

CHAPTER-IV

IMPLEMENTATION OF DEVELOPMENT WORKS

CHAPTER IV

Implementation of development works

The works planned and executed by the Board were not aligned to the indicators used for measuring regional imbalances and focused more on providing road connectivity. Sectors such as education, agriculture, health, skill development etc. did not receive adequate coverage. The works were proposed without adequate preparatory work such as acquisition of land, soil test etc., resulting in cancellation of works, change of works and delay in commencement of the works and the execution of the works were not time-bound resulting in large number of works slipping the timelines. The Board did not devise a mechanism for monitoring the actual utilisation of the assets created out of Board funds as a result several assets created were lying unutilised.

Section 16 of the Board Order 2013 vests on the Board the responsibility of implementation of schemes included in its plan through the Government Departments, Zilla Panchayats, Urban Local Bodies and recognised Non-Governmental Organisations.

4.1 Works implemented by the Board

The works approved in AAPs of the Board were executed through Government departments and other implementing agencies. Year-wise details of works taken up by Board since its inception and their status as of July 2021 are shown in Table 4.1 below.

Table 4.1: Year-wise details of works taken up by Board

Year	Total works taken up	Completed	Under progress	Not started	Cancelled
2013-14	782	597	0	0	185
2014-15	2,523	1,852	3	0	668
2015-16	4,359	3,256	19	0	1,084
2016-17	3,547	2,893	17	0	637
2017-18	5,142	4,351	5	0	736
2018-19	4,377	3,799	334	24	220
2019-20	4,239	2,729	1,106	208	196
2020-21	2,215	43	779	1,388	5
2021-22	854	0	39	815	0
Grand Total	28,038	19,520	2,435	2,352	3,731

Source: Hykasoft Database provided by KKRDB

Out of a total of 28,038 works taken up by the Board, 2,352 works (eight *per cent*) were not commenced even after one to three years of approval. Besides, 3,731 works (*thirteen per cent*) with an estimated cost of ₹738.65 crore approved in the AAPs were cancelled during the period 2013-21. This is indicative of the fact that the works were proposed and approved without any realistic need analysis and planning for development of backward region was deficient.

The Board replied (July 2022) that after approval of Annual Action Plan, the Board receives request for change of work citing reasons such as issues pertaining to project site, litigation, non-cooperation by locals, overlapping of works/agencies *etc.* The reply highlights the need for adequate prior-planning before proposing the works for execution as the action plans should have been approved taking into consideration the needs and feasibility of undertaking the works.

4.2 Deficiencies in implementation of Works

Audit analysed the implementation of 601 sampled works out of 24,307 works by the Board during 2016-17 to 2020-21. The deficiencies noticed in the implementation of works by the Board, are discussed in subsequent paragraphs.

4.2.1 *Inadequate time allowed for submission of tenders initiated by the Board during 2016-17 to 2020-21*

Section 17 of Karnataka Transparency in Public Procurement Act and Rules specify that a minimum time of 30 days should be allowed for the contractors to submit the tender for the works costing more than one crore rupees. Tender Inviting Authority shall ensure that adequate time is provided for the submission of tenders and minimum time is allowed between date of publication of the Notice Inviting Tenders and the last date for submission of tenders. This minimum period till January 2019 were as follows:

- For tenders up to rupees two crores in value, thirty days, and
- For tenders in excess of rupees two crores in value sixty days.

Any reduction in the time stipulated were to be specifically authorized by an authority superior to the Tender Inviting Authority for reasons to be recorded in writing. Analysis of the tenders by the Board showed that it invited tenders without allowing the minimum time period. The details of the time allowed for submitting bids in respect of the 278 works implemented directly by the Board are given in **Table 4.2** below:

Table 4.2: Time allowed for submission of tenders for the works undertaken by the Board head office

No of Works	Time allowed for tendering
97	Up to 10 days
165	11 to 20 days
11	21 to 30 days
5	More than 30 days

Source: E- Procurement portal

Thus, it could be seen that in majority of the cases, the time allowed for tendering fall short of the time prescribed under KTPP Act. Short time tenders have the potential of limiting the participation of tenders.

4.2.2 *Delay in according technical sanction in respect of the works by Karnataka Rural Infrastructure Development Limited.*

Technical sanction is the order of the competent authority sanctioning a properly detailed estimate of the work of construction or repair proposed to be carried out.

Audit analysis of 40 sampled works entrusted to Karnataka Rural Infrastructure Development Limited (KRIDL) showed that there was an abnormal delay in granting technical sanction to works. Delay ranging from 133 days to 1430 days was observed in according technical sanction in 16 works entrusted (**Appendix 4.1**). In some cases, the technical sanction was accorded after completion of the work. The Board had not ensured that technical sanction was obtained before release of funds in advance to the agency.

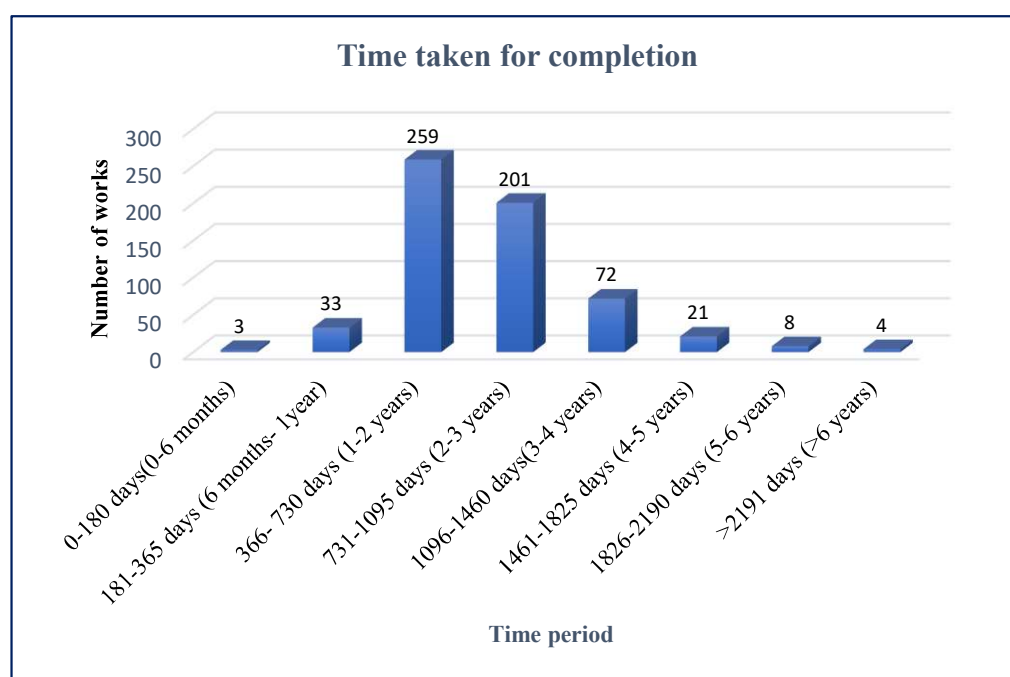
4.2.3 Delay in implementation of the action plan works

Timely completion of the planned works is important to ensure that the intended benefits are made available to the targeted population. Audit observed that there were delays in execution of the works.

During the period between 2013-14 and 2020-21 out of the 28,038 works, a total of 19,520 works were shown as completed by the board as on June 2021. The data on scheduled completion dates and the actual completion dates were not updated on the Hykasoft application and therefore was not amenable to complete analysis.

Analysis of the data collected in respect of 601 sampled works showed that only 36 works were completed within stipulated time and the remaining 565 works were completed with a delay ranging from one year to six years, as shown in the **Chart 4.1** below:

Chart 4.1: Time taken for completion of works



Source: Information provided by the Board

The delay in execution of works was contributed by the delays in according administrative approval, technical sanction, tender processing, issuing work order, etc., as detailed in the **Table 4.3** below:

Table 4.3: Statement showing reasons attributable to delay in completion of works

Description	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days	Total
According administrative approval	132	88	134	97	451
According technical sanction	89	54	52	50	245
Tendering of works	45	25	37	19	126
Issuing work order	56	25	42	26	149

Source: Analysis of Hykasoft Data provided by the Board

Illustration

Unfruitful expenditure of ₹8 lakh on incomplete work of construction of additional rooms to Government Health Centre building at Konchavaram village in Chincholi taluk

Joint physical verification of the works of construction of additional rooms to Government Health Centre building at Konchavaram village in Chincholi taluk showed that the building work commenced in May 2019 by KRIDL, Kalaburagi and was constructed only up to lintel level. Thus, the expenditure of ₹8 lakh was unfruitful as work was stopped since three years.

Exhibit 4.1: Non-completion of works of Health centre at Konchavaram in Chincholi taluk, Kalaburagi



The Board replied (July 2022) that due to non-availability of required site, change of agency at the level of district administration, local people objections and agitations, covid pandemic, heavy rain fall *etc.*, there were delay in completion of work and DC/CEO were instructed to review the works periodically. The Government during exit conference added that penal provisions would be introduced to address the delay in execution of works by the implementing agencies and penalty would be imposed on the contractors as per tender conditions.

4.2.4 Absence of agreement with the implementing agencies

Monitoring of the progress of work require that timelines are fixed for completion of the works from entrustment of the work to completion and handing over. No timelines were specified to the implementing agencies to be followed from entrustment of the work to its final completion.

No general/special agreement/memorandum of understanding was prepared delineating the terms and conditions and responsibilities in implementation of the works entrusted by the Board.

Illustration

Audit analysis of 40 sampled works entrusted to KRIDL Divisions Kalaburagi and Raichur showed that Board had made advance payments to the agency for execution of these works without entering into agreements/MOU specifying timelines to be followed for completion resulting in abnormal delay in completion of works from the date of issue of work order ranging from one to five years in respect of 31 works.

The Government, while accepting the audit observation agreed during exit meeting that agreement with the implementing agencies would be executed specifying the timeline to be followed by the departments/agencies.

4.2.5 Short recovery of liquidated damages

Clause 36.1 and 41 of Conditions of Contract¹⁶ specify that the contractor shall pay liquidated damages to the employer at the rate per day stated in the contract data for each day that the completion date is later than the intended completion date (for the whole of the work or the milestone as stated in the contract data). As per contract data the liquidated damages for the delay was to be computed at 0.1 *per cent* of the contract price per day subject to a maximum amount of liquidated damages for the whole of the works is ten *per cent* of final contract price.

Audit, however, observed that there were instances of short/non-recovery of stipulated liquidated damages amounting to ₹3.25 crore in respect of 22 works executed through eight implementing agencies. Work-wise details are furnished in **Appendix 4.2**.

Audit also observed that the implementing agencies had accorded approval for extension of time unjustifiably in respect of seven works, though the delay was fully attributable to the contractors.

The Board stated that penalties were being levied when delays are observed. The reply is not acceptable as the implementing agencies were not regulating the penalties as per the conditions specified in the contract. In the exit meeting, Government stated that the penalties would be levied in accordance with the conditions of the contract.

4.2.6 Doubtful completion of works

As per the information furnished by the Board, a total of 19,520 works were recorded to have been completed during the period 2013-14 to 2020-21. On scrutiny of progress reports relating to these works, audit observed that the expenditure incurred on these reportedly completed works was not commensurate with the estimated cost and it ranged from 0 to 75 *per cent*. The number of works recorded as completed and the percentage of expenditure

¹⁶ The Standard forms of Contract issued by the Government of Karnataka for uploading the tender documents in e-procurement portal.

booked was substantially lesser than the estimated cost as shown in the **Table 4.4** below:

Table 4.4: Statement showing works recorded as completed with lesser expenditure than estimated cost

Year	(Number of works)			
	Percentage of expenditure booked for works			
	Zero	0 to 25	25 to 50	50 to 75
2013-14	0	4	15	58
2014-15	8	4	45	147
2015-16	27	13	81	265
2016-17	10	20	91	349
2017-18	21	35	118	739
2018-19	23	15	120	563
2019-20	60	22	98	413
2020-21	5	1	14	7
Total	154	114	582	2,541

Source: Hykasoft Database provided by the Board

It could be observed from the above table that while as many as 154 works were declared completed with 'zero' expenditure, the percentage of expenditure booked in respect of 114 works was between 0 and 25 against their estimated cost. Considering the meagre expenditure booked against these works, completion of these works in entirety was, thus, inaccurate reporting.

Exhibit 4.2: An incomplete road work which was reported as completed



The Board replied that as on July 2022, the works which are physically completed but zero expenditure are 150 and out of this 129 works bills were cleared up to June 2022. The remaining bills of 25 works would be cleared immediately. Board added that there were 114 works physically completed with 0-25 *per cent* partial expenditure and out of this 101 works bills were cleared as of July 2022 and the bills of remaining 13 works would be cleared immediately.

Reply is not acceptable as no mechanism existed in the Board to track the status of execution of the works for the funds released to the implementing agencies. Further, pendency in settlement of the bills and non-updating the progress reports also revealed doubtful completion of the works.

Audit observed instances of doubtful completion of works during joint physical verification as illustrated below:

Illustration**I. Non-execution of the work of two toilet blocks and doubtful expenditure of ₹18 lakh**

Audit analysis of works included in the Action Plan for the year 2015-16 showed that the Board entrusted the work of construction of four High Tech Toilet Blocks (₹nine lakh each) at Kendriya Higher Primary School in Deodurga town to KRIDL Raichur and provided an amount of ₹36 lakh for the said work.

Joint physical verification of the newly constructed building and photos and videos taken during the physical verification showed that out of the four toilet blocks proposed only two blocks were constructed. The other two blocks were not traceable. Hence, it was doubtful whether the remaining two blocks were constructed resulting in doubtful expenditure of ₹18 lakh.

II. Partial execution of works

An amount of ₹30 lakh was released by the Board for execution of the renovation work to Primary Health Centre at Nalwar village in Chittapur taluk, Kalaburagi in their Annual Action Plan for the year 2018-19. During the joint physical verification of works, it was observed that the renovation works were executed only partially. The items of work such as granite flooring to toilets, preparation room and operation theatre, one coat of wall putty, laying of 90mm rainwater HDPE Pipes, providing four anodized aluminum doors, providing and fixing in position collapsible steel shutters, renovation works to the existing compound wall in Shahabad stone masonry in super structure etc., the works of drilling borewell and sanitation works were not executed. The building was not used and the PHC continued to function in an adjacent building.

Exhibit 4.3: Incomplete renovation works to PHC Nalawar in Chittapur taluk



4.2.7 Abandoned works

In the AAP for the year 2014-15, the Board approved four different works to be executed at Rajiv Gandhi Theme Park, Kalaburagi and another work at Kotnoor D Park, Kalaburagi at a total estimated cost of ₹9.52 crore and released an amount of ₹5.67 crore to Nirmithi Kendra, an implementing agency, for execution.

On scrutiny of records, audit observed that all these works were remained abandoned (April 2022) after incurring a total expenditure of ₹5.60 crore. The status of these abandoned buildings during the joint physical verification of these works along with Board staff were as given in the **Table 4.5** below and photographs taken were shown in **Exhibit 4.4**.

Table 4.5: Status of works abandoned by Nirmithi Kendra as of April 2022

Name of the work	Estimated cost	Expenditure incurred	Status as of April 2022
	(₹in crore)		
Construction of 7D theatre/fun complex	6.95	3.15	Constructed up to roof level and abandoned since 2017. Has become a place of miscreant activities.
Construction of Kids House			Constructed up to roof level and abandoned since 2017. Walls completely damaged with cracks.
Construction of insectarium			Constructed up to roof level and abandoned since 2017.
Construction of Aquarium			Constructed up to lintel level and abandoned since 2017.
Construction of Concert Ground Stage, green room, etc., at Kotnoor Park	2.57	2.45	The flooring and toilets damaged completely.
Total	9.52	5.59	

Source: Information provided by Nirmithi Kendra, Kalaburagi

As the buildings were abandoned, the Board did not release further funds to Nirmithi Kendra and thus, there was no progress in construction of buildings. Thus, the expenditure of ₹5.60 crore was rendered wasteful.

The Board accepted the observation and stated (July 2022) that suitable action would be taken to put the assets to proper public use.

Exhibit 4.4: Photographs showing the status of few abandoned buildings





Source: Photos taken during Joint Physical Verification

4.2.8 *Incomplete work*

The work of improvements to road from Ballatagi to Hirebidadini for a stretch of five Km in Manvi Taluk in Raichur District was entrusted to Panchayat Raj Engineering Department (PRED), Sub Division, Manvi on 10 February 2017 for an allocated amount of ₹1.75 crore. Photos and videos taken during the joint physical verification showed that roadwork was done only for murrum work. The work was stopped (June 2019) after incurring an expenditure of ₹1.29 crore. As per KTPP Act 1999, no work should commence on land which has not been duly handed over by the responsible civil officer and in case of tender for work is accepted prior to acquisition of the land required for the work, then the time which should be allowed for the acquisition of the land should be ascertained from the concerned authority before issuing the work orders. However, the PRED had commenced the work prior to acquisition of land and could not progress further. Non-compliance to codal provisions thus resulted in unproductive expenditure.

Exhibit 4.5: Work of improvements to road from Ballatagi to Hirebidadini village in Manvi taluk



Source: Photos taken during Joint Physical Verification

4.2.9 *Execution of substandard works*

IRC 62:14 recommend the use of M30 grade cement for pavement construction for Cement Concrete roads with low volume of traffic and CBR value of 10 *per cent*. Further, IRC 37:2018 stipulate that a CC road is to be designed for a period of 15 years. The Board entrusted the work of construction of Cement Concrete (CC) road in RH-05 Camp, Sindhanur taluk, Raichur to KRIDL Raichur at an estimated cost of ₹1.02 crore under action plan for the year 2015-16 and made

an advance payment of ₹0.82 crore. The Board while according administrative approval (October 2016) recommended for use of M20 concrete in the construction. The work was completed during December 2019.

As per IRC specifications of rural road works, M30 is recommended for the soil with CBR value of 10 *per cent*. As per IRC specifications, a shoulder of the road is to be constructed to give adequate side support to the pavement and also to drain off surface water from the carriageway to the road side drain. However, it was observed that the Board executed the road work with M20 cement concrete. It was observed that construction of the shoulders was not included in the estimate and no shoulders were constructed. Joint physical verification showed that the entire stretch of the road developed cracks. Further, due to non-construction of earthen shoulders, one side of road at one place was completely tilted towards field. Thus, audit could not ensure quality in the road work executed at a cost of ₹0.82 crore.

Exhibit 4.6: Status of Road at RH Camp 05 in Sindhanur Taluk, Raichur



Source: Photos taken during Joint Physical Verification

4.2.10 Lack of coordination leading to wasteful expenditure

The work of construction of cement concrete road with drainage for a length of 600 meter and black topped road was approved in the AAP of the Board for the year 2019-20 at an estimated cost of ₹1.01 crore. The work was entrusted (March 2020) by EE, PWD, Ballari to a contractor at his tendered cost of ₹1.23 crore with a stipulation to complete the work within four months. The work was completed during May 2021 at an expenditure of ₹0.99 crore and was handed over by the contractor to PWD, Ballari.

During a Joint Physical Verification (January 2022) of works, Audit observed that the entire stretch of concrete road and a portion of black topped road were completely damaged by Karnataka Urban Water Supply & Drainage Board (KUWS&DB), for laying underground drainage (UGD) pipes. The KUWS&DB neither obtained the permission from EE, PWD, Ballari before execution of UGD work nor rectified the damages to its original condition.

Thus, lack of synchronisation/convergence among the authorities in executing works in the region rendered the expenditure of ₹0.99 crore wasteful.

The Board replied (July 2022) that the KUWS & DB Sub Division had agreed to restore the damaged portion after completion of UGD work.

4.2.11 Suvarna Karnataka Bhavan lying unutilised

The works to KRIDL are given on entrustment basis without tendering by granting exemptions under section 4(g) of the Karnataka Transparency in Public Procurement Act. The exemption was available for works only upto ₹2 crore. The exemption to KRIDL was subject to the conditions that the departments entrusting works to KRIDL shall not split the works

The Board provided funds of ₹1.47 crore under Package 1 to KRIDL under the Annual Action Plan for the year 2014-15 for the construction of Suvarna Karnataka Bhavan at Sedam Taluk. The Board sanctioned additional fund of ₹1.33 crore under the same action plan for completion of the same work. Thus, the allocation for the work was split into two in the same action plan of 2014-15. The entrustment of works to KRIDL by splitting up the works in two packages violated the directions of the Government.

The Suvarna Karnataka Bhavan building was completed and handed over to Town Municipal Council, Sedam during March 2019. It was observed that the building was not put to use, except on two occasions, since its completion. The expenditure of ₹2.80 crore largely remained unfruitful.

The Government replied (July 2022) that the said works had been completed by the Implementing Agencies and handed over to the user Department (CMC Sedam). As the handing over process was completed, subsequent usage was left to the user Department. The reply of the Board, however, did not consider the fact that the board funds were to be directed towards accelerating the socio-economic development of the region and the objective would be achieved only through the utilization of the created assets.

4.2.12 Shopping Complex at Chincholi town lying unutilised

Under the action plan 2015-16, the Board constructed a shopping complex at Chincholi town in Kalaburagi district. An expenditure of ₹1.97 crore was incurred on the shopping complex. The complex remained unutilized as the electrical and other works remained incomplete.

Exhibit 4.7: Shopping Complex at Chincholi Town



Source: Photos taken during Joint Physical Verification

The Government replied that the shopping complex at Chincholi town was completed up to 80 per cent and balance works including electrical and other

works would be taken up and thereafter the building would be handed over to the user Department.

Audit noticed that the works were stopped since five years and no action was taken till date to complete the building. Further, the Board would be required to invest additional funds in view of the dilapidated condition of the unutilised building.

4.2.13 Unproductive expenditure on construction of Textile Training Centre at Yadagiri

The Board allocated funds of ₹5.02 crore under action plan for the year 2015-16 for the construction of a Hi-tech Textile Training Centre at Hathikunni region in Bandalli village of Yadagiri taluk. The objective of the training centre was to create skilled manpower for the textile industries and also to provide entrepreneurial skills to manage textile units thereby enhancing employability. According to the Draft Project Report of the Textile Training Centre project, the location was selected considering the proposed international standard textile park at Kadachur Industrial Area developed by the Karnataka Industrial Areas Development Board for which KKRDB had provided ₹10 crore as grant for road formation. The proposed textile park was yet to be operational awaiting investor interest. The High Tech training Centre consisted of administrative blocks, training facilities, boys and girls hostel etc. The building was completed during the year 2018-19. The training center was yet to be commenced, leading to idling of the constructed building. Thus, ₹5.02 crore invested by the Board on textile infrastructure was yet to be made productive.

Exhibit 4.8: Textile training Centre at Yadagiri

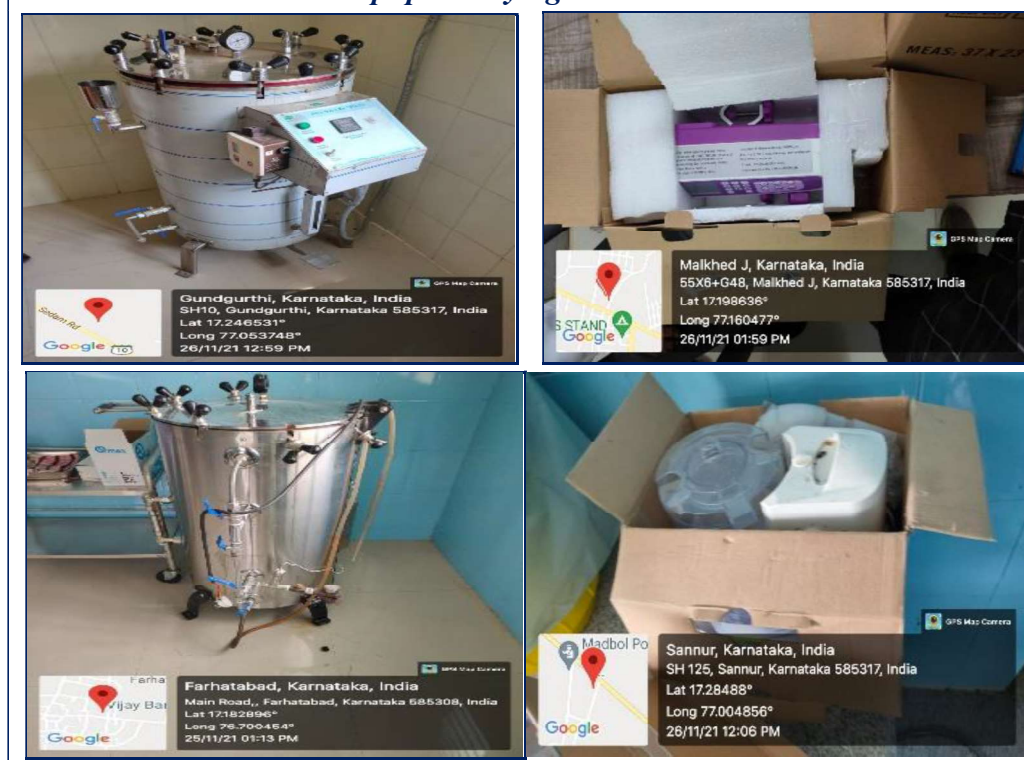


Source: Photos taken during Joint Physical verification

The Government replied (July 2022) that the said work is entrusted to the Industries and Commerce Department and the utilisation of the building would be pursued.

4.2.14 Unfruitful expenditure on purchase of equipment to Primary Health Centres

During Joint verification, it was observed in Health Centres in Kalaburagi that equipment purchased by District Health and Family Welfare Officer, Kalaburagi were lying idle in PHC as shown in **Exhibit 4.9** below:

Exhibit 4.9: Equipment lying idle in PHCs and CHC

Source: Photos taken during joint physical verification

4.2.15 Unfruitful expenditure on water supply works

➤ Unfruitful expenditure of ₹25 lakh

Audit noticed instances of non-utilisation of overhead tank constructed at a cost of ₹25 lakh in Karnagi village in Yadagiri Taluk under special component plan allocation. The photograph of the unutilised tank is shown in the **Exhibit 4.10:** below.

Exhibit 4.10: Non-utilisation of overhead tank at Karnagi village in Yadagiri taluk

➤ Unfruitful expenditure of ₹50 lakh

The Board allocated an amount of ₹50 lakh to CMC Raichur for providing & laying of 150mm DI Pipe line from Rampur water works filter house to Sri Ram Nagar camp via Siddana Bavi Camp in Ward No.35 in Raichur City for

supplying drinking water supply to Sri Ram Nagar Camp and Siddana Ravi Camp habitations.

It was observed that the water supply work remained incomplete as the pipeline work was not fully completed and the items of work such as providing pumpsets, switch units, electrical works *etc.*, was not executed leaving the expenditure of ₹50 lakh unfruitful for more than one year.

Exhibit 4.11: Incomplete pipeline work



4.2.16 Irregular provision of Dense Bituminous Macadam

The traffic density survey, which would help decide on the composition of the road material, is important while undertaking the work of strengthening of roads. Dense Bituminous Macadam (DBM) is a binder course which is recommended for roads designed to carry more than five million standard axle (MSA) load of vehicles, and hence, require a proper traffic density survey before the preparation of estimates.

- The City Municipal Corporation, Kalaburagi executed (2016-17) two¹⁷ road works in the Kalaburagi city with an estimated cost of ₹9.62 crore and ₹5.35 crore respectively. Audit observed that the required traffic volume survey was not conducted in respect of both the works. Audit further observed that the Chief Engineer (CE), Buildings and Communication, Dharwad during technical scrutiny of estimates had directed (November 2014) to provide a layer of 50 mm Bituminous Macadam and another layer of 25 mm Semi Dense Bituminous Concrete (SDBC), instead of providing DBM for these road works. In disregard of the directions of the CE, the City Municipal Corporation, Kalaburagi got the works executed with DBM. Execution of 50 mm DBM instead of suggested 25 mm resulted in avoidable extra expenditure of ₹0.48 crore (**Appendix 4.3**).

CMC replied that as per proceeding of the meeting held by Commissioner, CMC kalaburagi along with the Board officials it was opined to keep same provisions as in the original estimate *i.e.*, 50 mm DBM and 25 mm thick SDBC due to heavy traffic on this road which

¹⁷ Kalaburagi Airport road connectivity Package-Sedam Road (from Annapurna Hospital to Kharge Petrol Pump and Kalaburagi Airport connectivity package- Rajapur road from RTO cross to Shahabad ring road.

connects to National Highway. However, Audit observed that no traffic volume survey was conducted in respect of these works.

- KRIDL Kalaburagi division executed the work of 'improvements to approach road from Wadi to Balawadagi Village 5.870 km in Chittapur Taluk, Kalaburagi in their Annual Action Plan for the year 2014-15 for an estimated cost of ₹2.59 crore during the year 2016-17. Audit observed that the estimate was provided for SDBC and paid at ₹98.31 as per PWD rates of Kalaburagi Circle. As stated in the Para 15.3.7 of the specifications, it was recommended to lay pre mixed carpet as surface course. Further, 6mm Thick Type B seal coat was recommended for sealing pre mix carpet. However, as per the estimate under item No.7 Semi Dense Bituminous Concrete is provided as per PWD DSR¹⁸ 2014-15 as against Open Graded Pre-mix Carpet under PRED item No.5.9 and 5.12 (II) (at ₹189 per cum) of DSR 2014-15 which is more economical for a village road. The rates for the quantity of 550.31 cum. worked out to ₹1,04,009. Due to provision made in the estimate towards SDBC, the estimates were inflated and resulted in excess payment of ₹53.06 lakh.

4.2.17 Adoption of higher Schedule of Rates for rural road works by KRIDL

The Government issued (May 2008) instructions that whenever rural road works are undertaken, the Agencies/Departments are required to prepare estimates adopting the PRED SR Rates of the respective years for rural roads. The Superintending Engineer Panchayat Raj Engineering Division, (PRED) Kalaburagi Circle also issued (December 2016) similar instructions.

Analysis of 40 sampled works entrusted to KRIDL showed that in 10 works, the agency had adopted PWD SR Rates which was higher than the PRED Rates. As the roads were classified as village roads, the incorrect adoption of higher rates resulted in undue benefit to the agency and avoidable extra expenditure amounting to ₹1.09 crore detailed in **Appendix 4.4**.

4.2.18 Non-utilisation of excavated soil for embankment construction for road works

The soil obtained from excavation was to be used for construction of embankment, sub-grade and earthen shoulder while executing road works. In case the excavated soil was not sufficient for construction of embankment, the contractor would be permitted to arrange for soil from borrow pits. These instructions would be communicated to the implementing agencies by the concerned Executive Engineer/Superintending Engineers while according technical sanction to works.

While preparing the estimates for the road works, the quantity of soil available on excavation at the work site should be computed and provision for only the balance quantity of soil to be borrowed from borrow pits was to be made in the estimate.

Audit observed that implementing agencies did not consider the quantity of soil available at the road site in respect of five works. Non-consideration of the

¹⁸ Public Works Department Draft Schedule of Rates (DSR).

quantity of soil, resulted in avoidable extra expenditure of ₹87.33 lakh as detailed in **Appendix 4.5**.

The Government replied (July 2022) that the provision in the estimate of the quantities are provisional and the CBR value of the soil as per project Report is eight *per cent*. But, during the course of execution some reaches black cotton (BC) soil was encountered. As the BC soil could not be reused for embankment, borrowed soil was used.

Reply is not acceptable as it was not supported by any soil analysis reports indicating the non-usability of available soil.

4.2.19 Irregular provision of granular sub-base in existing roads

Granular sub-base (GSB) is a layer provided over the sub-grade layer of the road. If the existing condition of the road taken up for upgradation is of bituminous surface, there should not be a necessity for providing GSB layer and only the item of scarifying of bituminous layer up to 50 mm to 150 mm may be provided.

However, audit observed in respect of four road works that the item of GSB was provided in bituminous scarified roads and a payment of ₹1.21 crore was made to contractors, which was irregular. Details are furnished in **Appendix 4.6**.

The Government replied (July 2022) that the road was completely worn out and did not have base and sub-base. Hence, it was included in the estimate.

The reply is not acceptable as it was not supported by the preliminary study reports on the condition of the soil before taking up the work.

4.2.20 Entrustment of works to KRIDL without 4(g) exemption

The Karnataka Transparency in Public Procurement (KTPP) Act, 1999 (The Act) stipulated the method of tendering for procurement of goods and services and allowed certain exemptions. Government granted (May 2019) exemption under clause 4 (g) of the Act to KRIDL to take up works of construction and maintenance of buildings works, road works and all related electrical works including rural water supply and sanitation works. Subsequently the Hon'ble High Court directed (June 2020) that the exemption given under the Government Order granting exemption under 4(g) need not be acted upon with effect from 12th March 2020.

It was observed that KRIDL Kalaburagi and Raichur Divisions had taken up nine works and eight works respectively during the year 2020-21. Out of these 17 works, 12 works were under progress (March 2022) with a total estimated cost of ₹5.54 crore and five works were yet to be commenced.

Audit noticed that 4(g) exemption for all the departments was withdrawn as per the High Court order for the year 2020-21. However, KRIDL has taken up the 17 works during the year 2020-21 under KKRDB funds. The execution of works directly without participating in open tender violated the order of the High Court. The Board had released 80 *per cent* funds in advance to the agency without verifying whether the agency was eligible to execute works under Clause 4(g) of the KTPP Act 1999 resulting in undue favor to the agency as detailed in **Appendix 4.7**.

4.3 Substandard quality works

4.3.1 Execution of substandard quality road works by implementing agencies

Audit observed instances of substandard execution in six road works executed by PMGSY Raichur, PMGSY Kalaburagi, and PRED Kalaburagi. Joint physical verification of the works showed potholes in some stretches indicating substandard work as the road was damaged within two years. The layer of Water Bound Macadam Grade III which was visible in most of the stretches and the objective of all-weather rural road connectivity was defeated as the road had become non-trafficable rendering the expenditure on the construction unfruitful as detailed in **Appendix 4.8**.

During joint physical verification of the eight building works, audit observed substandard quality of works such as damaged doors, cracked walls and ceiling, incomplete electrical and water supply works, seepages in toilets, broken glass windows, cracked floor tiles *etc.*, as detailed in **Appendix 4.9**.

Recommendation 3: The Board should ensure effective supervision over the implementation of its action plan works entrusted to different agencies and track and ensure final utilization of the assets created.

Recommendation 4: The Board should fix the responsibility for wasteful/unplanned expenditure on abandoned infrastructure, incomplete works, unutilized buildings and equipment etc. out of board funds.

Recommendation 5: The Board should ensure completion of works in a time bound manner to avoid instances of inordinate delays in execution of planned works.

Recommendation 6: The State Government may ensure convergence of the works/programmes implemented by various departments/bodies in the region with the action plan of the Board.

