

**CHAPTER-IV**  
**WORKS EXPENDITURE**

**SECTION-‘A’-REVIEW**

**PUBLIC WORKS DEPARTMENT**

**4.1 NABARD assisted Rural Road and Bridge projects in Assam**

*To enable the Government of Assam to complete the incomplete roads and bridges in a phased manner, National Bank for Agriculture and Rural Development (NABARD) sanctioned loan assistance of Rs.241.42 crore under Rural Infrastructure Development Fund (RIDF) for completion of 138 bridges and 6 roads during 1996-97 to 2000-2001 of which Rs.187.04 crore was released between April 1998 and March 2003. A review of the implementation of NABARD assisted Rural Bridge and Road Projects in Assam revealed that there were large scale irregularities like delay in completion and opening of bridges, slow progress of works, extension of undue benefits to the contractors, failure to enforce contract clauses, extra/avoidable expenditure etc. Some of the significant audit findings are summarised below.*

*Highlights*

➤ **Shortfall in expenditure by 53 per cent against budgetary support resulted in non-release of loan assistance of Rs.54.38 crore by NABARD till March 2003. Loan assistance of Rs.21.56 crore released by NABARD in excess of expenditure during 1998-2003 was not passed on to the implementing agencies. Utilisation of Rs.21.56 crore could not be shown to audit.**

**(Paragraph 4.1.4(b))**

➤ **Against the target of completing 138 bridges and 6 roads by 31<sup>st</sup> March 2003 only 65 bridges were completed within stipulated period.**

**(Paragraph 4.1.5(A)(i))**

➤ **21 bridges completed, between April 2000 and March 2003, could not be opened to traffic till March 2003 due to non-completion of approaches resulting in idle investment of Rs.24.06 crore on completed bridges.**

**(Paragraph 4.1.5(A)(iv))**

➤ **There were instances of overpayment, excess and inadmissible payment and undue financial benefit to contractors aggregating Rs.21.73 crore.**

**(Paragraph 4.1.5, 4.1.7, 4.1.8, 4.1.10, 4.1.12)**

➤ **Actual expenditure of 13 bridges exceeded the administrative approval by Rs.2.18 crore for not preparing the revised estimate.**

**(Paragraph 4.1.5(A)(viii))**

➤ **Payment of escalation charges to contractors not provided in RIDF sanction led to diversion of loan assistance of Rs.1.02 crore.**

**(Paragraph 4.1.5(A)(ix))**

➤ **Award of work of four bridges to M/s Assam Government Construction Corporation Ltd. without floating tender and the Corporation's subletting the work in violation of agreements led to extra expenditure of Rs.1.84 crore compared to the actual cost of construction by the sub-contractors.**  
(Paragraph 4.1.12(d))

#### 4.1.1 *Introduction*

To provide assured transport and communication network to rural people, construction of roads and bridges in rural areas were taken up by the Public Works Department (PWD) of the Government of Assam. However, due to financial constraints a large number of roads and bridges remained incomplete and the capital investment already made on these roads and bridges became ineffective and idle. In order to complete the incomplete roads and bridges in a phased manner commencing from 1996-97, Government of Assam decided to obtain loan assistance to the extent of 90 *per cent* of estimated project costs from National Bank for Agriculture and Rural Development (NABARD) under Rural Infrastructure Development Fund (RIDF). The incomplete works in phases were divided under RIDF-I to RIDF-VI as follows:

RIDF-I: Irrigation Projects (not implemented in Assam)	RIDF-II: 44 bridges
RIDF-III: 11 bridges	RIDF-IV: 39 bridges
RIDF-V: 43 bridges; installation of one lakh shallow tube wells and 47 minor irrigation schemes	RIDF-VI: Six roads and one bridge

#### 4.1.2 *Organisational set up*

Finance Department of the Government of Assam is designated as nodal department for drawal and disbursement of loan assistance sanctioned by NABARD and arranging repayment of the same along with interest thereon while the Public Works Department (PWD) under the administrative control of a Commissioner and Secretary to the Government of Assam is responsible for implementation of the NABARD assisted Road and Bridge Projects.

The execution of the works under the projects are administered by one Chief Engineer (CE), RIDF. At HQ, the CE is assisted by one Superintending Engineer (SE), RIDF while in the field the projects are executed by the Executive Engineers (EEs) of 26 Public Works Road Divisions.

#### 4.1.3 *Audit coverage*

Test-check of records of the CE, PWD, RIDF and the Executive Engineers of nine<sup>53</sup> selected executing divisions out of 26 divisions for the period from

---

<sup>53</sup> (1) RIDF-II Division, Guwahati . (2) Guwahati Road Division (3) N.K. Road Division, Nalbari  
(4) Bongaigaon Road Division (5) Barpeta Road Division (6) Morigaon Road Division  
(7) Nagaon Road East Divisio (8) Tezpur Road Division and (9) Mangaldai Road Division

1998-99 to 2002-03 was conducted between February and June 2003 covering expenditure of Rs.126.52 crore (76 per cent) of the total expenditure (Rs.165.48 crore).

#### 4.1.4 Finance and Expenditure

##### (a) Funding pattern vis-à-vis loan assistance

(i) NABARD was to provide loan assistance to cover 90 per cent of estimated project cost and balance 10 per cent was to be funded by the State Government. The agreement stipulated quarterly release of loan assistance by NABARD as reimbursement of expenditure incurred by the State Government. Each drawal of funds was to be deemed as a separate loan for the purpose of repayment schedule and was to be repaid in full in equal annual instalments within five years including the grace period of two years in case of RIDF-II to IV. For RIDF-V and VI repayment as above was to be made within seven years including grace period of two years. The State Government was to pay the interest on loan quarterly at 12 per cent for loans under RIDF-II to V and 11.5 per cent under RIDF-VI.

(ii) Against the approved outlay of Rs.265.54 crore<sup>54</sup> for 144 incomplete works (138 bridges and six roads) NABARD sanctioned a loan totalling Rs.241.42 crore under RIDF-II to RIDF-VI during 1996-97 to 2000-01. Balance fund of Rs.24.12 crore was to be contributed by State Government.

##### (b) Budget Provision, Loan receipt and expenditure

Budget provision, loan assistance received from NABARD and expenditure during 1998-99 to 2002-03 were as under:

Year	Budget provision	Loan assistance from NABARD	(Rupees in crore)
			Expenditure
1998-1999	30.00	36.81	8.45 (72)
1999-2000	61.83	43.84	51.83 (16)
2000-2001	32.91	10.98	32.91 (Nil)
2001-2002	80.00	55.35	26.68 (67)
2002-2003	150.00	40.06	45.61 (70)
<b>Total</b>	<b>354.74</b>	<b>187.04</b>	<b>165.48 (53)</b>

Source: Information furnished by Finance Department

Figures within brackets represent percentage of expenditure against Budget Provision.

54

RIDF Projects	Year of sanction	No. of projects sanctioned		Approved outlay	(Rupees in crore)			
					Sanctioned	Released	Due	Released
RIDF-II	1996-1997	44	-	70.32	63.29	61.43	7.03	NIL
RIDF-III	1997-1998	11	-	17.89	16.07	15.75	1.82	NIL
RIDF-IV	1998-1999	39	-	70.35	64.72	42.61	5.63	NIL
RIDF-V	1999-2000	43	-	51.91	47.77	30.62	4.14	NIL
RIDF-VI	2000-2001	1	6	55.07	49.57	36.63	5.50	NIL
<b>Total</b>		<b>138</b>	<b>6</b>	<b>265.54</b>	<b>241.42</b>	<b>187.04</b>	<b>24.12</b>	<b>NIL</b>

Against the sanctioned loan assistance of Rs.241.42 crore NABARD released Rs.187.04 crore and balance amount of Rs.54.38 crore (23 per cent) was not released till March 2003 due to shortfall in expenditure against budget provision aggregating Rs.189.26 crore (53 per cent).

Out of the expenditure of Rs.165.48 crore NABARD disbursed loan assistance of Rs.187.04 crore between 1998-99 and 2002-03 resulting in excess disbursement of Rs.21.56 crore which was not passed on to the implementing agencies till June 2003. Finance Department could furnish neither RIDF-wise expenditure nor any information about utilisation of Rs.21.56 crore.

Percentage shortfall in utilisation of budget provision during four of the five years (except 2000-01) was erratic and ranged between 16 and 72 indicating that formulation of budget estimate over the years was unrealistic.

State Government had not released its share of contribution of Rs.24.12 crore due since 1996-97 till March 2003.

NABARD stated (July 2003) to audit that on repayment of RIDF loan there was no default/overdue from the State Government.

#### 4.1.5 Implementation of Projects

##### (A) Bridge Projects.

##### (i) Target and Achievement

According to targets fixed in RIDF sanctions, 138 bridges approved under RIDF- II to VI were due to be completed between March 1999 and March 2003 at an approved outlay of Rs.211.28 crore<sup>55</sup>.

Year-wise achievement against the above target was as under:

(No. of bridges)

Year	RIDF project	Target to be completed by 31 March each year	Year wise achievement					Total	Shortfall
			1998-99	1999-00	2000-01	2001-02	2002-03		
1998-99	II	44	-	28	9	4	1	42	2 (5)
1999-00	III	11	-	7	-	-	2	9	2 (18)
2000-01	IV	39	-	-	2	-	6	8	31 (79)
2001-02	V	43	-	-	-	4	2	6	37 (86)
2002-03	VI	1	-	-	-	-	-	-	1(100)
<b>Total</b>		<b>138</b>	<b>-</b>	<b>35</b>	<b>11</b>	<b>8</b>	<b>11</b>	<b>65</b>	<b>73 (53)</b>

Source: Information furnished by the Chief Engineer and Divisional Officers.

Figures within brackets represent percentage of shortfall against target.

55

Total approved outlay  
Less outlay for 6 Roads under RIDF VI

Rs.265.54 crore  
Rs. 54.26 crore  
**Rs.211.28 crore**

Thus, against 138 bridges due to be completed by March 2003, the department could complete only 65 bridges in all respects during five years from 1998-99 to 2002-03 while 73 bridges representing 53 *per cent* of total bridges remained incomplete as on 31 March 2003. Finance Department could not furnish the year-wise expenditure on bridge projects.

Non-achievement of the targets by the stipulated date(s) as set out in RIDF sanctions was attributable, *inter alia*, to poor cash flow due to failure on the part of the State Government to incur expenditure to get reimbursement as per terms of loan agreement. There were instances of non-observance of completion schedule of NABARD because of delay ranging from four to 389 days in awarding the works for 25 bridges after the stipulated period of their completion fixed by NABARD (**Appendix-IX**). In another 56 bridges though the work was awarded before NABARD's target date of completion, the stipulated date of completion in the work orders ranged between 24 to 730 days beyond NABARD's target dates (**Appendix-X**). The loan assistance of Rs.241.42 crore though sanctioned by NABARD did not help the Government in mobilising required cash flow for executing the works and achieving the targets due to imposition of non-viable condition of incurring expenditure first and then reimbursing the same against submission of statement of expenditure by NABARD in its sanctions.

**(ii) *Inordinate delay in completion of work and non-enforcement of agreement clause***

The agreements of different works provided that in the event of actual date of completion being later than the stipulated date of completion, the contractors were to pay liquidated damage for each day of delay (at different rates for different works) subject to a maximum of 10 *per cent* of the final contract value of the whole work.

Test-check of records revealed that in the case of 50 bridges (RIDF-II: 30, RIDF-III: two, RIDF-IV: 12 and RIDF-V: six) although the contractors delayed the completion of the works by one month to three years beyond the stipulated dates of completion as given in **APPENDIX-XI**, the Executive Engineers of the concerned divisions did not enforce the agreement clause for realising liquidated damage of Rs.6.51 crore (computed at an average of 10 *per cent* of the value of work done) from the defaulting contractors for reasons not available on record. This had resulted in extension of undue financial benefits of Rs.6.51 crore to the defaulting contractors.

**(iii) *Slow progress of work and time over run***

In the case of 47 bridges (RIDF-II: two, RIDF-III: one, RIDF-IV: 31 and RIDF-V:13), although the work orders had been issued between May 1998 and December 2002 with the stipulation to complete the work of bridge proper and approaches within August 1999 and March 2003, the executing divisions failed to complete the works as stipulated till March 2003 due to slow progress of work by the contractors resulting in time overrun ranging from nearly one month to 44 months as shown in **APPENDIX-XII**. No action was taken by the divisional officers either to rescind the

work orders or to impose penalty for delay as provided in the agreement. There was also no record to show that extension of time had been asked for and granted to the contractors.

Thus, laxity on the part of the divisional officers and the field staff had resulted in non completion of 47 bridges with approaches rendering the investment of Rs.11.08 crore against execution of works valued at Rs.15.23 crore largely unproductive as of March 2003.

**(iv) *Idle and unproductive outlay on completed bridges for non-completion of approaches etc.***

**(a)** 21 RCC bridges sanctioned under RIDF-IV (15 Nos) and RIDF-V (6 Nos), though completed on different dates between April 2000 and March 2003 by seven divisions at a cost of Rs.25.04 crore (value of work done) of which contractors were paid Rs.24.06 crore, could not be opened for vehicular traffic till March 2003 due to non completion of approaches as shown in **APPENDIX-XIII** This could be attributed to improper planning, poor decision in application of resources and awarding of work for bridge proper and approaches to different groups of contractors.

Thus, payment of Rs.24.06 crore out of Rs.25.04 crore on construction of the bridges remained idle and unproductive till March 2003.

**(b)** Records also revealed that three RCC bridges including approaches (RIDF-II: one and RIDF-V: two) though completed by Morigaon and Bongaigaon Road Divisions between March 2001 and December 2002 at a cost of Rs. 1.59 crore (**Appendix-XIII**) were not opened for public use for reasons not stated to audit.

Consequently the capital cost of Rs. 1.59 crore incurred for construction of these three bridges continued to remain unfruitful for periods upto two years as on 31 March 2003.

**(v) *Excess payment to contractors***

**(a) *Excess payment due to non-revision of the tender value according to length of bridge actually executed***

Scrutiny of records revealed that during execution, RIDF-II Division, Guwahati and Morigaon Road Division reduced the length of seven bridges by 57.13 RM from the sanctioned length of 260.00 RM without corresponding reduction in agreement/tender value of the bridges. The contractors were paid the full agreed value even though the length of the bridges was reduced during execution. Due to non-revision of the tender value corresponding to reduced length executed, the contractors were paid an excess amount of Rs.1.44 crore as shown in **APPENDIX-XIV**. Reasons for not revising the tender value of the bridges according to length actually executed were neither available on records nor could be stated.

**(b) Excess payment to contractors over the agreement value**

Scrutiny of records revealed that in the case of 23 RCC bridges (RIDF-II: 15 and RIDF-IV: eight) executed by four divisions (RIDF-II Division, Guwahati, N.K.Road Division, Nalbari, Morigaon Road Division and Barpeta Road Division) the contractors were paid an excess amount of Rs.2.54 crore over the agreement value of Rs.41.24 crore as shown in **APPENDIX-XV** mainly due to execution of excess quantity, additional items etc. without obtaining approval of revised estimate from the competent authority. Excess payment of Rs.2.54 crore was irregular and unauthorised, as the same was not covered by sanctioned estimates and agreements entered into with the contractors.

**(vi) Absence of quality assurance certificate of installed bridge bearings**

Till 2003, the test-checked divisions completed 83 bridge proper under RIDF-II to V as given below: -

SI No	Name of test-checked division	No. of bridge proper completed					No. of bridges for which certificate of quality assurance furnished by DGS&D
		RIDF II	RIDF III	RIDF IV	RIDF V	Total	
1.	RIDF-II Division Guwahati	8	-	-	-	8	-
2.	Guwahati Road Division	-	2	5	-	7	-
3.	Morigaon Road Division	24	1	3	-	28	1 (RIDF-II)
4.	N.K.Road Division, Nalbari	10	1	4	-	15	-
5.	Mangaldoi Road Division	-	-	-	4	4	-
6.	Tezpur Road Division	-	-	-	1	1	-
7.	Nagaon East Road Division	-	-	7	-	7	4 (RIDF-IV)
8.	Barpeta Road Division	-	4	4	-	8	1 (RIDF-IV)
9.	Bongaigaon Road Division	-	-	-	5	5	-
<b>Total</b>		<b>42</b>	<b>8</b>	<b>23</b>	<b>10</b>	<b>83</b>	<b>6</b>

The divisions could not furnish the quality assurance certificates of the DGS&D in respect of bridge bearings used/installed in 77 of the 83 bridges. Further, out of 34 bridges completed under RIDF-II, by Morigaon Road Division (24) and NK Road Division, Nalbari (10) completion certificates as required to be submitted to the NABARD were not furnished for 16 bridges (Morigaon Road Division: seven Bridges and NK road Division Nalbari: nine bridges) for reasons not on record.

**(vii) Inflation of estimates due to inclusion of non-operational items**

Scrutiny of approved estimates of 46 RCC bridges sanctioned under RIDF-II (8 Nos), RIDF-III (1 Nos), RIDF-IV (23 Nos) and RIDF-V (14 Nos) at a total estimated cost of Rs.48.63 crore revealed that the estimates of these bridges were inflated by

Rs. 3.83 crore due to inclusion of unutilised centage<sup>56</sup> charges etc., on non-operated and inadmissible items such as quality control (Rs.46.42 lakh), detailed engineering drawing and design (Rs.2.26 lakh), contingency (Rs.30.59 lakh) Work Charged Establishment (Rs.61.47 lakh), and AGST (Rs.242.29 lakh) as given in **APPENDIX-XVI**.

This has resulted in excess administrative approval of Rs.3.83 crore and sanction of loan of Rs.3.45 crore (90 per cent of Rs.3.83 crore) which was irregular.

**(viii) Irregular excess expenditure over administrative approval**

During scrutiny of records, it was noticed in audit that 13 RCC bridges (sanctioned under RIDF-II) were executed by three Road Divisions (RIDF-II Division, Guwahati: four, N.K. Road Division, Nalbari: four and Morigaon Road Division :five) without technical sanction. Thus, technical soundness of these bridges remained unassured. Besides, against the administrative approval of Rs.7.87 crore for these bridges the divisions spent Rs.10.05 crore which led to unauthorised excess expenditure of Rs.2.18 crore (28 per cent) as shown in **APPENDIX-XVII**. The divisions did not prepare and submit revised estimates for obtaining revised sanction till March 2003.

**(ix) Diversion of loan assistance for unauthorised purpose**

According to guidelines, cost of escalation, if any, shall be paid by the Government out of its budgetary provision.

During test-check, it was noticed that 3 divisions paid escalation charges of Rs.1.02 crore in respect of following 13 bridges out of loan assistance released by NABARD.

(Rupees in lakh)				
Sl No	Bridge No.	RIDF project	Name of Division	Amount of escalation paid
1.	Bridge No. 4/1 on B D Road	RIDF-II	N K Road Division, Nalbari	6.62
2.	Bridge No. 6/1 on B D Road	-do-	-do-	2.83
3.	-do-No. 7/1 on B D Road	-do-	-do-	3.53
4.	-do- No 8/1 on B D Road	-do-	-do-	1.51
5.	-do- No.9/1 on B D Road	-do-	-do-	2.76
6.	-do- No.14/1 on B D Road	-do-	-do-	6.21
7.	-do- No.27/1 on AHN Road	-do-	-do-	10.26
8.	-do- No. 33/1 on N B Road	-do-	Morigaon Road Division	6.50
9.	-do- No. 4/1 on R K Road	-do-	-do-	12.00
10.	-do- No.14/1 on NBMRK Road	-do-	-do-	26.50
11.	-do- 19/1 on B B Road	-do-	-do-	17.47
12.	-do- No.2/2 on Jagi Bakhat Road	RIDF IV	-do-	2.88
13.	-do- No. 3/1 on K K Road	-do-	Nagaon East Road Division	2.70
<b>Total</b>				<b>101.77</b>

Source: Information furnished by the divisional officers.

The payment of escalation charges of Rs.1.02 crore out of loan assistance from NABARD was irregular and led to diversion of loan assistance for unauthorised purposes.

<sup>56</sup> Percentage charges on items like work charged establishment, quality control, AGST etc. on the cost of the work proper.



**(x) Tampering/Manipulation of agreement documents**

During scrutiny of records it was noticed that in the agreements entered into with the contractors of the under mentioned works of bridge proper under Tezpur Road Division and Mangaldoi Road Division, the tender values of the works were found written in "figures" as well as in "words" over white fluid (used for erasing) without any attestation of the competent accepting authority. Original tender paper, comparative statement etc., could not be shown to audit.

(Rupees in lakh)

Sl No.	Name of bridge	Name of Division	Name of Contractor	Sub head of work pertained to the agreement	Estimated cost	Tender value as recorded over the fluid	Value of work done	Payment made
1.	RCC Bridge No. 3/1 over river Mora Bharali on Tezpur Jamuguri Road	Tezpur Road Division	M/s. AGCC Ltd.	Bridge Proper	NA	113.61	90.00	57.17
2.	RCC Bridge No. 4/2 on M.B. Road	Mangaldoi Road Division	M/s. D. Jain & Co.	-do-	34.09	39.22	37.58	29.59
<b>Total</b>						<b>152.83</b>	<b>127.58</b>	<b>86.76</b>

Source: Information obtained from divisional records.

It was seen in audit that the tender values of the works (Rs.152.83 lakh) in the instant cases were tampered with/manipulated to the benefit of the contractors.

Further, it could not also be ascertained in audit as to whether the value of work done (Rs.127.58 lakh) in the above cases were well within the tender amounts and no payment in excess of tender amounts had been made to the contractors. Payment of Rs.86.76 lakh to the contractors could not, therefore, be vouchsafed in audit.

**(xi) Payments made without preparing detailed bills**

It was noticed in audit that five Road Divisions (Nalbari, Barpeta, Mangaldoi, Tezpur and Bongaigaon) paid Rs.31.22 crore to the contractors of 31 bridges and their approaches, as tabulated below, against bills for Rs.35.79 crore showing percentage execution of works without preparing item wise detailed bills showing quantities executed and values there of.

(Rupees in lakh)

Sl No	Name of Division	No. of bridges executed		Value of work done	Payment made
		RIDF project	No. of Bridge		
1.	N K Road Division, Nalbari	RIDF-III	1	24.37	24.36
		RIDF-IV	8	1021.99	902.78
		<b>Total</b>	<b>9</b>	<b>1046.36</b>	<b>927.14</b>
2.	Barpeta Road Division	RIDF-IV	5	1424.48	1344.45
3.	Mangaldoi Road Division	RIDF-V	9	466.97	379.79
4.	Tezpur Road Division	RIDF-V	3	253.12	144.75
5.	Bongaigaon Road Division	RIDF-V	5	388.02	326.18
<b>Grand Total</b>			<b>31</b>	<b>3578.95</b>	<b>3122.31</b>

Source: Information furnished by divisional officers

In the absence of detailed bills, item wise execution of works with quantities and values thereof was not available for audit scrutiny to see that the works were executed according to estimated provision and that no inadmissible item was executed.

**(B) Road projects**

**(i) Target and achievement**

During the year 2000-01, six road projects (111.400 Km) estimated to cost Rs. 54.26 crore were sanctioned for implementation under RIDF-VI. All the roads were to be completed by March 2003.

According to information furnished (March-May 2003) by the divisions, the physical progress achieved till March 2003 ranged between 67 to 95 per cent against overall financial achievement of 51 per cent<sup>57</sup> in respect of five of the six roads as given below:

(Rupees in crore)						
Sl. No.	Name of Road	Length (km)	Name of Division	Estimated cost	Expenditure upto March 2003	Progress achieved as on March 2003 (Average) (per cent)
1.	Improvement of M B Road	16.000	Morigaon Road Division	6.44	2.77	85
2.	Improvement of NBMRK Road - portion from Nakhola to Jhargaon	18.100	-do-	12.06	5.53	70
3.	Improvement of North Guwahati Amingaon Hajo Kalitakuchi Daulasal Barpeta Howly Road – a) Portion from Kalitakuchi to Doulasal b) –do-	7.000 24.100	Guwahati Road Division N. K. Road Division, Nalbari	15.42	3.23 5.56	95 75
4.	-do- portion from Barpeta to Doulasal	26.800	Barpeta Road Division	12.36	6.04	68
5.	-do portion from Barpeta to Howly in 1 <sup>st</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> Km.	2.500	-do-	0.97	1.14	67
6.	Improvement of Narengi-Chandrapur (Kajalichaki) road via Bonda-Panikhaiti	16.900	Guwahati City Division	7.01	Not furnished	
		<b>111.400</b>		<b>54.26</b>	<b>24.27</b>	

The divisions did not analyse the reason for mismatch between physical and financial achievement.

Physical and financial progress for Improvement of Narengi-Chandrapur (Kajalichaki) Road were not furnished to audit. Reason for non-completion of any of the road works by March 2003 was not on record.

57

Total estimated cost: Rs.54.26 crore  
 Less estimated cost for the road against Sl. No.6: Rs. 7.01 crore  
Rs.47.25 crore

(Rs.24.27 crore x 100 / Rs.47.25 crore = 51 per cent)

**(ii) Overpayment due to non-deduction of forest royalty on earthwork**

The analysed rates of earthwork in core embankment and sub grade as adopted in the estimates of the six roads sanctioned under RIDF VI and put to tender were inclusive of forest royalty @ Rs.8.00 per cum. The contractors were awarded work at percentage above estimated cost. Accordingly, the contractors of roadwork under RIDF VI were liable to pay forest royalty on earthwork at the above rate.

Test-check of records of the works (i) Improvement of Morigaon Bhakatgaon Road and (ii) Improvement of Nakhola Bhakatgaon Monoha Rajamayang Kajalichaki Road executed by Morigaon Road Division and (iii) Improvement of North Guwahati Amingaon Hajo Kalitakuchi Doulasal Barpeta Howly Road (Portion from Kalitakuchi to Doulasal) executed by N.K.Road Division, Nalbari and Guwahati Road Division revealed that the divisions did not recover forest royalty of Rs. 58.90 lakh from the contractors for 7,36,310.80 cum of earth work executed as detailed in **APPENDIX-XVIII**. Besides, the contractors were also allowed extra payment of Rs.12.20 lakh on the royalty as percentage above estimated cost.

Thus, a total overpayment and undue financial benefit of Rs. 71.10 lakh was allowed to the contractors of the three roads due to non-deduction of forest royalty (Rs.58.90 lakh) and allowance of extra payment (Rs. 12.20 lakh) on royalty amount at percentage tender rates above the estimated cost.

**(iii) Inadmissible payments of extra carriage for forest produces vis-a-vis doubtful utilisation of forest materials**

The approved estimates of the works (i) Improvement NBMRK Road from Nakhola to Jhargaon (18.100 km) and (ii) Improvement of Morigaon Bhakatgaon (MB) Road (16.00 km) in Morigaon district under RIDF VI provided for use of 60,544.00 cum of stone and 13,108.00 cum of GSB/sand. The analysed rates as adopted in the estimates included cost of collection and carriage of stone and GSB/sand from the quarry at Amsoi (in Nagaon district), which was 35 km away from the initial point at Nakhola (0.00 m) of NBMRK Road and 42 km away from the initial point at Bhakatgaon (16,000m) of MB Road.

The cost of collection of stone and GSB/Sand as analysed in the estimates was inclusive of extra carriage from Amsoi to 0.00 m point at Nakhola (35 km) of NBMRK Road and from Amsoi to 16,000 m point at Bhakatgaon (42 km) of MB Road at Rs. 234.12 and Rs.267.72 per cum respectively as under:

Particulars	Amsoi to Nakhola (35 km)			Amsoi to Bhakatgaon (42 Km)		
	KM	Rate per Km/cum	Extra carriage per cum	KM	Rate per KM/cum	Extra carriage per cum
1 <sup>st</sup> km from Quarry	1	31.38	31.38	1	31.38	31.38
2 <sup>nd</sup> to 3 <sup>rd</sup> km	2	9.50	19.00	2	9.50	19.00
4 <sup>th</sup> to 10 <sup>th</sup> km	7	8.62	60.34	7	8.62	60.34
11 <sup>th</sup> to 20 <sup>th</sup> km	10	5.14	51.40	10	5.14	51.40
21 <sup>st</sup> to 35 <sup>th</sup> km	15	4.80	72.00	15	4.80	72.00
36 <sup>th</sup> to 42 <sup>nd</sup> km	-	-	-	7	4.80	33.60
<b>Total</b>	<b>35</b>		<b>234.12</b>	<b>42</b>		<b>267.72</b>

Source: Information furnished by the Executive Engineer of the division.

According to records, the contractors of the two works utilised 52,027.00 cum of stone (42,402.60 cum) and sand (9,624.40 cum) till March 2003, of which only 6612.00 cum of stone and sand was collected from the quarry against transit pass (TP) and challan while no evidence of collecting the remaining quantity of 45,415.00 cum of stone and sand from the said or any other quarry involving extra carriage (as adopted in the estimates) was found on records. Thus, the extra carriage of Rs.234.12 and Rs.267.72 per cum as adopted in the estimates of the works were not admissible to the contractors.

It was seen in audit that although the Executive Engineer, Morigaon Road Division had deducted forest royalty of Rs. 26.82 lakh from the contractors bills for not providing evidence of collecting 45,415.00 cum of stone and sand from any quarry (including Amsoi), he did not deduct the extra carriage of Rs. 234.12 per cum and Rs.267.72 per cum as included in the rates for extra lead of 35 km and 42 km respectively for the same default. This has resulted in an inadmissible extra payment of Rs. 1.32 crore (including Rs. 0.18 crore paid as inadmissible extra carriage at tender rates) to the contractors as shown in **APPENDIX-XIX** and extension of undue financial benefits to the contractors against a nominal recovery of forest royalty (Rs.26.82 lakh).

Besides, in the absence of evidence (transit pass/permit/carriers No. etc.) showing source of collection, actual utilisation of 45,415.00 cum of stone and sand in the works was also doubtful. Possibility of poor construction of roads by the contractors with unspecified metals could not also be ruled out.

#### **4.1.6 Irregular part payments on unpassed/pending contractor's bills through Hand Receipts and outstanding liabilities**

Rules 314 and 315 of Assam Financial Rules provide that the Executive Engineer of a Public Works Division should, on receipt of a contractor's bill, compare the items and quantities appearing in the bill with those recorded in the measurement book forwarded by the sub divisional officer to see and ensure that the rates are correctly entered and the memorandum of payment is drawn up showing therein the recoveries and the net amount to be paid to the contractor. He should then pass the bill and record his pay order specifying the amount to be paid both in figures and in words. Thus, payment to the contractor can be made only after passing the bill.

It was noticed in audit that during the period from 1999-2000 to 2002-03, the Executive Engineers of five road divisions<sup>58</sup> made part payments of Rs. 20.98 crore to

---

58

(Rupees in crore)

Division	Amount
Barpeta Road Division	14.97
Tezpur Road Division	0.97
Morigaon Road Division	3.02
Bongaigaon Road Division	1.41
Mongaldoi Road Division	0.61
<b>Total</b>	<b>20.98</b>

the contractors on unpassed/pending running account bills through Hand Receipts<sup>59</sup> even though the Government had specifically forbidden (June 1996) the use of Hand Receipts for contractor's payments. The payment of Rs.20.98 crore in violation of financial rules and Governments instructions is also fraught with the risk of excess/double/over payments and fraud. Part payments to contractors through Hand Receipts on unpassed bills from time to time led to contractors' accounts not being settled and actual expenditure on the works not being reflected besides accumulation of outstanding liabilities. In 14 divisions accumulation of outstanding liabilities on 76 unsettled works aggregated Rs.10.08 crore<sup>60</sup> as of March 2003.

#### 4.1.7 *Overpayments to the Contractors*

Scrutiny of records revealed that in 23 cases (Bridge and Approach: 16 cases and Roads: seven locations) the contractors were overpaid a sum of Rs.1.13 crore beyond the bill value (value of work done as per running bills and unsettled final bills) by six divisions as per details given in **APPENDIX-XX**. The reason for overpayment could not be clarified to audit.

The divisions had not initiated any action to recover the overpayment from the contractors along with 12 *per cent* interest per annum as applicable for obtaining loan from NABARD to finance these projects.

#### 4.1.8 *Non-deduction of retention money from contractor's bills resulting in undue payments to the contractors*

According to conditions of contract and contract data, for each RIDF work, retention money at the rate of six *per cent* of bill value subject to "maximum of five *per cent* of tender value of work, shall be deducted from each payment made to the contractor. Fifty *per cent* of the retention money is refundable on completion of the work while the balance 50 *per cent* is refundable after defect removal period specified in the agreement.

During test-check it was noticed that the Executive Engineers of nine test-checked divisions did not deduct retention money of Rs.6.23 crore (computed at five *per cent*) from the contractors of 107 works (Bridges: 102 and Roads: five) executed by the divisions as tabulated in **APPENDIX-XXI**.

<sup>59</sup> A simple form of voucher intended to be used for miscellaneous payments and advances for which none of the prescribed forms of bills is found suitable

<sup>60</sup>

(Rupees in crore)					
Project No.	No. of works	No. of divisions	Value of work done	Amount paid	Outstanding liabilities
RIDF-II	29	3	40.94	40.41	0.53
RIDF-IV	21	4	26.68	21.83	4.85
RIDF-V	17	3	11.36	8.78	2.58
RIDF-VI	9	4	19.50	17.38	2.12
<b>Total</b>	<b>76</b>	<b>14</b>	<b>98.48</b>	<b>88.40</b>	<b>10.08</b>

Non-deduction of retention money from the payments made to the contractors has resulted in undue financial benefit of Rs.6.23 crore to the contractors and non-observance of the condition of contracts.

#### 4.1.9 Outstanding Mobilisation and Equipment Advances

Between January 1998 and June 2000, the Executive Engineers, Morigaon Road Division and N K Road Division, Nalbari paid interest free mobilisation advances and equipment advances of Rs.2.84 crore to 12 contractors for construction of 19 RCC Bridge (RIDF-II : 17 and RIDF-IV : two) as per conditions of contract. Out of Rs. 2.84 crore so paid, Rs.2.40 crore had been recovered while Rs.43.31 lakh remained unrecovered till March 2003 from four contractors as under:

Sl. No.	Name of contractor	Name of work for which Advances were paid	Name of Division	Advances paid		Amount recovered	Outstanding balances of March 2003
				Date	Amount		
1	Shri B. Kalita	Bridge No. 37/1 on N B Road	Morigaon Road Division	15.5.98	34.87	25.02	9.85
2	M/s Raitani Engineers	Bridge No.14/1 on NBMRK Road	- do -	15.5.98	16.80	14.86	1.94
3	Shri M. L. Agarwalla	Bridge No.18/1 on NBMRK Road	- do -	15.5.98	7.81	6.82	0.99
4	Shri B. Kalita	Bridge No. 15/2 on Rangiya Dhamdhama Road	NKRoad Division, Nalbari	6.5.2000	66.37	35.84	30.53
<b>Total</b>					<b>125.85</b>	<b>82.54</b>	<b>43.31</b>

Scrutiny revealed that the contractor abandoned the work of Bridge No.37/1 on N B Road (Sl.No. 1) in March 2001 and the work was also withdrawn from him in May 2002 resulting in loss of the unrecovered advance of Rs.9.85 lakh.

Reasons for non-recovery of Rs.33.46 lakh in respect of other three contractors (Sl. 2 to 4) were not found on records (May 2003).

#### 4.1.10 Extension of financial benefit to the contractors due to non-deduction of AGST at source

According to Assam Government Sale Tax (AGST) Rules the contractors are liable to pay AGST on the value of work done and the same shall be deducted at source at the time of payment of contractor's bill. The divisional offices were to deposit the amount of AGST to Government account.

Further, section 62A of AGST Act 1993 (as amended upto May 2002) *inter alia*, stipulates that if a person who is liable to deduct tax but failed to do so shall on conviction be punishable:

- (a) in a case where the amount of tax is below one lakh rupees with imprisonment of either description or a term not exceeding six months; and
- (b) in any other case, with imprisonment of either description for a term which may extend to one year.

Test-check of records revealed that AGST amounting to Rs.1.06 crore had not been deducted at source from the contractor's bill in 139 cases by seven divisions during April 1999 to February 2003 as given below:

(Rupees in lakh)				
Sl.No.	Name of Division	No of cases	Period	Amount of AGST not deducted
1.	Morigaon PWD Road Division	36	6/99 to 2/01	16.26
2.	Tezpur Road Division	15	9/2001 to 2/03	9.44
3.	N K Road Division, Nalbari	11	5/2000 to 12/02	31.46
4.	Barpeta Road Division	47	4/99 to 12/02	16.93
5.	Bongaigaon Road Division	4	2/02 to 7/02	10.39
6.	RIDF II Division, Guwahati	8	10/99 to 2/2000	8.44
7.	Guwahati Road Division	18	2/01 to 2/03	12.82
	<b>Total</b>	<b>139</b>		<b>105.74</b>

Non-deduction of AGST in the instant cases had resulted in extension of undue financial benefits of Rs.1.06 crore to the contractors with consequent loss of Government revenues.

Reasons for non-deduction of AGST in the above cases and failure to comply with the provisions of section 62A of AGST Act were neither available on record nor could be clarified during audit (March-May 2003).

#### **4.1.11**      *Non-submission of audited statement of accounts and utilisation certificate*

According to guidelines, the State Government shall furnish to NABARD an audited statement of accounts in respect of the projects financed under RIDF within 12 months from the close of every financial year (April-March) or within such other period as NABARD may grant on a specific request made by the Government.

It was observed in audit that the Department/divisions did not submit audited statements of accounts due for the years 1998-99 to 2001-02 in respect of the projects sanctioned up to 2001-02 till March 2003. Further, project wise utilisation certificate of the loan assistance received was also not submitted (May 2003).

Thus, project wise account of fund received and expended was not available on record for verification by audit.

#### **4.1.12**      *Other topics of interest*

##### **(a)**      *Issue of work order at rate higher than that approved by Tender Committee*

The Committee for Awarding Works (CAW) in its meeting held on 13 September 1999 recommended the award of the work "Construction of RCC Bridge No. 2/1 over river Nakhandra on Barpeta Doulasal Road" to M/s AGCCL at the estimated cost of Rs.4.80 crore (at Rupees three lakh per RM) as approved by NABARD under RIDF-IV. The Tender Committee (TC) approved (22 September 1999) the recommendation of the CAW and instructed the Additional CE, ARIASP to issue work order to M/s AGCCL at the recommended rate.

It was noticed in audit that contrary to the recommendation and decision of both the CAW and TC, the CE awarded (March 2000) the work to M/s AGCCL at Rs.5.62 crore (17.08 per cent above the estimated cost), the basis of which was not found on records produced to audit.

The work was executed by Barpeta Road Division, which paid Rs.5.62 crore to M/s AGCCL against its final bill.

Thus, injudicious issue of work order at the higher rate of Rs.5.62 crore defying the recommended rate of Rs.4.80 crore had resulted in an extra expenditure and undue financial aid to the tune of Rs.81.99 lakh in favour of M/s AGCCL.

**(b) Avoidable extra financial burden and allowance of higher rate to the benefit of the contractor**

(i) Records of Guwahati Roads Division, Guwahati revealed that the construction of RCC bridge No. 32/1 over Hajo Nallah on North Guwahati Amingaon Hajo Nalbari Road was awarded to a contractor in November 1990 at a tender value of Rs.76.84 lakh for completion by December 1993. The contractor, after executing 42 per cent of the work, stopped further execution in 1993 because of non availability of steel materials and cement from the department. He was paid Rs. 31.93 lakh being the value of work done. The balance work estimated to cost at Rs.80.64 lakh was awarded under RIDF-IV to another contractor at Rs.86.59 lakh in March 2000 for completion by November 2000. Till March 2003, the work remained incomplete even though the contractor was paid Rs. 61.64 lakh (March 2003).

Thus, failure of the department to supply store materials in the first place and not awarding the balance work to other contractors immediately had resulted in an avoidable extra financial (loan) burden of Rs. 41.68 lakh<sup>61</sup> under RIDF-IV.

(ii) Scrutiny revealed further that the analysis of rates allowed (March 2000) to the second contractor was not on record. But compared to the schedule of rates (SOR) 2000-01 for roads and bridges (effective from April 2001) rates of four items of the balance work of the above bridge were higher by 7.97 to 108.87 per cent resulting in extra expenditure of Rs.18.16 lakh as given below:

Item No. as per Bill of Quantity	Description	Quantity executed as per bill (cum)	Rate allowed (March 2000) (Per cum)	Rate as per SOR 2000-01 (Per cum)	Excess per unit/cum	Percentage of excess over SOR rates	Extra expenditure
			(In Rupees)				(Rs. in lakh)
6	Providing RCC work of 20 grade in abutment, piles, etc	183.31	4900.00	2929.95	1970.05	67.24	3.61
18	Providing and casting of M-35 grade, etc.	227.685	9900.00	5278.00	4622.00	87.57	10.52
20	Supplying and providing and placing in position, etc.	13.20	85000.00	78727.40	6272.60	7.97	0.83
21	Providing RCC of M-35 grade, etc.	72.12	8500.00	4069.50	4430.50	108.87	3.20
<b>Total</b>							<b>18.16</b>

<sup>61</sup> Amount paid to first contractor  
Awarded value of balance work

Rs. 31.93 lakh  
Rs. 86.59 lakh  
Rs.118.52 lakh  
Rs. 76.84 lakh  
**Rs. 41.68 lakh**

Less original tender value of first contractor  
**Extra financial burden**



The reasons for allowing such exorbitantly higher rates not applicable even after one year were neither available on records nor could be stated (March 2003)

**(c) *Diversion of NABARD funds***

(i) Construction of RCC bridge No. 2/1 over river Dulani on Gerukabari Bijni Bazar Road in Bongaigaon district was commenced in September 1988 and completed in April 1996 by two contractors at a total cost of Rs.1.07 crore<sup>62</sup> under State Plan Scheme (OMNP). Consequent upon a claim of Rs. 52.93 lakh by the second contractor (M/s Hi tech Construction), the arbitration tribunal awarded (20 October 1998) a sum of Rs. 28.54 lakh (against claim: Rs.24.53 lakh and interest: Rs.4.01 lakh) to the contractor in settlement of his claim.

It was noticed in audit that against the award money of Rs.28.54 lakh payable from State plan funds, the Executive Engineer, Bongaigaon Road Division paid Rs.25 lakh in November 1999 (Rupees three lakh) and July 2000 (Rs.22 lakh) out of loan assistance released for executing works under RIDF-V resulting in diversion of funds provided by NABARD. Balance amount of Rs.3.54 lakh was not paid till June 2003 for reasons neither on records nor stated.

(ii) The Executive Engineer, N. K. Road Division, Nalbari incurred an expenditure of Rs.49.99 lakh between January 2000 and March 2003 on the Work "Repair/Rehabilitation of Bridge No.1068/1 over River Pagladia on old N. T. Road"<sup>63</sup> out of NABARD funds although the work was not approved (March 2003) for execution under RIDF projects.

Thus, the division incurred an unauthorised expenditure of Rs.49.99 lakh out of NABARD assistance on the work not sanctioned under RIDF project tantamounting to diversion of funds for other purposes, which was improper.

**(d) *Extra expenditure due to award of work without calling of tender***

Construction of four RCC bridges approved under RIDF-IV(2) and RIDF-V (2) at an estimated cost of Rs.9.03 crore was awarded (March 2000 and March 2001)) to M/s Assam Government Construction Corporation Limited (AGCCL) at Rs.10 crore without calling of tender.

Although the agreements entered into with M/s AGCCL prohibited sub letting any part of the contract without prior written approval of the accepting authority, it was noticed in audit that M/s AGCCL without the approval of CE, PWD/RIDF sub let (October 1999, January 2001 and February 2002) the works to sub contractors at reduced value of Rs.8.16 crore and thereby availed a commission/rebate of Rs.1.84 crore as given below:

---

<sup>62</sup> M/s Bridge and building construction	Rs.35.53 lakh
M/s Hi tech construction	<u>Rs.71.91 lakh</u>
<b>Total</b>	<b>Rs.107.44 lakh</b>

<sup>63</sup> Sanctioned under State Plan Scheme in March 1999

(Rupees in lakh)

Sl. No.	RIDF project and name of Bridge	Approved length (RM)	Approved Estimated cost	Date of award to M/s AGCCL	Awarded value of M/s AGCCL	Date of sub-let by M/s AGCCL	Name of sub contractor	Sub let value	Extra expenditure being commission derived by M/s AGCCL on sub let
1	RIDF-IV Bridge No. 2/1 on Barpeta Daulasal Road	160	480.00	March, 2000	561.99	October, 1999 <sup>@</sup>	M/s Hi Tech Construction	432.00	129.99
2	Bridge No. 19/1 on Barpeta-Bhawanipur Road	60	180.00	- do -	177.48	- do -	M/s Modern Construction	162.00	15.48
3	RIDF-V Bridge No.6/1 on N. Lakhimpur-Dhalghat-Ghunasuti Road	24.75	55.90	March, 2001	55.90	February, 2002	- do -	47.58	8.32
4	Bridge No. 6/2 on N. Lakhimpur-Dhalghat-Ghunasuti Road	72.98	204.69	- do -	204.69	January, 2001	- do -	174.23	30.46
<b>Total</b>		<b>317.73</b>	<b>902.59</b>		<b>1,000.06</b>			<b>815.81</b>	<b>184.25</b>

@ Based on minutes of the tender committee meeting held in October 1999

Thus, injudicious award of the four works to M/s AGCCL without calling for tenders had resulted in not availing of the competitive rates and incurring extra liability of Rs. 1.84 crore towards the commission derived by M/s AGCCL.

Reasons for not inviting tender for the above works were not available on records.

(e) ***Extra financial benefits to the contractor and inadmissible payment against fraudulent claim***

(i) Construction of RCC bridge No. 2/1 over River Beki at Dumunighat on C.K. Road (Estimated cost: Rs.1.02 crore) under Barpeta Road Division was awarded (January 1992) to M/s AGCCL at lump sum tender value of Rs.1.82 crore to be completed by 31 December 1994. The contractor commenced the work in February 1994 and left it incomplete in May 1998. Till then, the contractor executed 47.17 per cent of the work valued at Rs.85.90 lakh<sup>64</sup>. The estimate of the work, inclusive of the portion already executed, was revised (November 2000) at Rs.5.26 crore and the balance work (52.83 per cent) valued Rs.96.20<sup>65</sup> lakh was again awarded, to the said contractor on 3 April 2001 at Rs.3.04 crore under RIDF-IV for completion by April 2002. Thus the contractor was allowed an extra financial benefit of Rs.2.08 crore (Rs.3.04 crore – Rs.0.96 crore). The Executive Engineer did not impose any penalty on the contractor for delayed commencement and leaving the work incomplete for no reasons on record.

<sup>64</sup> 47.17 per cent of Rs.182.10 lakh: Rs.85.90 lakh (upto fifth running account bill preferred in February 2001).

<sup>65</sup>

Lumsum tender value (Original)	Rs.182.10 lakh
Less, value of work done (47.17 per cent of Rs.182.10 lakh)	Rs. 85.90 lakh
	<b>Rs. 96.20 lakh</b>

(ii) The 6<sup>th</sup> running account bill prepared on 16 May 2001 (submitted on 8 February 2002) showed a physical progress of 74.52 per cent, including execution of 19.22 per cent instead of 47.17 per cent work valued at Rs.85.90 lakh as claimed by the contractor in February 2001. This led to an irregular and fraudulent claim on 27.95 per cent (47.17 per cent – 19.22 per cent) work valued at Rs.34.05 lakh<sup>66</sup> in 6th running account bill. Till 7<sup>th</sup> running account bill (February 2002), the contractor was paid Rs.2.17 crore for 79.01 per cent physical progress of work which also included payment of Rs.34.05 lakh<sup>67</sup> claimed fraudulently in earlier bills.

The contractor was thus, allowed an extra and undue financial benefit of Rs.2.42 crore firstly by revising the estimate (Rs.2.08 crore) and then by including irregular/fraudulent claim (Rs.34.05 lakh) in 6<sup>th</sup> running account bill onwards.

(f) ***Overpayment and allowance of undue financial benefits to the contractor***

The work “Construction of RCC Bridge No.37/1 on Nagaon-Bhuragaon Road” under RIDF-II in Morigaon district was awarded to a contractor at a tender value of Rs.2.33 crore to be completed by January 1999. The contractor after attaining 44 per cent physical progress left the work incomplete in March 2001 and consequently, the work was withdrawn from the contractor in May 2002.

It was noticed from the incomplete final bill prepared in May 2002 that the value of work executed by the contractor was Rs.1.33 crore against which Executive Engineer Morigaon Road division paid Rs.1.47 crore to the contractor. Thus, the contractor was overpaid an amount of Rs.14.13 lakh in terms of bill value while, in fact, the actual overpayment made to the contractor worked out to Rs.44.30 lakh<sup>68</sup> when the value of 44 per cent physical progress with reference to tender value of Rs.2.33 crore is computed.

**4.1.13 Monitoring and evaluation**

(a) The system of monitoring the progress of implementation of RIDF projects by PW Department was not available on records. The information called for (June 2003) were also not furnished to audit till July 2003.

<sup>66</sup> 27.95 per cent of Rs.121.81 lakh (Rs.303.91 lakh–Rs.182.10 lakh) : Rs.34.05 lakh

<sup>67</sup> A–As claimed in 7<sup>th</sup> R.A. bill :

19.22 per cent of Rs.182.10 lakh (Original) : Rs. 35.00 lakh

59.79 per cent of Rs.303.91 lakh (Revised) : Rs.181.71 lakh

79.01 per cent : Rs.216.71 lakh

B–Amount due as per actual execution :

47.17 per cent of Rs.182.10 lakh (Original) : Rs. 85.90 lakh

31.84 per cent of Rs.303.91 lakh (Revised) : Rs. 96.76 lakh

79.01 per cent : Rs.182.66 lakh

Inadmissible payment (A–B) : Rs. 34.05 lakh

<sup>68</sup> Value of 44 per cent work at the tender value of Rs.232.85 lakh : Rs.102.45 lakh

Value of 44 per cent work as paid to the contractor : Rs.146.75 lakh

Amount overpaid : Rs. 44.30 lakh

Further, the Chief Engineer, PWD (ARIASP/RIDF) and the Secretary, PWD, Government of Assam could not also furnish (July 2003) information on physical progress, utilisation certificates, funds received by the department etc., for inclusion in this review even after repeated requests, reminders and personal contacts during the course of audit (March-June 2003).

This showed that the department did not have any established and effective mechanism for monitoring of the implementation of the RIDF projects.

(b) According to terms of NABARD loan agreement, a High Power Monitoring Committee was constituted in August 1999 and the Committee held 13 out of 16 meetings due till March 2003. The recommendations of the Committee and action taken thereupon by the department could not be made available to audit.

(c) Monitoring of 49 RIDF Projects in three districts (Kamrup: 20; Nalbari: 20; Barpeta: 9) by NABARD in September 2000 (two visits) indicated the following deficiencies of the implementing department:-

- (i) delay in land acquisition;
- (ii) delay in procedural formalities in tenders/administrative approval;
- (iii) inadequate staff deployment by the implementing department;
- (iv) lack of internal monitoring by the department;
- (v) contractor related problems such as award of work to different contractors for different items of works; and
- (vi) delay in payment to contractors.

**4.1.14** The foregoing observations were reported to Government in August 2003; their reply had not been received (September 2003).

#### **4.1.15            *Recommendation***

In view of the audit findings following recommendations are made:

- (a) The Department should ensure proper budgetary and expenditure control system to improve performance and control over expenditure.
- (b) Ongoing schemes should be completed on priority basis instead of taking up new schemes with limited resources.
- (c) Part payment through hand receipts must be discontinued forthwith.
- (d) Codal provisions are to be adhered to for efficient execution of different works.
- (e) Internal monitoring system of the Department should be effectively in place.

## SECTION 'B'-PARAGRAPHS

### FLOOD CONTROL (WATER RESOURCES) DEPARTMENT

#### 4.2 Wasteful expenditure

**Due to construction of a temporary retirement bund under Flood Damage Repair in a flood and erosion prone area the Executive Engineer, Dibrugarh Embankment and Drainage Division incurred wasteful expenditure of Rs.63.65 lakh.**

The work “Anti-erosion to protect the Saikhowa protection bund-Phase III including silting device to divert combined channel of Lohit and Debang rivers to its original course” was administratively approved (March 1999) by Government of Assam, Flood Control Department for Rs.3.46 crore. The scheme was included in the Annual Plan of the department for the year 1999-2000 to be financed under Non-lapsable central pool of resources. The project envisaged protection of about 49 villages covering 2,800 hectare land area with a population of about 45000.

Scrutiny (May 2002) of records of the Executive Engineer (EE), Dibrugarh Embankment and Drainage Division and further information collected (March 2003) from EE revealed the following:

The work was kept in abeyance due to severe erosion and breach of 1,500 metre (ch. 3200 m to 4,700 m) embankment of Saikhowa protection bund Phase-III from time to time and change of river configuration in the area that took place between July 1997 and September 1998.

To arrest further erosion another scheme Flood Damage Repair (FDR) to Saikhowa protection bund Phase III–Hatighuli for 1998-99 (breach closing by construction of retirement Part I) for a length of 1700 metre at ch. 2,330 metre was administratively approved (January 1999) and technically sanctioned (September 2000) for Rs 43.45 lakh. The FDR work was completed for a length of 1910 metre during February 1999 to March 1999 at a total cost of Rs.63.65 lakh<sup>69</sup>. The works were measured during February 1999 to June 2000. EE had also furnished a completion certificate (June 2000) of the FDR works from Deputy Commissioner, Tinsukia after site inspection and physical measurement of work in June 2000. Retirement bund under FDR works was breached and eroded on 1 August 2000 due to flood during 2<sup>nd</sup> June 2000 to August 2000. Thus, physical measurement on completion of FDR works valued at Rs.63.65 lakh in June 2000 when the site of the retirement bund was flooded leading to its subsequent breach and erosion was doubtful. Technical sanction for the work accorded by the Additional Chief Engineer, flood control Department on 22

<sup>69</sup> FDR scheme under 2245 Relief  
under Non-lapsable Central Pool of Resources

Rs.43.54 lakh  
Rs.20.11 lakh  
**Rs.63.65 lakh**

September 2000 was rendered ineffective and useless when the protection bund was eroded on 1 August 2000. Also, the contention (March 2003) of the EE that the erosion of existing embankment of Saikhowa protection bund Phase III could be arrested by execution of above FDR works proved unreliable. Anti-erosion project sanctioned in March 1999 remained unimplemented and stands abandoned as the Government of Assam issued (September 2002) no objection certificate for its implementation by Brahmaputra Board under a new Central Sector Scheme "Avulsion of Brahmaputra at Dhola-Hatighuli" at an estimated cost of Rs.13.71 crore.

Thus, injudicious decision of the department to take up temporary erosion protection measures under FDR in an area which was well known for its recurring flood, breach and erosion for last several years led to wasteful expenditure of Rs.63.65 lakh besides non-fulfilment of the objectives of the works.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

## IRRIGATION DEPARTMENT

### 4.3 Unfruitful expenditure

**Non-completion of earthen canal and appurtenant works of Damugaon Flow Irrigation Scheme under Barpeta Irrigation Division taken up in October 1984 rendered the investment of Rs.1.87 crore unfruitful.**

Damugaon Flow Irrigation Scheme (FIS) from the river Supariguri to cover five villages<sup>70</sup> was administratively approved (May 1984) for Rs. 97.84 lakh. The works under the scheme included construction of barrage type head works having nine gates of four-metre width each and 11,515 metre earthen canal. The objective of the scheme was to create irrigation potential of 498 hectares of cultivable command area (CCA).

Test-check (August 2002) of records of the Executive Engineer (EE), Barpeta Irrigation Division, Sorbhog revealed that, the works under the scheme were taken up in October 1984 and as against stipulated date of completion (March 1989) of the scheme only head work and earthwork in canal system were completed by 1992 after incurring an expenditure of Rs.1.87 crore up to March 2002. The EE could not furnish any information about source from which expenditure of Rs.0.89 crore over the sanction fund was met despite repeated pursuance by audit. The EE submitted (June 2002) revised estimate of Rs.2.18 crore (122 per cent over the approved estimate) for sanction on the plea of price escalation as construction of head works and other appurtenant works took more than eight years and the work of raising and strengthening of earthen canals and afflux bund of the scheme had to be done from time to time as the same were eroded by flood on several occasions. Moreover, construction of cross drainage culverts as provided in the original estimate had not been completed. The revised estimate was not sanctioned till the date of audit (August

---

<sup>70</sup> Damugaon, Tekaimari, Bhangnamari, Kumuria and Suliakata

2002). The scheme remained incomplete till July 2002 and no irrigation potential could be created. The completion schedule was revised to March 2003 after taking up the balance work under Accelerated Irrigation Benefit Programme (AIBP) under which an amount of rupees nine lakh was received by the department as Central loan assistance during 2001-02. Further progress of work was awaited (August 2002).

Failure of the department to complete the scheme even after spending Rs.1.87 crore against the sanctioned funds of Rs.0.98 crore rendered the investment of Rs.1.87 crore unfruitful besides incurring unauthorised expenditure of Rs. 0.89 crore.

The objective of creating irrigation potential of 498 hectares also remained unfulfilled even after 17 years from the date of approval of the scheme.

The matter was reported to Government in March 2003; their reply had not been received (September 2003).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 4.4 Avoidable expenditure on surcharge of electricity bills

**Due to non-payment of electricity bills by due date the Executive Engineer, Public Health Engineering Division II, Guwahati had to pay surcharge of Rs.2.54 crore which was avoidable.**

Schedule of tariff of Assam State Electricity Board (ASEB) provides that bill for consumption of electrical energy is to be paid in full within due date as mentioned in the bill and in case of failure to pay the bill within due date, two *per cent* surcharge is to be levied for each 30 days of successive period of default or part thereof.

Test-check (July 2002) of records of the Executive Engineer (EE), Public Health Engineering Division II, Guwahati and further collection (March 2003) of information revealed that against the bills preferred, the division had paid Rs.13.66 crore<sup>71</sup> to ASEB between June 2000 and May 2001 as charges for energy consumption (Rs.11.12 crore) and surcharge (Rs.2.54 crore) by 97 divisions/subdivisions/water supply schemes etc., under the jurisdiction of the division for the period from February 1998 to May 2001. The EE stated (July 2003) that payment of bills could not be made on time due to non-receipt of funds from the department. The payment of Rs.2.54 crore as surcharge was avoidable had the bills for earlier period been paid by due date.

71

(Rupees in crore)

Year	Charges for energy consumption	Surcharge	Total
2000-01	10.32	2.43	12.75
2001-02 (upto May 2001)	0.80	0.11	0.91
	<b>11.12</b>	<b>2.54</b>	<b>13.66</b>

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

## PUBLIC WORKS DEPARTMENT

### 4.5 Extra avoidable and unproductive expenditure on construction of RCC bridge

**Failure of the department to supply stores and non-clearance of dues in time in violation of the agreement with the contractor resulted in an avoidable expenditure of Rs.0.75 crore. Besides, the entire expenditure of Rs.3.60 crore on construction of the RCC bridge remained unproductive for more than five years for want of approach roads.**

Test-check (December 2001) of records of the Executive Engineer, Silchar Road Division and subsequent collection (April 2003) of information revealed that the construction of RCC bridge over River Sonai-Motinagar-Didarkosh (SMD) Road was administratively approved (March 1989) for Rs.1.68 crore and was awarded (December 1989) to a contractor at a tendered value of Rs.1.40 crore with the stipulation to complete the work by December 1991. The contractor commenced the work in December 1989 but suspended work in June 1992 due to non receipt of payment in time and non supply of stores after achieving 28.5 *per cent* physical progress valued at Rs.52.39 lakh. The department rescinded the work in March 1993. The balance work was awarded (January 1994) to another contractor at the lowest quoted tender value of Rs.2.14 crore with the stipulation to complete the work by July 1995. Subsequently, to accommodate a supplementary item 'Removal of spoils of all types within the wells' etc. at a cost of Rs.1.93 lakh the tender value was revised to Rs.2.16 crore in May 1994. The contractor completed the work in July 1997. The division paid Rs.2.31 crore (February 1994–December 1998) to the contractor against the total bill value of Rs.2.52 crore.

The completed bridge could not be opened for vehicular traffic as of March 2003 due to non-completion of approach road. The Department attributed the reason for delay in taking up the work for construction of approach road to non-settlement of land compensation.

According to agreement, the department had to supply stores like cement, steel etc. and the interim payment was to be made to the firm within 10 days from the presentation of the bill. But the department failed to make payment within the stipulated time and could not maintain the continuity of supply of stores, which led to delay in completion of work by more than two years.

Owing to breach of contract agreement on the part of the Department, the contractor claimed (September 1997) compensation of Rs.2.07 crore through arbitration. Accordingly, Government constituted (December 1998) a panel which awarded



(March 2000) an amount of Rs.66.90 lakh<sup>72</sup> (including outstanding amount due against running bills) alongwith 18 *per cent* simple interest from the date of award to date of payment. The Government had sanctioned (February 2001) the arbitration award for Rs.76.66 lakh (including Rs.9.76 lakh as interest from 10 March 2000 to 31 December 2000), which was paid in February 2002 (Rs.42.00 lakh) and July 2002 (Rs.34.66 lakh). Thus, failure of the department to supply store materials and non-clearance of dues resulted in an avoidable extra expenditure of Rs.75.02 lakh (Rs.76.66 lakh–Rs.1.64 lakh)

Besides, due to inaction on the part of the Department in settlement of land compensation, the entire expenditure of Rs.3.60 crore (Rs.0.52 crore+Rs.2.31 crore+Rs.0.77 crore) proved unproductive as approach road was yet to be constructed.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

#### **4.6 Non-recovery of advances from Contractor and infructuous expenditure**

**Construction of a RCC bridge in an erosion prone area without appurtenant works including protection works and inadequate fund provision resulted in cost overrun of Rs.6.10 crore, and infructuous expenditure of Rs.1.69 crore as work remained incomplete for nearly 14 years.**

The work of construction of a RCC bridge over River Dayang at Jamugurihat was administratively approved (June 1989) for Rs.2.43 crore. The work was awarded (February 1991) to M/S Assam Government Construction Corporation Limited (AGCC) at a lump sum tender value of Rs.1.94 crore with stipulation to complete it by February 1994. AGCC had commenced (February 1991) work and after execution of 20.52 *per cent* of the work stopped (December 1993) the work, as the rate was unworkable. The Chief Engineer (CE) rescinded (April 1994) the work and re-awarded (May 1997) the balance work of the bridge proper to another contractor at a lump sum tender value of Rs.4.47 crore. Reason for delay of over three years in re-awarding the work and that too not at the risk and cost of the AGCC were neither on record nor stated. Subsequently, the administrative approval for the work including approach roads etc., was revised (January 1998) to Rs.8.53 crore.

Test-check (September 2002) of records of the Executive Engineer (EE), Golaghat P.W.D (Roads) Division revealed that,

(i) The division paid (August 1993) an amount of Rs.67 lakh to AGCC as advance and had issued (May 1991 to November 1992) store materials worth Rs.1.86 lakh,

72

1. Outstanding payment after deduction of recoveries	Rs. 1.64 lakh
2. On account of increase in rate beyond the contract period	Rs.34.32 lakh
3. Infructuous/Uncontemplated expenses arising out of prolongation of contract	Rs.10.54 lakh
4. Interest for delayed payment	Rs.19.10 lakh
5. Cost of reference to Arbitration	<u>Rs. 1.30 lakh</u>
<b>Total</b>	<b>Rs.66.90 lakh</b>

which were utilised in work. The basis for advance payment of Rs. 67 lakh was not on record. The AGCC had executed work valued Rs.39.84 lakh only and an amount of Rs.29.02 lakh<sup>73</sup> remained unrecovered from the corporation till September 2002.

(ii) The second contractor executed 43.87 per cent of bridge work valued at Rs.1.61 crore as claimed in 5<sup>th</sup> running account bill of which EE paid Rupees one crore including the value of stock recovered for Rs.9.85 lakh to the contractor till November 1999. Due to non-receipt of pending claims the contractor stopped the work in June 2000. The EE had referred (August 2001) the matter to CE for providing funds but the CE did not act upon this. After visiting the work site the Additional Chief Engineer PWD (Roads) Eastern Zone, Dibrugarh also informed (November 2001) the CE that, due to not taking up erosion protection works the construction of proposed RCC bridge may have to be abandoned due to the continuous threat of erosion and thereby necessitating the construction of an entirely new bridge which indicated that the plan for construction of RCC bridge was ill conceived. But the CE did not take any action to get the bridge work resumed and to allot the approved works for approach roads, erosion protection works etc. to any contractor till July 2003.

Thus, due to improper planning of construction of RCC bridge and appurtenant works, inadequate arrangement of fund provision and execution of the work in a highly erosion prone area resulted in investment of Rs.1.69 crore<sup>74</sup> largely infructuous besides non-recovery of advance Rs.29.02 lakh from AGCC since August 1993. Also, the works remained incomplete even after nearly 14 years leading to cost overrun of Rs.6.10 crore (Rs.8.53 crore–Rs.2.43 crore). Possibility of further escalation in cost of construction or abandonment of works in course of time could not be ruled out.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

---

<sup>73</sup> Advance paid	Rs.67.00 lakh
<b>Add</b> , cost of store materials utilized in works	<u>Rs. 1.86 lakh</u>
	Rs.68.86 lakh
<b>Less</b> , value of work done	<u>Rs.39.84 lakh</u>
<b>Recoverable amount</b>	<b>Rs.29.02 lakh</b>

<sup>74</sup> Payment of advance to AGCC	Rs. 67.00 lakh
Cost of store materials issued for works	Rs. 1.86 lakh
Payment to second contractor	<u>Rs.100.00 lakh</u>
	Rs.168.86 lakh (Say Rs.1.69 crore)

---

**4.7 Unproductive expenditure due to non-acquisition of land for approach roads by the EE, Nagaon West Road Division**

**Due to non-acquisition of land for approaches and protection on both sides of RCC bridge over river Kollong at Nagaon since 1993-94 the expenditure of Rs.73.26 lakh on completion of bridge in June 1998 remained unproductive for the last five years**

The construction of RCC bridge over river Kollong near Police Reserve connecting South Haiborgaon at Nagaon was administratively approved (March 1988) for Rs.62.49 lakh and was awarded (October 1988) to a contractor for a lump sum tender value of Rs.47.85 lakh for completion by April 1990. The work of the bridge proper commenced in October 1988 and was completed (June 1998) at a total cost of Rs.70.65 lakh. The Executive Engineer (EE), Nagaon West Road Division attributed (April 2003) the delay in completion of the bridge to suspension of work by the contractor from May 1994 to May 1997 for non-receipt of funds and non-settlement of arbitration case.

Test-check (February 2002) of the records of the Executive Engineer (EE), and collection (May 2003) of further information revealed the following:

(i) The construction of approaches and its protection works on Police Reserve side and South Haiborgaon side estimated to cost Rs.30.87 lakh were awarded (September 1993 and December 1993) without obtaining technical sanction to three contractors at a total cost of Rs.29.43 lakh for completion within three months.

(ii) One of the contractors commenced the work on approaches in Police Reserve side in January 1995 and stopped the work in March 1995 on the plea of enhancement of rate. The contractor was paid Rs.2.61 lakh till March 1995. As the Additional Chief Engineer PWD (Roads), Tezpur did not accede to the request for enhancement of rate, the contractor did not resume the work (May 2003).

(iii) The work on approaches in South Haiborgaon side did not commence because of non-settlement of land acquisition case No 4/92 pending with the Deputy Commissioner (DC) Nagaon. Although the cost of compensation for land acquisition of Rs.6.23 lakh was sanctioned (March 1988) along with approved work estimates, the reasons for non-payment of the amount to DC for settlement of acquisition process was neither on record nor clarified. The cost of land acquisition was revised by DC from Rs.6.23 lakh to Rs.9.59 lakh in May 1997 and to Rs.11.44 lakh in October 2000. As the approval of the revised cost estimates was awaited from Revenue Department since December 2000, the EE had taken up the matter with the department again in March 2003. Further development in the matter was awaited (May 2003). Since the work due for completion by March 1994, was still at the land acquisition stage, it clearly indicates a lack of proper planning and initiative on the part of the Department.

(iv) Due to non-commencement/completion of approach roads, protection works of approaches were not taken up by the contractors.

(v) Admitting the delay in completion of the bridge and non-settlement of land acquisition case etc. due to failure of the Division, Additional Chief Engineer (Addl. CE) (Planning) PWD, Roads directed (January 2003) the EE to initiate penal action against the contractors and to report the date of commencement and expected date of completion of the approaches and protection works. In reply, EE stated (April 2003) that the process for settlement of land acquisition including the grievances of affected landowners delayed the commencement of work. This indicated that the land to be acquired for approaches in South Haiborgaon side of the bridge was under dispute and failure of the division to make timely payment of land compensation for Rs.6.23 lakh sanctioned in March 1988 to the DC led to revision of the cost of compensation from time to time and its eventual non-settlement since 1993-94.

Thus, injudicious decision and poor planning by the department to construct the RCC bridge before settlement of land acquisition proceedings for construction of approaches etc. followed by lack of initiative to get the land acquisition case settled within a reasonable time frame, contributed to the RCC bridge remaining closed to vehicular traffic for over five years after its completion. Consequently the investment of Rs.73.26 lakh (Rs.70.65 lakh+Rs.2.61 lakh) on its construction was rendered unproductive.

The matter was reported to Government in July 2003; their reply had not been received (September 2003).

#### **4.8 Avoidable extra expenditure**

**By not approving the proposal of the Executive Engineer, Chapaguri National Highway Division, Bongaigaon for additional cost on extra lead for carriage of materials, and executing a revised supplementary tender by the Chief Engineer (Roads), the Division incurred extra avoidable expenditure of Rs.59.97 lakh.**

Test-check (September 2002) of records of the Executive Engineer (EE), Chapaguri National Highway (NH) Division, Bongaigaon revealed that the work of strengthening in km. 977 to 979 on NH 31 under Chapaguri NH Division, Group I was administratively approved (February 1991) for Rs.1.16 crore and was awarded (May 1992) to a contractor at a tender value of Rs.71.89 lakh for completion by May 1993. The contractor started (May 1992) the work and stopped (June 1993) after completing 50 *per cent* on the plea that he should be allowed cost of extra lead for bituminous macadam (BM) and semi dense bituminous concrete (SBC) works due to installation of drum mix plant at 945 km of NH 31, which was 32 km away from the site of work. The division forwarded (January 1998) the proposal to the Chief Engineer (Roads) (CE), for additional cost of Rs.7.85 lakh as extra lead for carriage of materials from the site of drum mix plant. The CE after visiting the site in April 2000 executed (May 2000) a revised supplementary tender of Rs.1.43 crore<sup>75</sup> on his own

---

<sup>75</sup> Original Tender Value	= Rs. 71,89,068
Value of deleted items	= <u>Rs. 22,48,631</u>
	Rs. 49,40,437
Add, supplementary tender value	= <u>Rs. 93,11,400</u>
	<b>Rs .1,42,51,837</b>

---

volition for extra lead and directed (June 2000) the division to execute the work through the same contractor. The balance work was completed in February 2001. The contractor was paid Rs.1.60 crore till August 2003. The EE did not clarify the source from which the expenditure of Rs.0.44 crore in excess of the approved amount of Rs.1.16 crore was met.

Scrutiny of final bill revealed that the division paid an amount of Rs.66.15 lakh on BM and SBC works as against the original contract value of Rs.22.49 lakh and an amount of Rs.24.16 lakh for extra carriage cost of material as against Rs.7.85 lakh proposed by the division.

Had the proposal submitted by the division in January 1998 been accepted, supplementary tender for BM and SBC work could have been avoided by deleting the original value. Thus, due to non-acceptance of proposal of the division and executing a revised supplementary tender by the CE arbitrarily, the department incurred an avoidable extra expenditure of Rs.59.97 lakh<sup>76</sup>.

The matter was reported to Government in March 2003; their reply had not been received (September 2003).

#### **4.9 Extra financial burden and cost overrun**

**Delay of over one year in finalising the work on 4 lane of a 2 Km. stretch at NH-31 (C), providing check barrier etc., under the EE, Chapaguri NH Division, Bongaigaon besides awarding the work to a non-tenderer at 70.62 per cent above the schedule of rates led to extra financial burden of Rs.1.59 crore and cost overrun of Rs.1.08 crore.**

Government of Assam, Finance (Taxation) Department accorded (January 1999) administrative approval of Rs.3.65 crore for the work 4-lane at 3<sup>rd</sup> Km to 5<sup>th</sup> Km of NH 31(C) and providing check barrier including extension of culverts, construction of office building etc. at Srirampur check gate under Chapaguri NH Division, Bongaigaon (deposit work). The Chief Engineer (CE), Roads invited (November 1996) short tender notice for the work to be received till 10 December 1996 with a validity period upto 15 May 1997 (180 days).

Test-check (September 2002) of records of the Executive Engineer (EE), Chapaguri National Highway (NH) Division, Bongaigaon, revealed that, eight contractors offered their rates. The tender committee communicated (16 December 1999) to the Chief Engineer, their recommendation for allotting the work to the lowest tenderer at Rs.3.55 crore. The Chief Engineer (Roads) informed (February 2000) the Government that he did not issue the preliminary work order to the firm on the plea that validity of the tender expired on 15<sup>th</sup> December 1999 and the firm did not have a good reputation

<sup>76</sup> Extra expenditure on BM and SDC = Rs.66.15 lakh – Rs.22.49 lakh = Rs.43.66 lakh (1)  
 Extra expenditure on extra lead = Rs.24.16 lakh – Rs. 7.85 lakh = Rs.16.31 lakh (2)  
**Total extra expenditure = (1) + (2) = Rs.43.66 lakh + Rs.16.31 lakh = Rs.59.97 lakh.**

in execution of other works under NEC programme. Also the CE did not find the rates quoted (December 1996) by the firm as workable due to subsequent increase in cost of wages, POL and other construction material etc. The contention of the CE was not correct as there was no order for extension of validity of the tender from 15 May 1997 to 15 December 1999 nor could the rates for the works quoted against tender notice of November 1996 plausibly remain valid for such an unusually long duration; also the reasons for inviting tender by CE in November 1996 for the works administratively approved in January 1999 and thereby vitiating the process of inviting tender, were neither on record nor clarified.

The CE had re-calculated (February 2000) the cost of work at Rs.5.24 crore at current price level as against the tender value of Rs.3.07 crore. Simultaneously, the CE desired the tender committee to review their earlier recommendation and had also forwarded to the committee a case of another contractor (non-tenderer) who had applied (date not available) to the Hon'ble Minister, PWD for allotment of the work to him and the Hon'ble Minister ordered (February 2000) the department to allocate the work to that contractor. The tender committee recommended (March 2000) the case and the same was approved by Government in March 2000. The CE awarded the work to the new contractor in April 2000 at a tendered value of Rs.5.24 crore for its completion by October 2001. The contractor commenced the work in June 2000 and the work was in progress as of September 2002. The contractor executed the works valued Rs.2.65 crore and a payment of Rs.3.69 crore was made (October 2002) to him including secured advance of Rs.40.32 lakh. Meanwhile, the division revised (March 2002) the estimate to Rs.6.32 crore, which was sanctioned by Government in August 2002.

Delay of over one year in finalising the process for execution of works administratively approved in January 1999, awarding the work to a non-tenderer at Rs.5.24 crore (70.62 *per cent* above the schedule of rates) without financial sanction and re-tendering or negotiating with any of the previous tenderers and failure of the department to get the works completed by the non-tenderer within October 2001 as scheduled even at high cost, not only led to extra financial burden of Rs.1.59 crore (i.e. Rs.5.24 crore –Rs.3.65 crore) over the amount approved in January 1999 but also a cost overrun of Rs. 1.08 crore (i.e. Rs.6.32 crore –Rs. 5.24 crore ) due to revision of estimate sanctioned in August 2002.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

#### **4.10 Avoidable extra expenditure**

**Inflated measurement of pavement surface for strengthening a portion of roadwork of NH-37 beyond actual execution resulted in avoidable extra payment of Rs.21.19 lakh by the Executive Engineer, National Highway Division, Guwahati.**

Ministry of Surface Transport (MOST) accorded (November 1997) technical approval and financial sanction for the work "Strengthening of road from km. 155 to 165 of NH 37" for Rs.3.34 crore and the Chief Engineer (CE), PWD (Roads) awarded (January 1998) the work to a contractor at a tender value of Rs.3.24 crore with the

stipulation to complete the work by July 1999 and subsequently (July 2000) extended upto September 2000 for reasons not on record. The contractor completed (August 2000) the work except a length of 2.560 km. (i.e. 155<sup>th</sup> km, 156<sup>th</sup> km and 560m in 157<sup>th</sup> km) and submitted (February 2001) a final bill of Rs.2.28 crore of which the contractor was paid Rs.2.27 crore in 16<sup>th</sup> Running Account bill till December 2000. The EE had informed (June 2001) the contractor that the work stands foreclosed at his bill value of Rs.2.28 crore with the direction to stop further execution of the work.

Test-check (April 2002) of records of the Executive Engineer (EE), National Highway Division, Guwahati revealed that the area of the pavement surface to be executed was 77,259 square metres (11037m X 7m), but due to non-execution of 17,920 square metres (2,560m X 7m) the actual execution of pavement surface was 59,339 square metres<sup>77</sup>. But, payment was made to the contractor on the basis of execution of 64,793 sqm. (9,718.96 cubic metres of 0.15 m thickness) Water Bound Macadam (WBM) Grade III and 66,610.90 sqm. for both 20 mm thick premixed carpeting and providing liquid seal coat. Thus, excess payment of Rs.10 lakh was made for 5,454 sqm. in respect of WBM-Grade III (Rs.6.97 lakh) and 7,271.90 sqm in respect of both 20 mm thick premix carpeting and liquid seal coat (Rs.3.03 lakh). Moreover, the division paid an amount of Rs.7.76 lakh for execution of 6,444.68 sqm. of 75 mm thick Built Up Spray Grout (BUSG), as a supplementary item which was neither included in the estimate, nor approved by MOST. Application of prime coat covering for 57,423.33 sqm. indicated in the utilisation statement of bitumen also proved that the execution of pavement surface was not done for more than 59,339 sqm. Admitting the extra payment, the EE informed (June 2003) the CE that excess execution of works were taken up as per verbal orders/directions of the higher authority and works estimates there against as needed were submitted to the Superintending Engineer. Further reply from SE/CE was awaited (July 2003).

Thus, payment to contractor on inflated measurement for WBM, Premix Carpeting, and liquid seal coat and unauthorised payment for execution of BUSG resulted in an extra expenditure of Rs.21.19 lakh<sup>78</sup>, which could have been avoided.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

<sup>77</sup> Estimated pavement surface	= 11037m X 7m	= 77259sqm.
Less, non executed surface	= 2560m X 7m	= <u>17920sqm.</u>
Actual executed pavement surface		59339sqm.

Items	Excess over measured quantity	Extra payment (Rs. in lakh)
0.15 m thick WBM Gr III	5454 sqm	6.97
20 mm thick premix carpeting and liquid seal coat	7271.90 sqm	3.03
Bitumen for premix carpeting and liquid seal coat	19.925 MT	1.66
75 mm thick Built up Spray Gout (BUSG)	6444.66 sqm	7.76
Bitumen for BUSG	21.267 MT	1.77
	<b>Total</b>	<b>21.19</b>

**4.11 Cost overrun and non-recovery/adjustment from contractor**

**Delay in completion of the boys hostel of Guwahati Medical College led to cost overrun of Rs.0.32 crore besides an over payment of Rs.0.35 crore to the first contractor who had abandoned the work.**

The construction of 192 seated four-storied Post Graduate Boys Hostel Building of Guwahati Medical College including Superintendent's quarter at Dispur was administratively approved (February 1991) for Rs 1.18 crore. The Chief Engineer, Public Works Department (CE, PWD) Building awarded (March 1991) the work to M/S Assam Government Construction Corporation (AGCC) at a tendered value of Rs 0.88 crore for completion by March 1993.

Test-check (October-November 2002) of records of the Executive Engineer, Medical College Construction (EE, MCC) division revealed the following:

(i) AGCC commenced the work in March 1991 and after achieving 65 per cent of physical progress stopped the work in September 1995 seeking enhancement in rates. The Superintending Engineer, Public Works Department, Guwahati informed (August 1997) the CE that the Corporation's plea was unacceptable as the slow progress of work was due to negligence of the AGCC. The AGCC did not resume the work and as per directions (August 1997) of the CE, the EE had withdrawn (September 1997) the work from AGCC without invoking any penalty clause.

According to the incomplete final bill preferred (April 1997) by the AGCC the value of work done was Rs 46.93 lakh of which the division had paid Rs 42.36 lakh to AGCC till March 1997 including advance payment of Rs 24.08 lakh and stock material issued for work valued Rs 15.90 lakh which were not recovered/adjusted. Thus, net amount of Rs.0.35 crore<sup>79</sup> remained to be recovered/adjusted from AGCC as of November 2002.

(ii) The EE had assessed (March 1998) the value of the balance work at Rs 1.28 crore which was administratively approved in June 2000. The CE had awarded (May 1998) the balance work to another contractor at tendered value of Rs 0.70 crore for completion by November 1998. The reason for not awarding the work at the risk and cost of the first contractor was not on record. The second contractor completed the work in September 2001 at a cost of Rs 1.03 crore of which the division paid Rupees one crore upto fourth running account bill till September 2002. Receipt of final bill from the contractor was awaited (November 2002). The building was handed over to the Health and Family Welfare Department in December 2001.

<sup>79</sup> Advance payment	Rs 24.08 lakh	
Add, value of stock materials issued for work	<u>Rs 15.90 lakh</u>	
	Total	Rs 39.98 lakh
Less, value of work in excess of payment made	<u>Rs 4.57 lakh</u>	(Rs 46.93 lakh - Rs42.36 lakh)
<b>Net amount to be adjusted/Recovered</b>	<b>Rs 35.41 lakh</b>	



Thus, due to abnormal delay in completion of work the department incurred a cost overrun of Rs 0.32 crore<sup>80</sup> as of September 2002, besides non recovery/adjustment of Rs 0.35 crore from AGCC for over five years.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

---

<sup>80</sup> Value of work done by AGCC		Rs 0.47 crore
Value of work done by second Contractor and paid for		<u>Rs 1.03</u> crore
	Total	Rs 1.50 crore
Less, approved cost of building		<u>Rs 1.18</u> crore
	<b>Cost Overrun</b>	<b>Rs 0.32 crore</b>