

## CHAPTER III: MINISTRY OF HOUSING AND URBAN AFFAIRS

### Central Public Works Department

#### 3.1 Loss of revenue due to failure to levy departmental charges

**In violation of the provisions of the Works Manual, CPWD failed to levy departmental charges for construction of the NSIC Office Building, Kolkata, resulting in loss of revenue of ₹58.10 lakh.**

Section 12 of the Central Public Works Department (CPWD) Works Manual, 2012 stipulates that the departmental charges are to be levied and recovered on work executed on behalf of Central Commercial Concerns @ seven *per cent* for works costing more than ₹five crore.

From examination of records, it was noticed that the CPWD awarded (April 2013) construction work of Office Building<sup>1</sup> of National Small Industries Corporation Limited (NSIC) to a contractor<sup>2</sup> at a tendered cost of ₹7.34 crore, against the estimated cost of ₹8.30 crore<sup>3</sup>. The construction work commenced in May 2013 and was completed in March 2017, after incurring expenditure of ₹9.25 crore<sup>4</sup>. Audit observed that the CPWD failed to levy and recover departmental charges of ₹58.10 lakh (seven *per cent* of ₹8.30 crore estimated cost) from the NSIC.

The unit, in its reply (August 2018), stated that the NSIC is an organisation fully owned by the Government of India and, hence, provision of departmental charges was not kept in the Preliminary Estimates (PEs) by the competent authority. The reply of the CPWD is not acceptable because NSIC is a commercial enterprise undertaking commercial activities. Hence, departmental charges should have been recovered from the NSIC.

Thus, in violation of the provision of the Works Manual, CPWD failed to levy departmental charges on the construction of NSIC Office Building, Kolkata, resulting in loss of revenue of ₹58.10 lakh.

The matter was referred to the Ministry in December 2019 and May 2020; their reply was awaited (May 2020).

<sup>1</sup> The National Small Industries Corporation Ltd Office Building (G+9), at Salt Lake, Kolkata

<sup>2</sup> M/s Tribeni Construction Ltd, Kolkata vide Agreement No. 02/CE/EE/KCD-II/2013-14

<sup>3</sup> Civil cost ₹7.97 crore plus Electrical cost ₹0.33 crore

<sup>4</sup> ₹9.25 crore = ₹8.71 crore vide 27<sup>th</sup> & Final Bill in respect of Civil work plus ₹0.54 crore vide 4<sup>th</sup> & Final Bill in respect of Electrical work