

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

**SECTION-A : REVIEWS**

**PUBLIC WORKS DEPARTMENT**

**4.1 Rural Water Supply and Accelerated Urban Water Supply Programmes**

**Highlights**

The Accelerated Rural Water Supply programme (ARWSP) and Accelerated Urban Water Supply Programme (AUWSP) envisaged providing safe drinking water supply to the rural population and the urban population in small towns respectively. Out of 95 villages which had remained to be provided with safe drinking water as of April 1997, 52 villages were yet (April 2001) to be covered. The AUWSP was implemented only in 2 towns and central allocation of Rs.97.93 lakh was not availed.

- The Department incurred excess expenditure of Rs.8.35 crore over the budget provision under State Sector Minimum Needs Programme (MNP) during the year 2000-01 even while central grants amounting Rs.104.64 lakh remained unutilised.

**(Paragraph 4.1.7)**

- Slow progress in utilization of grants released by Central Government resulted in non-release of allocated grants to the extent of Rs.11.73 crore under ARWSP.

**(Paragraph 4.1.9 – 4.1.13)**

- Non-implementation of the centrally sponsored scheme of “Accelerated Urban Water Supply Programme” in eligible towns resulted in lapsing of Central grants of Rs.97.93 lakh.

**(Paragraph 4.1.14 – 4.1.17)**

- Out of 95 villages remained to be provided with water supply as of April 1997, 52 villages were yet to be covered.

**(Paragraph 4.1.18 – 4.1.24)**

- Inordinate delay in making payment to the contractor resulted in rescinding and retendering of a contract and consequent avoidable expenditure of Rs.18.56 lakh.

**(Paragraph 4.1.25 – 4.1.30)**

## **Introduction**

4.1.1 In order to provide safe drinking water to rural population, Government of India launched (1972-73) an Accelerated Rural Water Supply Programme (ARWSP) with 100 percent central assistance. The scheme was discontinued following the introduction in 1974-75 of Minimum Needs Programme (MNP) to be financed by State Government, but was re-introduced in 1977-78 to supplement the efforts made by the state government under MNP. In order to accelerate the pace of coverage of no-source problem villages and to improve the quality and availability of drinking water, a National Drinking Water Mission was launched in 1986. To effectively coordinate the functions under MNP and ARWSP, the Technology Mission for drinking Water (TM) was set up in the year 1989. In 1991, Government renamed the National Drinking Water Mission as Rajiv Gandhi National Drinking Water Mission, with the main objective of providing sustainable safe drinking water supply, to the entire non-covered/no-safe source villages by the end of the decade. The centrally sponsored Accelerated Urban Water Supply Programme (AUWSP) was launched from the year 1993-94, with a view to provide safe and adequate water supply to small towns with population less than 20000 as per 1991 census.

## **Organizational set up**

4.1.2 Public Health (Rural Water Supply) branch of the Public Works Department is entrusted with the execution of Rural Water Supply Schemes. At the field level, the schemes are implemented through a network of four Public Works Divisions under the supervision of the Superintending Engineer. The PWD is under overall charge of a Chief Engineer.

4.1.3 Besides, there is a monitoring and evaluation cell headed by a Superintending Engineer who monitors the implementation and progress of the schemes.

## **Audit coverage**

4.1.4 Comment was made in Para 4.1 of the Audit Report for the period ending 31 March 1997 on the implementation of the schemes under “Rajiv Gandhi National Drinking Water Mission” during the period from 1991-92 to 1996-97.

4.1.5 A further review of implementation of Rural Water Supply Scheme during the years 1997-98 to 2000-01 and Accelerated Urban Water Supply Scheme during the period from 1993-94 to 2000-01, was conducted between April 2001 to June 2001 based on the test check of records of all the four divisions\* involved in the implementation of the programme supplemented by a review of Superintending Engineer (Monitoring and Evaluation), Public Works Department. Total expenditure of Rs.16.47 crore incurred by the four

---

\* Division III – Panaji, IX – Margao, XVII – Porvorim, XX – Margao.

divisions was covered. The results of the review are enumerated in succeeding paragraphs.

### Financial Management

4.1.6 The allocation of Central Assistance under the Accelerated Rural Water Supply Programme (ARWSP) was subject to the matching provision/expenditure by the States under the State sector Minimum Needs Programme (MNP). Releases under the ARWSP would not exceed the provisions for Rural Water Supply made by the State Governments under the MNP.

### Financial position and expenditure

4.1.7 The financial provisions and expenditure under MNP and ARWSP during the period 1997-98 to 2000-01 as furnished by the department were as under:

**TABLE 4.1**

Year	Minimum Needs Programme			Accelerated Rural Water Supply Programme	
	Budget Provision	Expenditure	Excess (+) Shortfall(-)	Assistance received from Government of India	Expenditure
	(Rupees in lakhs)				
1997-98	1124.22	1124.22	Nil	*862.77	357.81
1998-99	1870.84	1870.84	Nil	--	37.18
1999-00	758.84	758.84	Nil	--	510.96
2000-01	1308.75	2143.71	(+)834.76	888.59	740.77
Total	5062.65	5897.61	(+)834.76	1751.36	1646.72
					<b>Unspent balance: 104.64</b>

\* Including unspent balance of Rs.656.27 lakh brought forward.

4.1.8 While there was an unspent balance of Rs.1.05 crore as on 31 March 2001, under the ARWSP due to slow progress in utilisation of grants released, the Department incurred an excess expenditure of Rs.8.35 crore over the budget provision of Rs.50.63 crore under MNP during the period from 1997-98 to 2000-01.

### Lapse of Central Allocation under ARWSP

4.1.9 As per the guidelines for implementation of Rural Water Supply Programme issued by Government of India, Ministry of Rural Development, the States shall prepare Annual Action Plans six months before the commencement of the financial year on the basis of the Shelf of Schemes, the likely size of the allocation under the State sector MNP, ARWSP as well as

likely carry over of funds, if any, and submit them to the Rajiv Gandhi National Drinking Water Mission (RGNDWM) by the beginning of October of the year for use at the Annual Plan discussion.

4.1.10 It was noticed that in spite of having a monitoring cell headed by a Superintending Engineer, there was no proper system in place for the preparation and forwarding of such Annual Action Plans promptly. Instead of preparing and forwarding of Annual Action plans prepared on the basis of shelf of schemes alongwith necessary details such as estimated expenditure, habitations/ population expected to be benefited etc., the State has merely forwarded the number of Non-covered (NC) and Partially covered (PC) villages/habitations remaining to be covered and targetted to be covered during the plan period. Besides, instead of sending the Action Plans six months before the commencement of each financial year, the State has forwarded the same only on two occasions (June 1997 and February 2000) during the period from 1997-98 to 2000-01

4.1.11 Based on the action plan submitted by the State Government, the Government of India had allocated an amount of Rs.22.68 crore to the Government of Goa under ARWSP during the period from 1997-98 to 2000-01, out of which Rs.10.95 crore only was released, as detailed below:

**TABLE 4.2**

Year	Central allocation during the year (Rupees in lakhs)	Releases during the year (Rupees in lakhs)
1997-98	227.00	206.50
1998-99	283.80	Nil
1999-00	352.90	Nil
2000-01	1404.00	888.59
<b>TOTAL</b>	<b>2267.70</b>	<b>1095.09</b>

Source:- Information furnished by the Department.

4.1.12 It was noticed that there was a shortfall in release of allocated fund to the extent of Rs.11.73 crore, which was on account of slow progress made by the State in utilization of the grants already released.

4.1.13 The slow progress in utilization of grants released due to lack of proper planning by the State authorities, in spite of incurring huge expenditure under State sector MNP (Rs.58.98 crore), resulted in non-release of allocated grants to the extent of Rs.11.73 crore, i.e. 51.71 percent of the total allocation of Rs.22.68 crore.

#### **Lapse of Central allocation – Accelerated Urban Water Supply Programme.**

4.1.14 The Centrally sponsored scheme of “Accelerated Urban Water Supply Pogramme” was launched through Ministry of Urban Development (MOUD) from the financial year 1993-94. The scheme envisaged providing safe and adequate water supply in smaller towns with population of less than 20,000 as

per 1991 census by the end of VIIIth Five Year Plan (1997). The programme was to be funded by Central Government and State Governments on 50:50 basis.

4.1.15 Selection of towns/Urban Agglomerations for implementation of the scheme was to be done by the State Level Selection Committee constituted for the purpose by the State Government as per guidelines of the programme, after considering the Detailed Project Reports (DPRs) prepared in respect of the individual towns.

4.1.16 In Goa State, 22 towns were found to be eligible for implementation of the scheme, which was expected to benefit a total population of 1.99 lakh. The Central Government allotted a total amount of Rs.1.24 crore during 1993-94 to 1999-2000 for implementation of the scheme. It was noticed that detailed project reports were sent only in respect of two towns and the scheme was implemented in these towns viz. Resmagos and Calangute, benefiting a total population of 0.19 lakh, at a total cost of Rs.51.13 lakh out of which Government of India grant amounted to Rs.25.58 lakh. Both the schemes were commissioned in September 1997.

4.1.17 As the state Government did not implement the scheme in other eligible towns, the central allocations amounting Rs.97.93 lakh lapsed.

### **Physical performance**

4.1.18 The source of drinking water supply in Rural North Goa was through open wells/tubewells while in Rural South Goa minor/medium Irrigation projects (dams) were the main source of water.

4.1.19 Government of India prescribed the following criteria for identifying the problem villages for safe drinking water supply.

- i) Villages with no assured source of drinking water within a reasonable distance of 1.6 KMs or within a depth of 50 feet from ground level.
- ii) Villages where the available water had excessive salinity, iron fluorides or toxic elements, hazardous to health;
- iii) Villages where diseases like cholera, guinea worms were endemic.

4.1.20 In addition to villages, coverage was also to be given to habitations, which were not covered or had been partially covered (less than 40 litres per capita per day (lpcd) or where the drinking water was contaminated.

4.1.21 Of the total 396 inhabited villages in the state as per 1991 census, the survey conducted by State Government in April 1992 identified 67 villages as non-covered, 136 villages as partially covered and 193 villages as fully covered. All the non-covered and partially covered villages were targeted for providing drinking water facilities by the end of the year 2000.

4.1.22 As on 1-4-1997, there were 95 problem villages of which 38 were non-covered and 57 were partially covered. The details of villages targeted, covered and population benefited under ARWSP and MNP during the period from 1997-98 to 2000-01 were as below:

**TABLE 4.3**

Year	Target					Achievement				
	No. of problem villages to be covered*	Population in thousands				No. of problem villages covered	Population in thousands			
		SC	ST	Others	Total		SC	ST	Others	Total
1997-98	36	250	--	30,200	30,450	18	651	--	29,474	30,125
1998-99	36	--	--	30,200	30,200	20	586	--	22,693	23,279
1999-00	26	201	16	9,498	9,715	26	217	--	9,566	9,783
2000-01	16	162	15	5,817	5,994	8	27	--	993	1,020
<b>TOTAL : 72</b>										

Source: Information furnished by the Department.

4.1.23 Though 72 villages have been covered out of total 95 problem villages during the period 1997-98 to 2000-01, only 43 villages have been fully covered and 29 have been partially covered. Thus, the total number of problem villages as on 31.3.01 was 52, out of which 16 were non-covered and 36 were partially covered.

4.1.24 The reasons for the shortfall in achievements against targets though called for were not furnished by the Department.

#### **Avoidable expenditure due to rescinding of a contract**

4.1.25 The work of "Extension of Water Supply distribution pipeline to left out wadas of Surla Village in Bicholim Taluka", comprising supply, laying, testing and commissioning of PVC pipes of various dimensions, estimated to cost Rs.35.40 lakh was awarded to a contractor in March 1998 for Rs.27.28 lakh to be completed by November 1998.

4.1.26 As per terms of the agreement the contractor was to be paid 75 percent of the cost of pipes upon supply of the same. As per the tendered rates, 90.77 percent of the contract value, i.e. Rs.24.75 lakh was for supply of PVC pipes. The contractor supplied the pipes immediately after commencement of the work in April 1998. However his bill amounting to Rs.18.47 lakh being 75 percent of the cost of pipes was paid only in December 1998, after a delay of about 8 months, and after the stipulated date of completion of the work.

4.1.27 As the department defaulted in payment, the contractor insisted (January 1999) for revision of rates for the remaining items of work to be carried out after the stipulated date of completion of the work. The cost of

\* This includes some of the problem villages partially covered during the previous year.

remaining work was assessed at Rs.1.94 lakh as per tendered cost and Rs.10.56 lakh as per GSR 1996 rates.

4.1.28 The Department did not agree to revision of rates and rescinded (June 1999) the contract without any claim for compensation on either side. The contractor was paid a total amount of Rs.26.23 lakh for the work done by him (August 1999).

4.1.29 The balance work estimated to cost Rs.11.44 lakh was tendered and awarded in March 2000 to another contractor for Rs.19.90 lakh to be completed by September 2000. The work was completed at a total cost of Rs.20.50 lakh and was commissioned only in February 2001.

4.1.30 Thus the delay in making the payment to the contractor resulted in rescinding the contract and retendering the balance work and consequent avoidable expenditure of Rs.19.45 lakh taking into account the total cost (Rs.46.93 lakh) at which the work was completed and the tendered cost (Rs.27.28 lakh) by the original contractor besides denial of benefit of water supply to the intended beneficiaries for more than 2 years.

### **Monitoring and Evaluation**

4.1.31 The Monitoring and Evaluation wing is headed by a Superintending Engineer assisted by a Monitoring Officer, an Assistant Engineer, two Technical Assistants and two Junior Engineers.

4.1.32 A scrutiny of the overall activities of the wing with respect to Monitoring and Evaluation of the schemes revealed the following deficiencies.

- (i) There was no record to show that field visits were conducted by officials of the Monitoring cell to monitor the implementation and progress of schemes.
- (ii) The Divisional Officers (Executive Engineers) are not reporting the progress of works etc. on regular basis. One of the divisions has not submitted the monthly progress reports for 3 months in 1997-98, 9 months in 1998-99, 9 months in 1999-00, and 11 months in 2000-01.
- (iii) No studies have been conducted for evaluation of the impact of the programmes with a view to judge its success or failure and taking remedial action wherever necessary.

The matter was referred to Government in August 2001 and their reply has not been received (January 2002).

## IRRIGATION DEPARTMENT

### **4.2 Review of Irrigation Department (Department of Water Resources)**

**The Irrigation Department (Water Resources Department) is responsible for optimum integrated development and utilization of the water resources of the State in a scientific and a perspective manner. As against the expected irrigation potential of 89660 ha to be created under major, medium and minor irrigation projects, the irrigation potential created was 29423 ha and the potential actually utilized was 22140 ha only, as on 31 March 2001.**

#### **Introduction**

4.2.1 The Goa State is having 139142 ha of cultivable land and 21871 ha of uncultivable land. The total irrigable land out of cultivable land is 89660 ha and non-irrigable land is 49482 ha. The State is endowed with a rainfall of over 3000 mm. The major source of water is storage dams for irrigation as well as water supply. The total water resources of the State were assessed at 8570 million Cubic Meter (M.m<sup>3</sup>) out of which the level of utilization of resources for irrigation was expected to be only 1465 M m<sup>3</sup>, 1125 M m<sup>3</sup> from surface and 340 M m<sup>3</sup> from ground water. The Irrigation Department (renamed as Department of Water Resources from December 2000) was set up in June 1981 with the main objective of optimum integrated development and utilization of the water resources of the State in a scientific and a perspective manner. In order to achieve the above objectives, the department is implementing various major, medium and minor irrigation schemes and allied sectors of Command Area Development programme.

#### **Organizational set up**

4.2.2 The Department under the overall charge of Secretary (Water Resources Development) is headed by a Chief Engineer and is assisted by six Superintending Engineers and 15 Executive Engineers and two Special Land Acquisition Officers. The Department also has a Command Area Development Authority (CADA) under overall supervision of the Chief Engineer. The sanctioned strength and men-in-position in the Department as on 1 April 2001 was 1092 and 977 respectively.

#### **Audit Coverage**

4.2.3 A review of irrigation projects and schemes implemented by the Department for the period from 1996-97 to 2000-2001 was conducted during April – July 2001, through test check of records of the Office of the Chief Engineer, 2 Superintending Engineers and 10 Executive Engineers covering



50 per cent of the expenditure incurred by the department during the above period.

### Financial outlay and expenditure

4.2.4 Details of budget provision and actual expenditure incurred by the Department during 1996-97 to 2000-01 were as under:

**TABLE 4.4**

Year	Revenue			Capital		
	Budget provision	Expend-iture	Savings	Budget provision	Expend-iture	Savings
(Rupees in Crore)						
1996-1997	12.29	11.73	0.56	32.79	32.09	0.70
1997-1998	13.41	12.58	0.83	41.78	28.89	12.89
1998-1999	16.10	14.83	1.27	38.19	27.79	10.40
1999-2000	17.35	17.09	0.26	63.55	26.73	36.82
2000-2001	21.86	20.15	1.71	120.07	57.32	62.75
<b>Total</b>	<b>81.01</b>	<b>76.38</b>	<b>4.63</b>	<b>296.38</b>	<b>172.82</b>	<b>123.56</b>

(Source: Appropriation Accounts)

4.2.5 The huge savings during the period from 1996-97 to 2000-2001 were mainly due to non-filling up of vacant posts and less scope of work than anticipated.

### Programme Implementation

#### Major and Medium Irrigation Projects.

4.2.6 The level of utilization of water resources under Major and Medium Irrigation Projects was expected to be 56,760 ha in the State. Up to March 2001, irrigation potential created was to the extent of 6814 ha (12 per cent only) while potential actually utilized against this was 4115 ha (60 per cent). Construction and working results of some of the important projects implemented by the department is discussed in the succeeding paragraphs.

#### Salauli Irrigation Project.

4.2.7 A mention was made in Paragraph 5.1 of the Audit Report for the year ended March 1985 regarding progress made in implementation of Salauli Irrigation Project. A review of further progress revealed the following:

4.2.8 The Salauli Irrigation Project (SIP) located near Salauli village in Sanguem Taluka provided for construction of an earthen dam, integrated Central masonry duckbill spillway and a left bank main canal 25.73 Km long with a network of distributories and minors. The cultivable command area targeted to be created was 14366 ha. The project was sanctioned by Government in March 1972 for Rs.9.61 crore. The estimates of the project were revised thrice and as per the latest revision (May 1999) the estimated cost of the project was Rs.159.76 crore. Though the project was originally proposed to be completed by 1980, the main dam and the main canals, have been completed while the branch canals distributories and minors were yet to be completed (July 01). An expenditure of Rs.139.34 crore had been incurred on the project as of 31 March 2001. Although 87 per cent of the final estimated cost of the project has been utilised on the construction of the project but the physical progress of the project is 90 per cent only. The project is scheduled to be completed by March 2003.

4.2.9 The delay in completion of the project was attributed to the foundation problems on the earthen dam, replanning and designing required for the spillways, rehabilitation of the affected people, resource crunch, litigation on land acquisition, occurrence of hard rock in canal distributories.

4.2.10 It was noticed that against the total cultivable command area (CCA) of 14336 ha targeted to be irrigated, irrigation potential was created upto March 2001 for 4,714 ha. only indicating achievement of 33 per cent only. Against this actual utilisation (2700 ha.) was nearly 57 per cent of the potential created and 19 per cent of the potential targeted. While reasons for non-utilisation of the irrigation potential already created by 43 per cent were not intimated by the department, non-achievement of the target of creating irrigation potential for 67 per cent CCA (9622 ha.) was attributed to non-completion of D2-D3 combined distributory canal.

### **Anjunem Irrigation Project**

4.2.11 A mention was made in Paragraph 5.1 of the Audit Report for the year ended March 1989 regarding implementation of Anjunem Irrigation Project (AIP). The Public Accounts Committee in its fifty second report (September 1995) had observed that the utilization of potential created was low and the Government did not get full return of the expenditure incurred on creating potential as there was delay in utilization of potential created. A further scrutiny of the project revealed the following:

4.2.12 The AIP located across Guleli Nallah in Sattari Taluka envisaged construction of a masonry dam, canals on right and left banks to provide irrigation facilities of a CCA of 2100 hectares in Sattari Taluka.

4.2.13 The project sanctioned by Government in February 1977 for estimated cost of Rs.3.68 crore and was completed in 1989 at a cost of Rs.22.33 crore. Water was being released from 1987-88 onwards.

4.2.14 It was noticed that out of irrigation potential of 2100 ha created, the potential utilized was 1415 ha (67 per cent) only as on 31 March 2001. Non-utilization of full potential created was attributed to non-cultivation of land belonging to temple, comunidade land and Government land.

### **Tillari Irrigation Project**

4.2.15 The Tillari Irrigation Project, a joint venture of Government of Goa and Government of Maharashtra across river Tillari was proposed to irrigate an area of 23654 ha (6676 ha in Maharashtra and 16978 ha in Goa. In addition, provision for water supply for industrial and domestic purposes in Goa State to the extent of 57.433 M.m<sup>3</sup> was also included in the project. An interstate agreement between the two States for execution and management of the project was entered into in April 1990. The agreement provided for sharing of cost of common head works by the Government of Goa and Government of Maharashtra in the ratio 73.30 : 26.70. The cost of construction of canals and distribution system falling in each State were to be borne by the respective State.

4.2.16 The project was estimated to cost Rs.45.20 crore based on 1978-79 schedule of rates (of respective states), which was revised to Rs.217.22 crore (of which Goa Government share was Rs.161.18 crore) based on 1988 rates and was approved by the Planning Commission in December 1989. The estimate was further revised in 1996 to Rs.525.59 crore, based on 1994 rates, The estimated cost of the project was again revised (in 2000-01) to Rs.776.70 crore out of which liability of Government of Goa worked out to Rs.543.27 crore. The head works in Maharashtra were started in March 1986 and canal works in Goa in 1988.

4.2.17 The project was expected to be completed by 1995-96. As of March 2001, the head works and canals works in Maharashtra were completed to the extent of 76 percent and 93 percent respectively and main canal and branches in Goa to the extent of 84 percent only.

4.2.18 In order to complete the project by 1995-96 as envisaged, the Technical Advisory Committee (TAC) of the Planning Commission had suggested that funding level between Rs.23.00 crore to Rs.33.00 crore per year should be maintained by Goa Government. However, funds advanced by Government of Goa to Government of Maharashtra during 89-90 to 95-96 ranged between Rs.5.57 crore to Rs.16.39 crore only resulting in delay in completion of the works.

4.2.19 As of 31 March 2001, the Government of Goa has spent an amount of Rs.255.52 crore on the project, (Rs.101.59 crore on canal works and Rs.153.93 crore advanced to Government of Maharashtra towards its share for common works. An amount of Rs.65.16 crore was yet to be paid to Government of Maharashtra towards the share of common works, and the project was yet to be completed (July 01). Non-completion of the project was attributed mainly to non-proportional budgetary provisions.

4.2.20 In order to make a special provision for mobilization of resources for speedy completion of the project in a time bound manner, the Government of Goa established (May 2000) the Goa Tillari Irrigation Development Corporation (GTIDC) which had power to raise resources from open market borrowing and to avail of Central Loan Assistance (CLA) under Accelerated Irrigation Benefit Programme (AIBP). The GTIDC raised Rs.50.00 crore by way of bonds in January 2001 and availed CLA of Rs.58.30 crore under AIBP during 2000-01 and the project is proposed to be completed by 2005.

4.2.21 The inadequate provisions of funds for the project by the Government of Goa has already resulted in time overrun of 5 years in completion of the project and cost overrun of Rs.94.34 crores taking into account Goa share (Rs.161.18 crore in the estimated cost of Rs.217.22 crore and the expenditure of Rs.255.52 crore incurred by Goa Government as of March 2001. Besides, the intended benefits of irrigation in an area of 16978 ha in Goa as envisaged, were also not achieved.

### **Minor Irrigation**

4.2.22 The total potential CCA under Minor Irrigation schemes was 32,900 ha. (Surface water 7400 ha. and Ground water 25,500 ha.) In order to bring this area under irrigation, various minor irrigation schemes such as construction of irrigation wells, tanks, bandharas and lift irrigation schemes were being implemented and irrigation potential of 22619 ha was created up to 31 March 2001. However, it was noticed that an area of 18025 ha only was brought under irrigation. Reasons for short fall in utilization of potential created were not furnished.

### **Additional liability due to delay in completion of Chapoli dam.**

4.2.23 The work of construction of a minor irrigation tank at Chapoli estimated to cost Rs.3.92 crore was awarded (March 89) to a contractor 'A' for Rs.2.35 crore to be completed by August 1992. The tank was proposed to irrigate an area of 550 ha and was also to provide water supply of 5 million litre per day for domestic and industrial purposes. Even though the stipulated period of completion was extended up to May 1998, the work was not completed by the contractor due to delay in handing over part of the site, (falling in forest area) by the department. The contract was terminated at the risk and cost of the contractor in June 1999. The contractor was paid an amount of Rs. 5.11 crore for the work done up to June 1999. The balance work estimated to cost Rs.40.67 lakh was tendered in August 1999 and was awarded to another contractor 'B' for Rs.69.88 lakh in October 1999 to be completed by March 2000. The balance work was completed in May 2000 and Rs.61.21 lakh was paid to the contractor (August 2000).

4.2.24 It was noticed that the original contractor 'A' submitted (September 1994 – November 1995) various claims such as revised rates for work done during the extended period, idle men and machinery etc. As the department did not agree to the claims, a sole arbitrator was appointed in May 1996 to

settle the claims. The arbitrator awarded (April 1997) an amount of Rs.10.21 crore along with interest @ 18 percent from November 1995. The department challenged (July 1997) the award in the Court of Civil Judge Sr. Division Margao and deposited an amount of Rs.13.35 crore (including Rs.3.14 crore towards interest) in the Court in November 1997, and the case is pending in the court (July 01)

4.2.25 A scrutiny of the award revealed that the delay in completion of the work was attributed to the department on account of delay in handing over the site free from obstruction, shifting the existing power line and electrical pole, obstruction from private land owners and non-availability of approach road to the site etc.

4.2.26 Thus the failure of the department in making available the site free from obstruction and the consequent delay in completion of the work has resulted in litigation and depositing Rs.13.35 crore in the Court. Further as against the total area of 550 ha to be irrigated only 50 ha of command area was brought under irrigation as on 31 March 2001, after incurring expenditure of Rs.5.72 crore.

#### **Irrigation tank at Amthane**

4.2.27 The construction of an irrigation tank at Amthane sanctioned in March 1981 for Rs.56.68 lakh envisaged irrigating 160 ha, of land, was completed in April 1988 at a cost of Rs.298.27 lakh. It was noticed that the area brought under irrigation was only 70 ha as against the target of 160 ha. The short utilization of irrigation potential created was attributed to inability of the small land holding farmers, in availing the irrigation facilities in view of expensive crop protection works.

#### **Irrigation wells remaining unutilized**

4.2.28 Under the minor irrigation scheme, construction of open wells for creation of additional irrigation potential by tapping water from the ground and lifting the same to surface by providing pumps, were taken up. These irrigation wells have to benefit small and marginal farmers in the remote areas. Audit scrutiny revealed that 12 Irrigation wells constructed between 1998-2000 at Sattari at a cost of 19.10 lakh were remaining unutilized, for over a period ranging from 2 to 3 years, due to non-availability of power connection, depriving irrigation facility in command area of 18 ha.

4.2.29 The above points were reported to the Government in October 2001; their replies are awaited (January 2002).

**SECTION-B : PARAGRAPHS**

**IRRIGATION DEPARTMENT**

**4.3 Avoidable expenditure on Chicklim bund work in Colvale Panchayat**

**Execution of a bund work at Government cost instead of cost sharing basis between Government and beneficiaries resulted in additional liability of Rs. 10.51 lakh**

4.3.1 Mention was made in paragraph 4.4 of the Comptroller and Auditor General of India's Audit Report 1998-99 regarding additional liability of Rs.10.96 lakh due to execution of a bund work through Irrigation department at Government cost instead of taking it up through Agriculture Department on 50 per cent cost sharing basis between Government and beneficiaries, as required under the provisions of the Tenancy Act, 1964 and Rules made thereunder.

4.3.2 In spite of this, the Irrigation Department took up (May 1999) a similar work of improvement of Chicklim bund in Colvale Panchayat intended to benefit 45 cultivators with command area of 31.825 ha. at Government cost without sharing the expenditure with the beneficiaries. The work was completed in May 2000 at a cost of Rs.21.02 lakh

4.3.3 Thus taking up the work at Government cost resulted in additional liability of Rs. 10.51 lakh being the share of beneficiaries on the total expenditure of Rs. 21.02 lakh incurred on the work.

4.3.4 Irrigation Department justified the expenditure on the ground that necessary administrative approval and expenditure sanction was obtained from Government. The contention is however, not acceptable as 50 per cent of the expenditure incurred on such work is recoverable from the beneficiaries under the Tenancy Act.

4.3.5 The matter was referred to Government (May 2001); their reply has not been received (January 2002).

**POWER DEPARTMENT**

**4.4 Infertuous expenditure on privatisation of power sector**

**The decision of the Government to stop the process of privatisation of transmission and distribution system in the power sector, resulted in an infertuous expenditure of Rs.107.01 lakh.**

4.4.1 In order to improve the power position in the State, the Government adopted in December 1996, the common Minimum National Action Plan for power reforms, which envisaged unbundling of generation, transmission, distribution and regulation aspects. Privatisation of transmission and distribution was a key area of the reforms.

4.4.2 Based on the discussions held in January 1998 with the International Finance Corporation (IFC) and on their advice, the Government engaged in February 1998, a Chicago based consultants M/s. Sargeant and Lundy for carrying out a study and report on various aspects on privatisation of power sector. The Government also obtained during the period between March 1998 and November 1998 a loan of Rs.60.00 lakh, at 11 per cent interest from the Power Finance Corporation (PFC), to meet part of the expenses for preparing the Business Plan for undertaking privatisation of the power sector.

4.4.3 The report of the consultants received in May 1998 indicated the need to involve private sector in transmission and distribution of power. As the overhauling of transmission and distribution system in Goa required investment of Rs.65.00 crore annually, which was not available with the Government, and considering the technical study done by the consultant, the Government decided in July 1998 to privatise the transmission and distribution system.

4.4.4 Audit scrutiny revealed that the Government subsequently decided in November 1999 to stop the process of privatisation on the ground that the privatisation would burden the domestic and small consumers in Goa. Meanwhile, the Department had already incurred an expenditure of Rs.95.85 lakh (between January 1998 to March 1999) towards consultancy charges etc. for study on privatisation of power sector. Further Rs.11.16 lakh was paid upto July 2000 towards interest on loan obtained from PFC. The decision of the Government to stop the process of privatisation of transmission and distribution system had led to infructuous expenditure of Rs.107.01 lakh on consultancy etc.

4.4.5 The Department contended that the entire expenditure is not infructuous as the consultants report contained valuable suggestions and recommendations, and were utilised by the Department for proposing power tariff. The reply is not tenable, as tariff formulation was not included in the terms of reference to the consultants and being a normal function of the Department, the expenditure incurred on the consultancy did not achieve the objective of privatisation of transmission and distribution of power sector.

The matter was referred to Government in November 2001; their reply has not been received (January 2002).

## PUBLIC WORKS DEPARTMENT

### **4.5 Loss of revenue due to faulty agreement and non-billing of minimum water charges**

**Failure of the department to specify the monthly minimum quantity of water to be billed in the water supply agreement with an industrial concern and non-execution of a water supply contract with a hotel resulted in loss of revenue of Rs.4.31 crore to the Government.**

4.5.1 As per Water Supply bye-laws, prior to release of water connection to a consumer an agreement has to be entered into between the consumer and the department and the monthly minimum quantity of water for which billing will be done should be clearly mentioned in the agreement. Further the consumers shall pay for the monthly minimum consumption of water irrespective of actual consumption. The minimum consumption of water in respect of industrial concerns is to be fixed as per demand in each case.

4.5.2 The Public Works Department had entered into an agreement in September 1998 with M/s Reliance Salgaoncar Power Company Limited (RSPCL) for supply of 4000 Cu.m water per day to their power plant at Sancole for a period of 15 years. It was noticed from the agreement that the department had not indicated the monthly minimum consumption of water in respect of this industrial unit, as required under the provisions of Water supply bye-laws. Further, the agreement provided that the Government shall invoice the company on monthly basis from the date of supply for the water actually supplied at the tariff rate as applicable from time to time. The agreement also provided for furnishing security deposit in the form of Bank Guarantee for a sum equivalent to three months water charges at 4000 cu.m. per day. Accordingly the company had furnished in July 1999, a Bank Guarantee for Rs. 72 lakh.

4.5.3 The department commenced water supply to the company from August 1999 and charged Rs.2.17 crore towards the actual quantity of 8.90 lakh Cu.m. water consumed by the company during the period from August 1999 to March 2001.

4.5.4 As the department had agreed to provide 4000 cu.m. water per day to the company, and they had furnished security based on water charges calculated for the supply of 4000 cu.m. per day, the minimum monthly consumption for billing purpose should have been 1,20,000 cu.m. per month. Accordingly, the minimum water charges that should have been levied for the actual billing period from August 1999 to March 2001 amounted to Rs.6.28 crore on the minimum quantity of 24.20 lakh Cu. m. against which the actual water charges levied and collected was Rs. 2.17 crore.

4.5.5 Thus the failure of the department to specify in the agreement the minimum quantity of water to be billed has resulted in a loss of revenue of



Rs.4.11 crore for the period from August 1999 to March 2001, besides unauthorized benefit to the industrial concern to that extent.

4.5.6 The matter was referred to the Government (April 2001). The Government admitted (November 2001) that in the absence of stipulation of minimum quantity to be billed, in the agreement, the department could not raise the bills accordingly. The Government also stated that the issue of levying some minimum charges on RSPCL was under consideration of the department by amending the relevant clause of the agreement.

4.5.7 In another case audit scrutiny (September 2000) revealed that a consumer, M/s. Palm Hotels (India) Limited, applied (January 1996) for supply of 750 M<sup>3</sup> of water per day to their hotel at Miramar. The abstract of work of water connection and installation bill issued on 26 February 1996 indicated the minimum consumption of water at 1500 M<sup>3</sup> per month. However, the Executive Engineer, PWD (PHE) Division-III, without entering into a signed agreement with the consumer, indicating *inter-alia* the minimum quantity of water to be billed, started supplying water to the consumer from May 1996 and billed Rs.6.37 lakh on the actual quantity of 29,174 M<sup>3</sup> during the period from May 1996 to March 2001, instead of billing Rs.19.35 lakh on the minimum chargeable quantity of 88,500 M<sup>3</sup> (based on minimum quantity of 1500 M<sup>3</sup> per month indicated in the installation bill), resulting in short levy of water charges amounting to Rs. 12.98 lakh. Consequently, sewerage charges at prevailing rates, based on water consumption charges, amounting to Rs. 6.60 lakh were also short levied.

4.5.8 Thus the failure of the department in entering into water supply agreement indicating the minimum quantity to be billed as required under the water supply bye-laws resulted in loss of revenue of Rs.19.58 lakh for the period from May 1996 to March 2001 and also in undue benefit to the consumer to that extent.

4.5.9 The matter was referred to the Government (May 2001); and their reply has not been received (January 2002).

#### **4.6 Extra expenditure due to non-adherence to the agreement**

**Failure of the department in making available hindrance free site, delay in supplying drawings and excessive variation in quantities resulted in avoidable expenditure of Rs.2.39 crore towards compensation and escalation payment to the contractor.**

4.6.1 The Public Works Division-XIX awarded in January 1988, the work of “Construction of operation theatre and radio diagnostic department for 750 bedded hospital complex at Bambolim” estimated to cost Rs.2.12 crore to a contractor for Rs.2.68 crore with the stipulation to complete it by January 1990. The work was, however, completed only in April 1994 and the total payment made to the contractor amounted to Rs.3.04 crore.

4.6.2 While accepting the final bill in January 1995 under protest the contractor claimed Rs.2.72 crore towards compensation for losses suffered on account of delay in completion of work due to breach of contract conditions by the department and settlement of final accounts as the department delayed in handing over hindrance free site, supplying working drawings and decision over extra work and variation in quantities.

4.6.3 The Executive Engineer rejected (February 1995) the contractor's claims and at their request appointed an arbitrator in April 1995. The arbitrator awarded (June 1996) relief of Rs.1.50 crore (Rs.1.16 crore towards compensation for loss suffered, Rs.2.32 lakh for settlement of final bills, Rs.0.50 lakh towards cost of proceedings and Rs.31.45 lakh towards interest etc.) to the contractor.

4.6.4 Though the department went in appeal (August 1996) against the award in the Court of Civil Judge Sr. Division, Panaji, the Court rejected the appeal and passed a decree (February 1997) in favour of the contractor allowing further interest @ 18 *per cent* from the date of decree to the date of payment. The department deposited Rs.1.70 crore (including interest of Rs.19.76 lakh) in the Court in May 1997. Over and above the amounts awarded by the arbitrator, the contractor was paid (October 1990 to March 1994) Rs.69.85 lakh towards escalation charges on additional cost of labour and material incurred by him during the extended period of work from February 1990 to April 1994. Thus as against the approved cost Rs.3.04 crore, the department had to incur an expenditure of Rs.5.44 crore for completion of the work.

4.6.5 A scrutiny of the award revealed that the delay in completion of the work was attributed to the delay by the department in making available hindrance free site, delay in supplying drawing and giving timely decision etc. These lapses on the part of the department resulted in an avoidable expenditure of Rs.2.40 crore towards compensation (Rs.1.16 crore) on account of loss of profit etc., interest (Rs.54 lakh) and payment of escalation (Rs.69.85 lakh) to the contractor.

4.6.6 The matter was referred to the Government in June 2001. The Government stated (January 2002) that the department had taken all timely action in making available the site, supply of drawings and conveying deviations and these facts were brought to the notice of the Arbitrator. However, the very fact that the arbitrator has upheld the claims of the contractor and the Court also rejected the objection filed by the department and decree was passed in favour of the contractor indicated that there were lapses on the part of the department. Responsibility on the part of the concerned officials in not strictly following the contractual conditions should be fixed and appropriate action taken against the officials.

#### **4.7 Avoidable payment of compensation and interest due to faulty planning**

##### **The revision of drawings after partial execution of work had resulted in avoidable payment of Rs.116.82 lakh**

4.7.1 The Public Works Department undertook the work of extension of Government Polytechnic at Mayem. The Chief Architect, Public works Department, Goa prepared the drawings without considering actual site conditions. The division awarded the work for Rs.282.66 lakh in July 1996 to be completed by June 1997.

4.7.2 Audit scrutiny revealed that the Chief Architect revised drawings after partial execution of work as per actual site conditions. As a result work was delayed and completed in January 1999 at a cost of Rs.341.86 lakh. Due to delays on the part of the department the contractor sought arbitration in January 2000. The arbitrator awarded (May 2000) a compensation of Rs.88.32 lakh and interest on compensation amounting to Rs.28.50 lakh on the grounds of delay in furnishing drawings, compensation for loss of profit, overheads and interest etc. The contractor was paid award amount of Rs.116.82 lakh in September 2000.

4.7.3 Thus preparation of drawings without considering site conditions had resulted in avoidable payment of Rs.116.82 lakh. In reply to audit observation the department accepted the fact and stated that in future actual site conditions would be considered before preparing the drawings.

4.7.4 The matter was referred to Government in June 2001 and their reply has not been received (January 2002).

#### **4.8 Avoidable expenditure due to delay in acceptance of tender**

##### **Failure of the department in accepting the lowest offer within the validity period of the tender resulted in retendering and avoidable expenditure of Rs.85 lakh on laying of a pipeline.**

4.8.1 The Public Works Division-XII (PHE), Sanguem invited tenders in June 1999 for “Manufacture and supply of 1422 mm M S pipes for laying 4.35 K.M pipeline in vulnerable stretches and linking to 1400 mm diameter pipeline from Xelpem to Sirvoi” estimated to cost Rs.481.62 lakh. Of the five tenders received ( July 1999), the lowest offer was of Firm ‘A’ for Rs.413.30 lakh, valid up to 28 September 1999. The Executive Engineer and the Superintending Engineer recommended ( 7-9 July 1999) the offer of Firm ‘A’ and submitted to the Goa State Works Board (GSWB\*). The GSWB recommended (24 August 1999) acceptance of the lowest offer of Firm ‘A’. Thereafter, at the instance of the Honourable Minister for PWD, the

\* Comprising Chief Secretary, Finance Secretary, Secretary (PWD) and Chief Engineer, PWD

Superintending Engineer called (20 September 1999) the lowest tenderer for negotiations.

4.8.2 During negotiation (30 September 1999) the firm did not offer any discount on their quoted rates but agreed to extend the validity of the tender up to 29 October 1999, with a request to reimburse the increase in steel and diesel prices, if any, on submission of documentary evidence. The Chief Engineer accepted (14 October 1999) the tender with the condition that no increase in rates will be payable. The Executive Engineer issued the work order to the firm on 15 October 1999 for the original quoted amount of Rs.413.30 lakh.

4.8.3 The firm refused (November 1999) to take up the work as the department did not agree for reimbursement of the increase in prices of steel and diesel amounting to Rs. 44.03 lakh.

4.8.4 In December 1999 the GSWB recommended retendering of the work. Accordingly fresh tenders were invited in January 2000 and six offers were received. The lowest offer was once again that of the Firm 'A' for Rs.498.57 lakh and this offer was accepted by the Chief Engineer and the work was awarded to Firm 'A' in March 2000 and got completed in August 2000. Rs.498.30 lakh was paid to the firm up to February 2001. The final bill was yet to be paid (March 2001).

4.8.5 Thus, while the department failed to accept the lowest offer of Firm A for Rs.413.30 lakh as recommended by the GSWB within the original validity period (28 September 1999) the department went ahead with the award of work, without considering the request of the firm for increase in price of steel and diesel on submission of evidences. This resulted in the firm's refusal to commence the work. Consequently tenders had to be reinvited, resulting in avoidable expenditure of Rs.85 lakh taking into account the actual payment till February 2001.

4.8.6 The matter was referred to Government (May 2001). The Government stated (December 2001) that the delay in acceptance of the tender was due to some procedural formalities. The reply is not tenable, as the procedural formalities should have been completed within the validity period of the original tender instead of inviting fresh tenders.

#### **4.9 Avoidable payment due to breach of contract**

##### **Delay in supply of drawings, shifting water pipeline etc. had resulted in avoidable payment of Rs. 26.15 lakh**

4.9.1 The work of construction of Sub-Jail cum Judicial Lock up at Vasco estimated to cost Rs. 55.39 lakh was awarded to a contractor in January 1991 at a tendered cost of Rs.52.29 lakh to be completed by April 1992. The contractor could not complete the work during the stipulated period because of delay on the part of the Executive Engineer, Division-VIII, Margao and Chief Architect, PWD in supplying the drawings, delay in shifting water pipeline

etc. The contractor had completed the work valued at Rs. 56.57 lakh upto April 2002.

4.9.2 Due to breach of contract the contractor requested the department in April 1995 for appointment of arbitrator to adjudicate the dispute. The arbitrator had upheld the grounds of the contractor such as delay in shifting the pipeline, delay in supply of drawings, delay in fixing plinth height etc. and awarded an amount of Rs. 18.72 lakh with interest ranging from 11 to 21 percent vide his award dated 2<sup>nd</sup> March 2000. The said amount was paid to the contractor in September 2000. Thus the breach of contract by the Executive Engineer, Division-VIII, Margao had resulted in avoidable payment of Rs.26.15 lakh. However no action has been taken by the department to fix responsibility for the lapses leading to avoidable expenditure of Rs.26.15 lakh.

4.9.3 The matter was referred to Government in June 2001 and their reply has not been received (January 2002).

#### **4.10 Idle investment on purchase of pipes for water supply scheme**

**Failure to supply pipes to the contractor resulted in idle expenditure of Rs.23.95 lakh for more than three years and denial of intended benefits to villagers due to non-completion of work.**

4.10.1 The work of improvement of water supply to “Monte-de-Guirim and suburbs in Guirim Village Panchayat” estimated to cost Rs.28.60 lakh was sanctioned by the Government in September 1994. The work involved laying and jointing of 150 mm dia Cast Iron pipes (C.I. Pipes) for a length of 3000 meters and laying of 8767 meters of PVC distributory pipes. The C.I. Pipes were to be made available by the Department. The Executive Engineer, PWD Division XVII tendered the work of laying and jointing the C.I. Pipes and supplying, laying and jointing of 8767 meters PVC pipes, estimated to cost Rs.13.63 lakh in October 1995, and awarded (March 1996) the work to a contractor for Rs.14.00 lakh. The work was stipulated to be completed by November 1996.

4.10.2 Audit scrutiny (January 2000) revealed that the department did not supply the C.I. Pipes to the contractor till the stipulated period of completion of the work. Instead, the Executive Engineer with the approval of Superintending Engineer procured 3000 meters of Ductile Iron Pipes (D.I. Pipes) at a cost of Rs.23.95 lakh and offered it to the contractor in January 1998, i.e. after a lapse of 14 months after stipulated period. Meanwhile the contractor had claimed in November 1997 market rates for all the items connected with laying/jointing of D.I. Pipes as the department failed to supply the C.I. Pipes. The agency completed only the work of PVC distributory pipeline by May 1999, at a cost of Rs.11.16 lakh.

4.10.3 As the contractor refused to use the D.I. Pipes and execute the work of laying of D.I. Pipeline at the quoted rates due to delay in supply of the pipes,

the Executive Engineer rescinded the contract in June 2000, without any claim for compensation on either side.

4.10.4 The balance work of laying D.I. Pipeline in a length of 3000 Mtrs. was yet (March 2001) to be taken up by the Department. Meanwhile the D.I. Pipes procured in January 1998 at a cost of Rs.23.95 lakh were lying unutilised in the stackyard at Mapusa.

4.10.5 Thus, the failure of the Department in supplying C.I. Pipes to the contractor, in time, as specified in the agreement and procurement of DI pipes, resulted in an idle stores valued at Rs.23.95 lakh besides, unproductive expenditure on the work already executed. Also there was denial of intended benefits of the scheme to the villagers.

4.10.6 The matter was referred to the Government (April 2001); their reply has not been received (January 2002).

#### **4.11 Avoidable extra expenditure due to non-procurement and supply of pipes departmentally**

##### **Non-procurement and supply of C.I. Pipes departmentally resulted in an avoidable expenditure of Rs.9.70 lakhs.**

4.11.1 The Executive Engineer, Works Division XX, Margao tendered (March 1997) the work of replacement of AC pipeline Rising Main of Rural Water Supply Scheme of Vaddem Colony in Sanguem Taluka, estimated to cost Rs.18.51 lakh. The lowest tender received was for Rs.32.25 lakh. On negotiation by the Superintending Engineer in July 1997, the tenderer reduced the offer to Rs.31.93 lakh which was 18.36 percent above the reasonable amount of Rs.26.98 lakh.

4.11.2 The main item of the tender was supply of 2535 Mtrs. Cast Iron Pipes (C.I. Pipes) for which the tendered cost was Rs.27.61 lakh against the estimate of Rs.13.64 lakh. Noticing that the rate for supply of C.I. Pipes quoted by the contractor was more than double the estimated rate and the item was borne on Director General of Supplies & Disposals (DGS & D) rate contract, the Superintending Surveyor of Works (SSW) recommended (July 1997) departmental procurement and supply of the item to the contractor rather than accepting the tender which was 18 percent above the reasonable amount of Rs.19.82 lakh worked out on the basis of market rate of C.I. Pipes.

4.11.3 Further, it was noticed that as per the rate analysis done by the Superintending Engineer (SE), Circle-VIII subsequent to SSW's recommendation, the cost of procurement and supply of C.I. Pipes at DGS & D rate contract would have amounted to Rs.17.91 lakh only as against Rs.27.61 lakh quoted by the contractor. Thus, procurement and supply of C.I. Pipes departmentally would have resulted in saving of Rs.9.70 lakh to the Government.

4.11.4 However, on the ground that the work was to be executed urgently and departmental procurement of pipes would delay the execution of the work, the S.E. accepted (October 1997) the negotiated offer of Rs.31.93 lakh, after obtaining approval of Goa State Works Board. The work order was issued in October 1997 with stipulation to complete the work by April 1998.

4.11.5 Audit scrutiny (December 2000) revealed that the work was completed and commissioned only in January 1999 i.e. after a delay of about nine months from the stipulated date of completion. This showed that the urgency of work as cited by the department for avoiding departmental procurement and supply of pipes was not realistic.

4.11.6 Thus non-procurement and supply of C.I. Pipes departmentally resulted in an avoidable extra expenditure of Rs.9.70 lakh on the work, being the difference in price of CI Pipes quoted (Rs.27.61 lakh) by the contractor and the cost (Rs.17.91 lakh) at which the pipes could have been procured and supplied by the department.

4.11.7 The Government stated (November 2001) that the purchase of pipes through DGS & D was not resorted to due to urgency of work. The reply is not tenable as the work was delayed by 9 months.

#### **4.12 Drawal of funds to avoid lapse of budget grant**

##### **Irregular on account payment of Rs.9.48 lakh was made on defective execution of work.**

4.12.1 The Executive Engineer, Division-VII (NH), PWD, Panaji awarded the work of special repairs and protection work to retaining wall between Km 148/900 to 150/00 on NH-4A to M/s E O Thomas & Co. in December 1999 for Rs.27.55 lakh against the estimated cost of Rs.36.73 lakh put to tender. The stipulated dates of commencement and completion were 7 January 2000 and 5 May 2000 respectively. The actual date of commencement of work was not on record. It was however noticed (February 2000) that the work was under the investigation of Vigilance Department as the execution of RCC pile work in foundation was below specification. However based on the request of the contractor and on the directives of the Superintending Engineer, the Assistant Engineer submitted (31 March 2000) a report for release of on account payment. The Executive Engineer made on account payment of Rs.9.48 lakh to the contractor on the same day of the report and also on the last day of the financial year for work done but not yet measured to avoid lapse of budget grant. Even though the on account payment was to be adjusted fully within 3 months' time as per rules, the department could adjust only Rs.6.76 lakh by August 2000 leaving Rs.2.72 lakh to be adjusted (January 2002).

4.12.2 The release of on account payment of Rs.9.48 lakh on the last day of the financial year to avoid lapse of budget grant was in violation of financial rules.

4.12.3 The matter was referred to Government in May 2001; their reply has not been received (January 2002).