional Officer to the LAO directly. A written demand for the amount required for immediate disbursement on the basis of awards approved should be placed on the Divisional Officer by the LAO. On receipt of Advance payment the LAO arranges for disbursement of the award, render detailed account of adjustment and refund the unadjusted amount within one month. Further, as per the accounting procedure of March 1998 and instructions issued (September 1998) by Government 10 *per cent* of the compensation amount is to be realised from the land requisitioning authorities towards establishment contingencies of which five *per cent* can be deposited by the Special LAOs in the Nationalised Banks. The remaining five *per cent* is to be deposited under the deposit receipt head. Government further instructed that advance compensation amount received from Government Departments be deposited under Civil Deposits.

Check of records of Special LA & Rehabilitation Resettlement Officer (SLARRO) revealed (June 2011) that for construction of Telengiri Medium Irrigation Projects (TMIP) the Executive Engineers placed (July 2002 upto April 2012) requisitions in 45 cases for acquisition of 1711.86 acres of land for which ₹ 54.29 crore was paid. Out of the above, 978.83 acres of land in 11 cases were acquired as of April 2012 and the remaining 733.03 acres involving 34 cases[1] were in different stages of processing (June 2012).

The SLARRO disbursed ₹ 35.83 crore as of April 2012 out of ₹ 54.29 crore to the land owners and the unspent balance of ₹ 20.25 crore (including interest) was lying in saving bank account. This is in violation of the accounting procedure which allows retention of 5 *per cent* (₹ 46.40 lakh of LA compensation) in Bank Account to meet the contingent expenditure.

1 Pending with Revenue Department for 4(1) notification-12 cases, with SLA&RRO for submission of 6 (1) proposals to Government- 4 cases, for award of enquiry - 14 cases and for handing over possession- 4 cases.

Thus ₹ 19.79 crore parked outside Government Account (Saving Bank Account) violating provisions of Treasury code and Government instructions is irregular.

The matter was reported to Government (September 2012); their reply has not been received (December 2012).

3.2 Extra cost due to departmental lapse

Failure of the Department to finalise the tender within the validity period and non-acceptance of next lowest tender led to re-tendering the work resulting in extra cost of ₹ 4.63 crore.

As per Para 3.5.18 (iv) of Odisha Public Works Department Code (OPWD) the currency period of any tender should not be more than 3 months from the last date of receipt. If delay in deciding the tender is inevitable, the consent of the tenderers for a further period required should be obtained. Further, as per para 3.5.20 (ii) the earnest money given by the other two parties except the one whose tender is accepted should be refunded within 15 days of the acceptance of the tender.

The Chief Engineer & Basin Manager (CEBM), Lower Mahanadi Basin invited (February 2009) bid for the work "Rehabilitation, Extension and Modernisation of Taladanda Branch and Distributary Canals" at an estimated cost of ₹ 16.40 crore put to tender to be executed under loan assistance from Asian Development Bank (ADB) with 23 March 2009 as last date for receipt of bids. Of the three bids received, quoted rate of L_1 was ₹ 17.12 crore (4.35 *per cent* excess over the estimated cost put to tender) and the offer was valid up to 21 June 2009. On the request of the Department the bidder extended the validity up to 23 September 2009/31 December 2009 unconditionally and up to 15 February 2010 with a condition that price adjustment shall apply for the work done from the start date and the quarter in which the technical bid was opened as the base period.

Check of records of Executive Engineer (EE), Taladanda Canal Division, Jaipur revealed (September 2011) that the Government approved (October 2009) the technical bid and financial bids were opened (November 2009) by the CEBM. The Project Level Technical Committee recommended (December 2009) L_1 bid to the Government. The earnest money deposited by the third lowest bidder was refunded (10 December 2009) by the EE at the request of the bidder before the Tender Committee's decision (30 December 2009) and approval (February 2010) of the Government to award the work in favour of the L_1 bidder at ₹ 17.12 crore.

The EE requested (03 February 2010) the bidder to extend the validity up to 31 March 2010 as the validity expired on 15 February 2010. The action of the EE was not justified since the extension of validity up to 15 February 2010 was conditional and when the same was communicated (30 March 2010) to the ADB, though ADB accepted (08 April 2010) the condition observed that the Department of Water Resources (DoWR) released the Bank Guarantee for the bid securities of L_2 and L_3 bidders before finalisation of the bid process. As it is not the accepted procedure, ADB instructed the Department to ensure that the bid securities are to be released only after winning bidder has signed the contract and delivered the performance security. The lowest bidder finally expressed (April 2010) his unwillingness to extend the validity further.

In the meantime the L_3 bidder submitted his willingness (26 April 2010) to the CEBM with a request to give an opportunity to extend the validity and furnish the bid security which was refunded to him. The matter was placed before the Tender Committee meeting of DoWR on 15 May 2010 which was deferred to the next meeting. The third lowest bidder again on 31 May 2010 requested Commissioner-cum-Secretary to allow him to execute the work at the rate offered by lowest bidder. However, the Tender Committee (June 2010) did not consider the request and recommended inviting fresh tender after splitting the work in three packages in order to make the bid competitive which was approved by Government on 29 July 2010.

The work was split up into three packages and sanctioned (August 2010) by the CE at an estimated cost of ₹ 19.32 crore and were awarded (June/July 2011) at a cost of ₹ 22.66 crore (including additional quantity of compaction of earth work for ₹ 0.91 crore) to two contractors. One of the contractors who was awarded two packages was also the L_3 bidder in the previous occasion. The works are in progress and contractors were paid ₹ 2.22 crore (June 2012).

Thus, non-finalisation of tender within the validity period and non-acceptance of offer of the third lowest bidder led to retendering the work resulting in extra cost of ₹ 4.63 crore. No action was taken against the officer who refunded the bid security.

The matter was reported to Government (April 2012); their reply has not been received (December 2012).

3.3 Undue benefit to contractors

Execution of extra item of work by change of classification of soil during excavation of Jambhira Left Main Canal led to extension of undue benefit of ₹ 8.50 crore to contractors.

The construction of Jambhira Left Main Canal from RD 37,500 to 82,646 metre (two reaches) was awarded (January 2009) to two contractors at a total cost of ₹ 198.98 crore for completion by January 2011. The works were in progress with expenditure of ₹154.59 crore incurred (May 2012).

Test check of records of Executive Engineer (EE) Jambhira Canal Division No.II revealed (September 2010) that the bill of quantities (BoQ) of agreements with the two contractors *inter alia* included "Earth work in excavation of canal by mechanical means in all kinds of soil (AKS), disintegrated rock (DI) and sheet laterite and soft rock etc." at the rates of ₹ 54/₹ 52 per cum respectively against the estimated rate of ₹ 62.60 per cum. During execution of work, supplementary agreements, however, were executed for excavation of laterite sheet rock of all toughness by rock breaker as an extra item at the rates of ₹ 159.90/ ₹ 160 per cum. The contractors executed 794372 cum of extra item and were paid ₹ 12.71 crore up to May 2012.

We noticed that classification of soil for excavation was adopted in the estimate on percentage basis (AKS 20 *per cent*, DI 71 *per cent* and sheet laterite rock nine *per cent*) based on data of trial pit and mechanical mode of excavation adopted. Accordingly the contractors quoted their rates for mechanical excavation. The execution of extra item (794372 cum) at higher rate ₹ 159.90 instead of ₹ 54 for 400760 cum and ₹ 160 instead of ₹ 52 for 393612 cum differentiating laterite sheet rock of all toughness from sheet laterite rock as adopted in the BoQ was not warranted as the methodology of execution was not changed. This resulted in undue benefit of ₹ 8.50 crore to the contractors.

The Government stated (September 2012) that the laterite sheet rock of all toughness was a specific type of laterite sheet rock as distinct from normal laterite sheet rock usually excavated by excavator. Since the resistance offered in digging this unique type of laterite sheet rock is much greater than what is normally faced while digging usual type of laterite rock of soft conglomeration, allowing separate rate of ₹ 160/₹ 159.90 per cum for excavation by rock breaker was justified.

The reply is not tenable since excavation by mechanical means was mentioned in BoQ and the contractors had to adopt any mechanical means. Thus, using specific machinery like rock breaker neither changed the methodology of excavation (i.e excavations by mechanical means) nor did it warrant change of classification of soil entailing payment of higher rate.

3.4 Undue benefit to contractor

Computation of item rates providing five km distance for transportation of earth against the actual distance of three km resulted in extension of undue benefit of ₹ 1.60 crore to contractor.

The work "Excavation and Construction of Left Main Canal (LMC) from 40 to 44 km with its structures (including four structures at RD 36.355 km, 37.010 km, 38.035 km and 39.055 km) and Aqueduct at RD 32.202 km of Lower Indra Irrigation Project was awarded (October 2008) to a contractor (single tenderer) at a cost of ₹ 15.47 crore (2.30 *per cent* less than the estimated cost put to tender) for completion by October 2010. The contractor completed the work and was paid (September 2011) an amount of ₹ 17.94 crore. Item six of the contract provided for transportation of 3.45 lakh cum of approved type of soil by mechanical means at a rate of ₹ 108 per cum from a distance of three km to be utilised for construction of embankment. The contractor transported 5.74 lakh cum of earth (an increase of 2.29 lakh cum over and above the original bill of quantity) and ₹ 6.19 crore was paid at the same rate of ₹ 108 per cum in the agreement.

Test check of records of Executive Engineer, Lower Indra Canal Division, Bongamunda revealed (December 2011) that while preparing estimate, cost for five km was provided for transportation of earth against the availability of the same at three km as per the contract. The item rate was derived at ₹ 107.70 per cum taking into account transportation from a distance of five km. Actual rate for transporting the earth from a distance of three km as worked out by audit was ₹ 79.10 per cum taking into account the rate as per State Analysis of

Rate. Thus there was excess provision of ₹ 28.60 per cum for computation of item rates. This inflated the estimated cost and the tender was floated with the inflated cost. The contractor quoted the rate taking into account the inflated rate resulting in extension of undue benefit of ₹ 1.64 crore (5,73,541 cum x ₹ 28.60 per cum). Taking into account the tender premium (2.30 *per cent* less) the actual undue benefit worked out to ₹ 1.60 crore.

The Executive Engineer stated (December 2011) that the agreement has no bearing upon the estimate.

The reply is not acceptable since five km lead was provided against the actual distance of three km. Further, the notice inviting tender floated providing inflated estimated cost and the contractor has quoted ₹ 108 per cum which was 37 *per cent* excess compared with the computed rate of ₹ 79.10 for a lead distance of three km. The item rate could have been negotiated had the estimate been prepared taking into account three km distance.

The matter was reported (June 2012) to Government; their reply has not been received (December 2012).

3.5 Extra cost due to adoption of a non-schedule item.

Inclusion of a non-scheduled item with higher cost led to extra cost of ₹ 1.01 crore.

As per Para 3.4.2 of Odisha Public Works Department (OPWD) Code-Vol.I, the estimate should be prepared adopting the State Schedule of Rates approved by the Rate Board. A detailed statement should be given in the preface of the report of the estimate showing the manner in which the rates used in the estimate are arrived at. The Divisional Officer while submitting the estimate for sanction to the concerned authorities has to furnish a certificate prescribed under Para 3.4.10 of OPWD Code stating that "the estimate has been prepared using the sanction schedule of rates and providing for the most economical and safe way of executing the work."

As per the Technical Specification appended to the tender schedule forming part of the contract, in case of execution of cement concrete lining works the earthen surface on which concrete is to be laid shall be moistened adequately. As per Schedule of Rate (SoR) 2006 (Item 43 of Special items for irrigation works) polythene film is to be used in cement concrete lining works.

The Department awarded 11 works between November 2007 and October 2011 pertaining to two divisions[2] at a cost of ₹ 58.30 crore for completion between May 2009 and September 2012. The agreement *inter-alia* provided for placing of 6.84 lakh sqm of Hessian cloth below the concrete lining at a cost of ₹ 1.48 crore. The contractors executed (September 2012) the work valuing ₹ 39.09 crore which included ₹ 1.15 crore for execution of 5.11 lakh sqm of Hessian cloth in cement concrete lining works.

Check of records revealed that the estimates were sanctioned between December 2006 and December 2010 for ₹ 55.64 crore. The technical

[2] Betanati Canal Division, Laxmiposi (10 works) and Jambhira Canal Division, Laxmiposi (one work)

specification as well as SoR did not provide utilisation of Hessian cloth in lining works. The SoR provided use of polythene film and the rate was ₹ 1.65 per sqm (SoR 2006). The estimate for the work "Cement concrete lining to Subarnarekha Main Canal (SMC[3]) from RD 10000 to 15000 metre was also prepared (December 2006) with provision of use of polythene at the rate of ₹ three per sqm in bed of the canal.

Thus, inclusion of such non-schedule items at rates varying between ₹ eight and 27 per sqm which was not in conformity with technical specification of SoR 2006 and award of works to contractors at rates of ₹ 17 and ₹ 25 per sqm resulted in extra cost of ₹ 1.01 crore compared with the cost of polythene (₹ 3 per sqm) of which ₹ 0.78 crore was paid to the contractors.

The Executive Engineer (EE), Betanati Canal Division stated (September 2012) that as the cement concrete lining is executed with transit mixer, paver machine and surface vibrator, the polythene film below the concrete may rupture during concreting. The EE, Jambhira Canal Division, Laxmiposi stated (November 2011) that Hessian cloth being a non-scheduled item was provided to prevent seepages, the CE sanctioned the estimates with difference in rates in that particular item.

The reply is not acceptable since the item for cement concrete lining as per the SoR provided for using only polythene film. Further, analysis of the item in the estimate/agreement did not provide use of transit mixer and paver. Adoption of a non-schedule item which deviates from the specification for cement concrete lining without fixation of rate at project level and change in specification was not approved by the Rate Board.

The matter was reported to Government (September 2012), their reply has not been received (December 2012).

WORKS DEPARTMENT

3.6 Avoidable extra cost

Inclusion of unwarranted item in the estimate/agreement led to avoidable extra cost of ₹ 3.06 crore.

As per the State Schedule of Rate (SoR), epoxy coating should be adopted only for the structures within a distance of 15 km from seashore as per orders of Government in the respective Department.

Further, specification prescribed in Bureau of Indian Standards (BIS) provided use of epoxy coating to protect corrosion of reinforcing bars in RCC construction by electrostatic spraying of fusion bonded epoxy powder, particularly those located in the saline corrosion prone and industrially polluted area. The use of such bars is not recommended as a substitute for good construction practices including adequate cover and other durability requirements specified in the relevant standard.

[3] Jambira Canal Division, laxmiposi- Cement concrete lining to SMC from RD 10000M to 15000M excluding structure gap (Sanctioned Estimate no.418 dated 22.12.2006

The work "Improvement to roads of Capital such as construction of fly over from Kalpana square to AG square at Rajmahal and service road (Underpass, Rotary and roads at grade)" was awarded (February 2009) to a contractor for ₹ 53.27 crore for completion by February 2011. The work is in progress and contractor was paid (August 2012) ₹ 32.15 crore.

Check of records of Executive Engineer (EE), Bhubaneswar R&B Division No II revealed (October 2011) that the contract, *inter alia*, provided supplying High Yield Strength Deformed (HYSD) bars with fusion bonded epoxy coating to be used in foundation, substructure and superstructure for 3540.88 MT at the rate of ₹ 68,660 per MT for ₹ 24.31 crore. ₹ 14.54 crore was paid (August 2012) to the contractor for utilisation of 2117.94 MT.

The site of the work is neither within 15 km from seashore nor is an industrially polluted area. Despite these facts and in violation of the specific stipulations in the SoR as well as provisions of BIS, the Department provided for epoxy coating to the bars used in the re-inforced cement concrete of the flyover. This resulted in extra cost of ₹ 3.06 crore and an expenditure of ₹ 1.83 crore was incurred (August 2012) for the quantity executed and paid to the contractor.

The EE stated that epoxy coated bars are used in major RCC structures to reduce the possibility of corrosion in areas susceptible to salinity as well as environmental imbalance due to excessive vehicular pollution. Since, the flyover consists of a segment of Underpass approximately 9.5 metre below ground level, the Fusion Bonded Epoxy Coated Steel Bars were used to avoid corrosion. The item was incorporated in the estimate after discussion with Railway authorities since they are also using such bars in the Railway over bridge at Punama Gate, Bhubaneswar under their jurisdiction.

The reply is not acceptable since as per the SoR and BIS Fusion Bonded Epoxy Coated Steel Bars is to be used in structures constructed within 15 km from seashore and in industrially polluted area. The site of work is neither within 15 km from seashore nor is an industrially polluted area.

The matter was reported to Government (September 2012); their reply has not been received (December 2012).

3.7 Undue favour to Odisha Bridge and Construction Corporation (OBCC)

Payment of 15 *per cent* towards collection of Toll charges led to undue favour of ₹ 22.72 crore to OBCC. There was also unauthorised retention of revenue of ₹ 2.90 crore.

Mention was made in para 3.6.5 of Audit Report of CAG for the year ended 31 March 2003 regarding unauthorised retention of revenue (Toll charges) of ₹ 3.01 crore by Odisha Bridge & Construction Corporation (OBCC) on account of toll collected by the corporation.

Government assigned (April 1983) the responsibility of collection of toll to OBCC. The Corporation was to retain with them 12 *per cent* of the collected amount towards agency charges and deposit the balance amount into the

Government account. OBCC continued to retain 12 *per cent* of the toll collected by them up to March 1997. Thereafter the Board of Directors of OBCC in their Board meeting decided (March 1998) that 35 *per cent* of the toll collection will be retained from 1997-98 onwards towards operation and maintenance of toll gates allotted to them until a decision is taken by Government on grounds that the expenditure on collection was high. OBCC continued to retain 35 *per cent* of the amount of toll charges till June 2004 without approval of Government.

(i) Government ordered (June 2004) that OBCC will retain 15 *per cent* of the amount of toll collected and deposit the balance amount in Government Treasury every month. But no decision was taken as regards retention of toll charges prior to June 2004. The toll charges retained by OBCC prior to June 2004 was ₹ 2.54 crore. OBCC deposited (June 2006) an amount of ₹ 5.40 lakh and agreed to clear the balance dues of ₹ 2.49 crore in 30 equal (annual) instalments (₹ 8.29 lakh each) commencing from the year 2010-11. Taking into account further deposit of ₹ 24.87 lakh, the total amount remained outstanding (August 2012) was ₹ 2.24 crore to be paid in 27 years.

(ii) Government decided (2005-06) to auction the toll gates and thereafter collection was increased and Corporation share was ₹ 2.12 crore during 2006-07 which was 7.43 times of toll gate expenses (₹ 28.53 lakh). During 2009-10 Corporation share was ₹ 4.11 crore which was 15 times of toll gate expenses of ₹ 27.39 lakh.

Audit further observed that during 2004-12, ₹ 161.46 crore was collected of which the corporation retained ₹ 24.33 crore. The expenditure incurred on operation and maintenance of these toll gates was ₹ 1.61 crore (between ₹ 19.48 lakh and ₹ 34.93 lakh annually) during 2004-10 which was only 1.63 *per cent* of the toll collection (₹ 98.31 crore) during the same period. Thus increase of collection charges to 15 *per cent* of the toll collection to OBCC was not proportionate to the expenditure incurred on operation and maintenance. The work of auction can be entrusted to the Divisions under whose jurisdiction the toll gates are located. This process could have saved ₹ 24.33 crore with the entire amount getting credited to Government Revenue.

(iii) Government ordered (July 2005) that OBCC shall retain 100 *per cent* of the toll collected for maintenance of the Balasore Mitrapur Baincha road including their own share. For maintenance of this road OBCC retained ₹ 3.72 crore during 2005-12 (out of collected amount of ₹ 4.38 crore). OBCC deposited ₹ 0.34 crore with the Roads and Building Division, Balasore and taken up repair of roads for ₹ 2.72 crore. The balance amount of ₹ 0.66 crore was left with the Corporation.

Thus, entrustment of collection of toll to OBCC with payment of 15 *per cent* of the toll charges resulted in extension of undue favour of ₹ 22.72 crore since expenditure incurred on operation and maintenance was only 1.63 *per cent*. Thus, total retention (August 2012) was worked out to ₹ 25.62 crore without any tangible benefit to the Government and Public. This arrangement needs to be reviewed immediately.

The matter was reported (September 2012) to Government; their reply has not been received (December 2012).

3.8 Extra cost due to non-finalisation of tender within the validity period.

Failure of the department to accept the tender within the validity period of the offer led to extra cost of ₹ 1.83 crore.

As per para 3.5.18 (iv) of Odisha Public Works Department Code, tenders should be finalised within 90 days from the last date of receipt of the tender. If delay in deciding the tender is inevitable, the consent of the tenderer to keep the offer open for a further period absolutely required should be obtained from the bidder.

The Chief Engineer (CE), Design, Planning, Investigation and Roads invited (June 2008) bids for the work "Improvement to Delang-Kanas road from 0/0 to 13/0 km" in the district of Puri under RIDF-XIII at an estimated cost of ₹ 8.87 crore at Schedule of Rate (SoR) 2007. In response, two bids were received (24 July 2008). The L_1 bid was for ₹ 7.97 crore being 10.10 *per cent* less than the estimated cost and was valid up to 21 October 2008.

Check of records in Roads & Buildings Division No.II, Bhubaneswar revealed (November 2011) that the CE recommended (9 September 2008) the L_1 bid for approval of Government. The Tender Committee in their meeting decided (24 September 2008) to request CE to call for the details of past records of the L_1 bidder and litigation, if any. Accordingly, detailed report was called for on 27 September and 20 October 2008 from the field units. Since the validity of the bid was up to 21 October 2008, the CE asked (29 October 2008) the bidder to extend the validity. The bidder expressed (05 November 2008) his inability (received by CE on 14 January 2009) to extend the validity on the ground of price hike of materials. Government cancelled the bid on 23 January 2009.

Prior to cancellation of bid the CE invited (November 2008) fresh bid at an estimated cost of ₹ 9.36 crore at SoR 2008 and in response two bids were received (December 2008) from the same bidders. The bidder who was second lowest in the first occasion became lowest and his bid value was ₹ 9.81 crore being 4.9 *per cent* excess. The CE/Tender Committee recommended (07 March 2009/28 May 2009) the negotiated L_1 bid for ₹ 9.80 crore being 4.70 *per cent* excess to Government for acceptance was approved by Government on 03 July 2009. The work is in progress with payment of ₹ 8.69 crore (December 2012). Thus, failure of the CE to obtain the information from the field units within the validity period led to cancellation of the first tender. The work on retender resulted in extra cost of ₹ 1.83 crore.

On this being pointed out, the Executive Engineer stated (November 2011) that the delay was at higher level.

The matter was reported (April 2012) to Government; their reply has not been received (December 2012).

3.9 Excess expenditure due to adoption of higher lead charges in estimates

Adoption of higher lead charges in estimates led to excess expenditure of ₹ 1.48 crore.

As per clause 4.2.1.1 of Indian Road Congress (IRC) Code, sub-base materials comprise natural sand, moorum, gravel, laterite, kankar, brick metal, crushed stone, crushed slag, crushed concrete or combination thereof meeting the prescribed grading and physical requirements. Further, as per Section 8.4 of the manual of Specification and Standard prescribed by Planning Commission at least three samples shall be taken for each quarry source to ascertain the quality, suitability and fitness of the available material for use in the work.

Improvement, Renovation and Reconstruction to five Roads[4] were awarded between October 2010 and September 2011 to three contractors at a cost of ₹ 28.38 crore for completion between September 2011 and November 2012. The contracts provided execution of 0.46 lakh cum of Granular Sub Base (GSB) with LD[5] slag. The contractors have executed 0.37 lakh cum of GSB as of June 2012.

Test check of the records of Executive Engineer (EE), Rourkela (R&B) Division revealed (February 2012) that the EE adopted a lead distance between 65 and 114 km in the estimates for carriage of slag from Rourkela Steel Plant. As per the Schedule of Rates (SoR) the actual cost for carriage (5.5 cum per truck load) should have been between ₹ 454.50 and ₹ 665.20 per cum, against which the EE worked out rates between ₹ 624 and ₹ 913.85 per cum on the ground that 5.5 cum of slag cannot be carried in a 10 MT truck since weight of slag is 2.38 MT per cum. The higher cost was adopted basing on the test results (two bags) of one sample and the works were floated to tender adopting the higher rates. Since the SoR did not prescribe transportation charges of slag, a rate adopted was also not approved by the Rate Board/Government. Thus the excess provision of lead charges between ₹ 169.50 and ₹ 248.65 per cum inflated the project cost by ₹ 1.23 crore[6].

Besides, LD slag being a waste product no basic cost is payable. But the basic cost of ₹ 40 per cum (₹ 25.39 lakh) was included in the estimate. The notice inviting percentage rate tenders were floated with these inflated cost and works were awarded to the contractors leading to extra cost of ₹ 1.48 crore including tender premium of which ₹ 1.17 crore was paid to the contractors (June 2012).

On being pointed out, the EE accepting the audit findings as regards basic cost of slag stated (February/June 2012) that the basic cost of slag is not payable since it is a waste product. Further the EE stated that the weight of slag is more than the hard granite stone products. While carrying slag of 5.5cum, the agencies were troubled for over loading of truck by Transport Authorities. As

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[4] Improvement to Koira-Dengula Road from 0/0 to 7/0 km, Renovation and Reconstruction of Road from Barsuan to Kalaiposh from 27/350 to 30/0 km, from 30/0 to 34/ 2 km, from 34/20 to 37/50 km and from 37/5 to 41/2 km.

[5] LD Slag: Linz-Donawitz (LD) slag is a by-product of the iron and steel making industry.

[6] For utilisation of 0.59 lakh cum of slag required for execution 0.46 lakh cum of GSB

such the lead cost was enhanced considering lesser volume (about four cum) to be carried in a 10 MT truck as per the complaints of agencies. This has been approved by the Superintending Engineer and Chief Engineer since the rate was adopted in the estimates.

The reply is not acceptable since the transportation charges were raised basing on one sample, violating the provisions of manual of specification and standard. The deviation from the SoR was not approved by the competent authority (Rate Board/Government). Further, the weight of slag to be used as GSB material in dump condition was not adequately assessed by taking reasonable number of samples. Thus, inclusion of basic cost and excess provision of transportation charges of slag is unwarranted.

The matter was reported (July 2012) to Government; the reply has not been received (December 2012).

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