

## CHAPTER-IV

### WORKS EXPENDITURE

#### SECTION – A AUDIT REVIEW

- ❖ Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department

**Page**  
52-70

## CHAPTER – IV

### Works Expenditure

#### Section – A - Audit Review

#### Public Works Department (Buildings and Roads Branch)

#### 4.1 Integrated Audit including Manpower Management of Buildings and Roads Branch of Public Works Department

##### Highlights

*A review on the working of Public Works Department (Buildings and Roads Branch) brought to light significant weaknesses in financial and programme management. Due to weak budgetary control mechanism, savings totalling Rs 805.49 crore during 1999-2002 were not surrendered. Establishment cost over permissible limit of 25 per cent of works expenditure exceeded by Rs 58.48 crore. State Government could not avail of World Bank loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore for Haryana Highway Upgradation Project due to delay in preparation of Project Report and non-adherence to terms and conditions of the World Bank. Targets set for National Highways were not achieved despite adequacy of funds. There was extra avoidable expenditure on excess consumption of bitumen and premature renewal coating of roads. Large number of roads were lying incomplete. Some of the important observations are given below:*

**Against the budget provisions of Rs 909.36 crore under Revenue Head and Rs 910.88 crore under Capital Head, Rs 545.48 crore and Rs 469.27 crore respectively were spent during 1999-2002. Engineer-in-Chief prepared budget estimates without adequate data base and information. No timely action was taken to reconcile the departmental expenditure figures with Accountant General's figures.**

*(Paragraph 4.1.4(a) to (c))*

**Rs 3.94 crore drawn in the month of March of the years 1999-2001, was carried over to the next financial year in five test checked divisions to avoid lapse of budget grant. Rs 4.07 crore was diverted from one scheme to another unauthorisedly.**

*(Paragraph 4.1.4(e)(i) & (ii))*

**Due to delay in finalizing the Project Report and non-adherence to the terms and conditions, the State Government could not avail World Bank loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore, besides incurring avoidable expenditure of Rs 10.52 crore on a consultant for preparation of World Bank Project Report.**

*(Paragraph 4.1.6(a))*

**Due to non-levy of Toll fee on newly constructed bridge on Jhajjra river on Ambala-Kalka road, Government sustained loss of revenue of Rs 2.27 crore. Similarly, Government lost revenue of Rs 1.53 crore due to non-levy of Toll fee on Rewari-Ateli-Narnaul and UP Border-Sonipat-Gohana roads.**

*(Paragraphs 4.1.7(c) and 4.1.8(xii))*

**Failure of departmental officers to prevent encroachment on Government land resulted in avoidable expenditure of Rs 21.64 lakh on clearing coal and foundry slag in Samalkha town.**

*(Paragraph 4.1.8(iii))*

**Undue financial aid of Rs 4 crore was extended to an agency for construction of Railway over bridge at Faridabad on Built-Operate-Transfer basis, resulting in loss of interest of Rs 90 lakh and Rs 2.80 crore remained outstanding against the contractor.**

*(Paragraph 4.1.8(iv))*

**Premature laying of renewal coats on three roads resulted in additional expenditure of Rs 3.10 crore.**

*(Paragraph 4.1.8(v))*

**Extra payment of Rs 94.49 lakh was made to a contractor on account of price variation occurring during extended period of work occasioned by the default of contractor.**

*(Paragraph 4.1.8 (vii))*

**Construction of village roads were being sanctioned without assurance of funds. In 29 cases, expenditure of Rs 2.62 crore incurred on partly constructed roads was rendered unfruitful.**

*(Paragraph 4.1.8(x)(a) &(b))*

**Department did not avail concessional rate of sales tax, available on Government purchases (on purchase of bitumen), which resulted in extra expenditure of Rs 64.15 lakh.**

*(Paragraph 4.1.9(iii))*

#### **4.1.1 Introduction**

Public Works Department, (PWD) Buildings and Roads (B&R) Branch is looking after the (i) construction and maintenance of roads in the State, (ii) National Highways on behalf of the Government of India, Ministry of Road Transport and Highways (MORT&H) and (iii) construction and maintenance of Government buildings and of other organisations as Deposit Works.

#### **4.1.2 Organisational set up**

The Commissioner and Secretary to the Government of Haryana, PWD, B&R is the administrative head at the Government level and is responsible for implementation of policy decisions, programmes and schemes, etc. The Engineer-in-Chief (EIC), B&R, is the Head of the Department. He is assisted by five Chief Engineers (CEs), 21 Superintending Engineers (SEs) and 92 Executive Engineers (EEs) (31 in EIC/SE's offices and 61 in divisions).

#### **4.1.3 Audit coverage**

Some aspects relating to working of the Public Works Department were reviewed in audit through test check of 15<sup>1</sup> divisions (out of 61) as well as the office of the EIC covering expenditure of Rs 368.41 crore (out of total expenditure of Rs 1,480.94<sup>2</sup> crore incurred during 1999-2002. Audit findings are discussed in the succeeding paragraphs.

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<sup>1</sup> Provincial Divisions, Bhiwani, Charakhi Dadri, No. I Gurgaon, No. I Hisar, Jind, Narnaul, Narwana, Rewari, No. I and II Sirsa, No. I Sonipat, Bridge Construction Division Chandigarh, Mechanical Division, Ambala Cantt., Stores & Procurement Division (S&P), Karnal and National Highway Construction Division, Panchkula.

<sup>2</sup> Departmental figures including amount spent on National Highways (Rs 346.78 crore) and deposit works (Rs 97.07 crore).

#### 4.1.4 Financial management and control

##### (a) Preparation of Budget without input from field offices

Budget estimates were prepared by EIC without input from field units

Budget estimates for the period 1999-2002 were prepared in the office of EIC without any input from field units in contravention of the provisions of Budget Manual. EIC had also delayed submission of budget estimates to the Government by 5 to 78 days during 1999-2002.

##### (b) Unrealistic budget

Details of Budget grant viz-a-viz expenditure during 1999-2002 were as under:

Year	Budget provisions		Revised Budget provisions		Expenditure as per Appropriation Accounts		Savings vis-à-vis original budget provisions	
	(1)	(2)	(3)		(4)		(5)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Rupees in crore)							
1999-2000	322.42	266.16	194.21	74.74	174.93	74.89	147.49	191.27
2000-2001	389.91	302.25	384.05	106.16	181.20	99.90	208.71	202.35
2001-2002	197.03	342.47	187.71	294.33	189.35	294.48	7.68	47.99
<b>Total</b>	<b>909.36</b>	<b>910.88</b>	<b>765.97</b>	<b>475.23</b>	<b>545.48</b>	<b>469.27</b>	<b>363.88</b>	<b>441.61</b>

Besides, the department had spent Rs 346.78 crore and Rs 97.07 crore on National Highways and Deposit works respectively during 1999-2002.

Savings were not surrendered

The budget estimates were unrealistic as provisions for Haryana Highway Upgradation Project (HHUP) were made during 1999-2001, without getting the loan sanctioned from World Bank under externally aided project. Thus, due to fractional release of funds to HHUP there were savings. Other reasons for savings were non-replacement of vehicles and machinery, non-release of assistance to Housing Board for Economically Weaker Section (EWS) houses and non-payment of enhanced land compensation as decided by the courts. As per Budget Manual, any unspent balance which was likely to lapse or could not be utilized was to be surrendered by the Controlling Officer to the Administrative Department by 14 February and by the Administrative Department to the Finance Department by 21 February each year. The department did not surrender these funds.

##### (c) Non-reconciliation of figures

Non-reconciliation of figures

(i) Reconciliation of departmental figures of expenditure with those maintained by Accountant General (A&E) had not been done completely. Besides, rectification of misclassifications detected had not been carried out. As a result there were variations in the two sets of figures to the extent of

Rs 22.34 crore as detailed under:

Year	As per Appropriation Accounts(A)		As intimated by department (B)		Difference (B-A)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	1999-2000	174.93	74.89	189.09	76.26	14.16
2000-2001	181.20	99.90	194.59	99.57	13.39	(-)0.33
2001-2002	189.35	294.48	181.52	296.06	(-) 7.83	1.58
<b>Total</b>	<b>545.48</b>	<b>469.27</b>	<b>565.20</b>	<b>471.89</b>	<b>19.72</b>	<b>2.62</b>

(ii) In all the 61 divisions, it was noticed that schedule of settlement with treasuries in Form 26 was not sent to Accountant General (A&E) office for 5 to 13 months. Scrutiny in audit revealed that there was difference of Rs 86.78 crore between the figures of department and the treasuries. No action was taken by the EEs concerned to reconcile the figures.

**(d) Execution of works without technical sanctions**

As per codal provisions, before the commencement of construction works, detailed estimates should be technically sanctioned by competent authority after satisfying that the proposals are structurally sound and estimates are correct. However, test-check revealed that Rs 46.11 crore were spent by eight<sup>3</sup> divisions against 182 unsanctioned estimates during 1999-2002. Thus, these works were taken up by EEs without ensuring soundness of structures and correctness of estimates resulting in cost overrun of Rs 2.75 crore in 7 cases<sup>4</sup>.

**(e) LOC System**

Funds allotted by the Government through letter of credit (LOC) are utilised by drawing cheques against the LOC after getting clearance from the Treasury Offices. Following shortcomings were noticed in this regard:

**(i) Balances carried over to next financial year**

**Drawal of funds to avoid lapse of LOC**

Rs 10 lakh and Rs 3.84 crore drawn in the month of March 2000 and March 2001 respectively were carried over to next financial years, in five<sup>5</sup> divisions to avoid lapse of LOC and in violation of rules.

**(ii) Diversion of LOC**

**LOC of Rs 4.07 crore utilized on works other than sanctioned**

Rs 1.50 crore released by the State Government for National Highway Project in 1999-2000, was diverted to District roads and rural roads by the Engineer-in-Chief. Similarly, in six<sup>6</sup> divisions, LOC of Rs 69.86 lakh and Rs 166.37 lakh meant for Central Road Fund (CRF) and NABARD works

<sup>3</sup> Provincial Divisions, Bhiwani, Charkhi Dadri, No. I Gurgaon, No. I Hisar, Narnaul, No. I Sirsa, No. I Sonipat and Bridge Constuction Division Chandigarh.

<sup>4</sup> Refer Sr. No. 5, 6, 7, 9, 11, 12 and 14 of *Appendix-XIV*

<sup>5</sup> Provincial Divisions, Charakhi Dadri, Jind, No. I Panipat and No. I and II Sirsa.

<sup>6</sup> Provincial Divisions, Bhiwani, No. I Gurgaon, No. II Panipat, Narnaul, No. I Sonipat and S&P, Karnal.

respectively were spent (March 2001 to November 2001) on HUDCO works for the purchase of bitumen. Similarly, Rs 20 lakh allotted for construction works of new carriage way was spent on widening of existing carriage way and Rs 0.64 lakh meant for purchase of bitumen for HUDCO works during 1999-2000 was spent for purchase of diesel for vehicles in July 2001. Thus, Rs 4.07 crore was diverted unauthorisedly.

**(iii) Wrong accounting procedure – Government liability kept in deposits**

Provisions require that sum due to contractors on closed accounts only should be classified under Head “Public Works (PW) Deposits”. However, during 1999-2002 in eight<sup>7</sup> divisions, Rs 7.94 crore on account of running payment due to contractors/suppliers was charged to budget without making actual payment by keeping the amount under “Public Works Deposits” due to non-receipt of LOC. This was contrary to the codal provisions. The transactions resulted not only in irregular utilization of budget grant but also showed inflated figures under the head “PW Deposits”.

**(iv) Loss of interest-retention of money outside Government Accounts**

**Amounts kept outside Government Accounts**

Amounts received for Deposit Works are to be credited to “Public Works Deposits” and subsequently expenditure debited to it out of the funds released by Government through LOC.

Haryana Rural Development Fund Administration Board and Panchayati Raj Institutions deposited Rs 20.50 crore between May 1999 and January 2002 for execution of works. These amounts were kept in different banks in the names of EEs of concerned divisions as per decision taken by the EIC in October 1997, in contravention of instructions. The amount remained outside the Government Accounts and led to loss of interest of Rs 1.10 crore to the Government (at the rate of interest of 14 per cent).

**4.1.5 Human Resource Management**

**(i) Men in position vis-à-vis sanctioned posts in the department in various cadres during 1999-2002 were as under:**

Sr. No.	Cadre	Number of posts			Percentage of vacancy
		Sanctioned	Filled	Vacant	
1.	Technical				
	(a) Officer	416	416	-	-
	(b) Class III	1,646	1,293	353	21
	<b>Total</b>	<b>2,062</b>	<b>1,709</b>	<b>353</b>	
2.	Non-technical				
	(a) Officer	1	1	-	-
	(b) Class III	1,519	1,519	-	-
	(c) Class IV	10,704	10,421	283	3
	<b>Total</b>	<b>12,224</b>	<b>11,941</b>	<b>283</b>	
	<b>Grand Total</b>	<b>14,286</b>	<b>13,650</b>	<b>636</b>	

<sup>7</sup> Provincial Divisions, Bhiwani, , Charkhi Dadri, No.-I Gurgaon, Rewari, No. II Sirsa, No. I Sonipat, Bridge Construction Division, Chandigarh and S&P Division, Karnal.

**High ratio of non-technical staff**

It is evident that the ratio of technical and non-technical staff is very high at 1:7 against the prescribed norms of 1:3. There was disproportionately large number of non-technical staff particularly Beldars. Norms were not followed even for sanctioning of posts.

**(ii) Drawal of pay and allowances of unsanctioned posts**

In PWD (B&R), Mechanical Division, Ambala, pay and allowances of 26 Junior Engineers (JEs) were drawn (April 1999 to March 2002) against 19 sanctioned posts resulting in irregular expenditure of Rs 31.53 lakh on pay and allowances of 7 JEs. The EE stated (March 2002) that pay and allowances of 26 JEs were drawn within overall strength of Mechanical Circle. The reply of EE was not tenable as 7 JEs were posted at Ambala in excess of sanction of posts in the division.

In National Highway Construction Division, Panchkula, 72 regular Beldars transferred from other divisions had been working since 1 April 2000, whereas there was no sanctioned post of beldar. This resulted in irregular expenditure of Rs 80.58 lakh on their pay and allowances upto March 2002. The EE stated (May 2002) that these beldars had been transferred from other divisions and sanction of posts was awaited (July 2002). However, no case for sanction of these posts had been initiated.

**(iii) Excess expenditure on establishment****Excess expenditure of Rs 58.48 crore on establishment**

According to norms, the expenditure on establishment should not exceed 25 per cent of works expenditure. Notwithstanding these norms, excess expenditure of Rs 58.48 crore was incurred as detailed below:

Year	Works expenditure	Expenditure on establishment	Permissible establishment expenditure at 25 per cent of works expenditure	Excess expenditure on establishment
(1)	(2)	(3)	(4)	(5)
<b>(Rupees in crore)</b>				
1999-2000	288.73	105.74	72.18	33.56
2000-2001	344.88	111.14	86.22	24.92
2001-2002	520.58	109.87	130.14	--
<b>Total</b>	<b>1154.19</b>	<b>326.75</b>	<b>288.54</b>	<b>58.48</b>

**(iv) Nugatory expenditure**

To cater to stores requirement of five Mechanical Divisions of PWD (Building and Roads), a stores division with five sub-divisions was created (May 1979) at Karnal.

**Inadequate workload in three Mechanical Store sub-divisions**

Test-check of records of Stores & Procurement Division, Karnal revealed that in its 3 sub-divisions stores valuing Rs 38.37 lakh only were handled during the period April 1999 to January 2002. Against this, the establishment expenditure was Rs 64.56 lakh. No norms for deployment of staff were fixed, and sub-divisions continued with inadequate work.



#### 4.1.6 Haryana Highway Upgradation Project

(a) *Failure to avail of World Bank assistance*

**Due to violation of World Bank terms and conditions, loan of Rs 690.22 crore and Central assistance of Rs 295.80 crore could not be availed of**

The Haryana Highway Upgradation Project (HHUP) initiated in July 1993, envisaged upgradation (widening and strengthening) of 627.30 kilometres (km) and periodic maintenance of 2,595 kms of State Highways. The estimated cost of the Project was Rs 1,408.60 crore. World Bank was to finance 70 per cent of the Project cost whereas balance 30 per cent was to be provided by the State Government. 30 per cent of World Bank loan, was to be provided as grant by Government of India (GOI) and the balance Principal amount of loan along with interest was to be repaid in 20 years. The detailed project report was to be submitted to World Bank for appraisal by November 1994. A Denmark based firm was appointed (June 1995) as consultant for carrying out feasibility study, detailed engineering design and project implementation. No time limit for preparation of detailed design of the Project was fixed by the department though required as per World Bank norms. The consultant completed detailed design of Project Phase I covering 260.40 kms of road in September 1997 and Project Phase II covering 366.90 kms in December 1998. Payment of Rs 10.52 crore (including Rs 6.13 crore in Foreign Exchange) was made to the consultant. In audit, it was noticed that there was an inordinate delay in preparation of detailed design of the Project Phase I by the consultant which resulted in delay in submitting the Project Report to World Bank.

In April 1998, the State Government approached World Bank to finance the HHUP. The works were started in anticipation of sanction of loan from the World Bank and after deleting upgradation works, bids for periodic maintenance of 11 State Highways were invited by the department in July 1998. The World Bank authorities pointed out various discrepancies in these bids, viz. (i) technical specifications and bill of quantities not being in order, (ii) cost estimates being not based on market rates/trends and (iii) violation of bidding procedures, etc. The World Bank finally refused (August 2000) to sanction the loan on the grounds that (i) the State Government took little interest in institutional strengthening and maintenance aspects, (ii) inordinately delayed the essential studies even though agency for these studies was selected, (iii) works were allotted late and to ineligible bidders and (iv) the deletion of the upgradation works from the Project and the project design laying no emphasis on introduction of large construction packages with modern technologies and construction practices.

Thereupon the project excluding upgradation work was continued by the State Government by obtaining bridge loan from HUDCO and Rs 137.21 crore were spent upto March 2002. Scrutiny of records revealed that the rate of interest on HUDCO loan was 13.5 per cent per annum whereas the State Government liability of interest on World Bank loan would work out to 5.5 per cent per annum after taking into account the Central assistance to be received for the World Bank Project. Further, the World Bank loan was to be repaid in 20 years whereas HUDCO loan was to be repaid in 10 years.

Against the target of 2,595 kms of State Highways to be maintained under the project, work on 501.31 kms only could be completed and work on 546.62 kms was in progress as of March 2002.

Thus, due to delay in preparation of detailed designs of the project and non-adherence to World Bank's terms and conditions, the State Government failed to avail soft loan of Rs 690.22 crore from World Bank and Central assistance of Rs 295.80 crore from GOI and consequently deprived the State of better road facilities.

**Hiring of a consultant despite having sufficient engineering/technical staff**

(b) For supervision of 11 State Highway maintenance works and preparation of engineering drawings, a private consultant firm was engaged (June 1999) at a cost of Rs 4.66 crore. Rs 2.65 crore had been paid upto March 2002. According to normal functioning of the department the work relating to maintenance of roads right from commencement to completion is to be got executed by Divisional Officer with the help of SDOs/JEs/Draftsmen. But the department engaged a consultant for supervision of road maintenance works which resulted in unjustified expenditure of Rs 2.65 crore with further liability of Rs 2.01 crore.

#### 4.1.7 Programme management

(a) *Physical targets and achievements*

(i) *State schemes*

The physical targets and achievements were as under:

Item	1999-2000		2000-2001		2001-2002	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
	(In kilometres)					
Construction of Link roads	65	69	34	65	52	45.5
Widening/ Strengthening/ Raising/ Pre-mix carpeting	200	294	500	1588	5126	4928
Bye-passes	37	-	23	-	-	-
Bridges	2	-	-	-	1	3
NABARD	152	-	-	-	-	-
NCR/Gurgaon/ Faridabad	-	-	100	-	-	-

Against the annual action plan target of 500 kms at a cost of Rs 120 crore for widening/strengthening/raising and pre-mix carpeting, during 2000-2001 the achievement was 1,588 kms at a cost of Rs 139.58 crore. Excessively high achievement was due to deletion of upgradation works from the HHUP as discussed in paragraph 4.1.6(a) supra. On the other hand construction of bye passes during 1999-2002 and bridges during 1999-2001 were not at all started.

**(ii) National Highways**

The physical targets and achievements were as under:-

Name of scheme	1999-2000		2000-2001		2001-2002	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
	(In kilometres)					
4- laning	0.87	-	0.87	0.87	-	-
Strengthening	76.58	27.37	306.17	232.24	176.755	112.189
Raising	13.45	1.30	12.15	11.15	4.03	2.00
Widening/Hard-shouldering	71.92	27.80	50.50	31.75	240.37	37.10
Bye Passes	-	-	-	-	0.145	-
Renewal coat	256.80	204.50	82.06	38.24	128.21	105.920

**Non-achievement of targets**

It would be seen that the department failed to achieve the targets in respect of all the schemes (except four laning) although the funds were not a constraint. The main reasons for non-achievement of targets were non-preparation of estimates, design of bridges/studs and non-acquisition of land.

**(iii) Buildings**

The physical targets and achievements were as under:

Year	Targets (in numbers)	Achievements (in numbers)	Shortfall (in numbers)	Percentage
1999-2000	107	37	70	65
2000-2001	52	17	35	67
2001-2002	94	32	62	66

**Shortfall in achievement of targets in construction of buildings**

The reason for shortfall was attributed (May 2002) by EIC to non-allotment of funds by the State Government. It was noticed in audit that construction of buildings were being sanctioned without assessing the availability of funds. Illustratively works on four buildings<sup>8</sup> had to be deferred for want of funds after spending Rs 6.30 lakh in 2001-2002.

**(b) Reimbursement claims**

Against claims of reimbursement of expenditure aggregating Rs 346.78 crore preferred by the State Government, Rs 246.58 crore was only reimbursed by MORT&H during 1999-2002 leaving a balance of Rs 100.20 crore which was disallowed/withheld/awaiting reimbursement.

Out of Rs 100.20 crore, Rs 2.66 crore was disallowed due to non-adoption of MORT&H specifications of heating the bitumen on boiler instead of using fire ood and non-regularisation of excess expenditure over and above the sanctioned estimates and Rs 5.59 crore spent on inadmissible items. Besides,

<sup>8</sup> Administrative block in Chhotu Ram State Engineering College, Murthal, Government Polytechnic at Loharu-“Teaching Block”, Trauma block B and C in PGIMS, Rohtak and Trauma block A in PGIMS, Rohtak.

reimbursement of Rs 61 crore had been withheld for want of requisite documents. Claims worth Rs 30.95 crore pertain to February-March 2002 and were awaiting reimbursement (June 2002).

**(c) Non-collection of fee for use of bridges on National Highways**

**Loss due to non-levy of Toll fee for use of bridges**

As per National Highway Rules 1992, further clarified by GOI in July 2000 and August 2001, the fee for the use of National Highway Section and Permanent bridge (Public Funded Project), the cost of which (including the cost of toll booths) was more than Rs 100 lakh, completed and opened to traffic on or after first day of April 1976, was required to be collected immediately after construction of facility by the State Government, either departmentally or through private contractor and required to be remitted to Pay and Accounts Officer, Office of the National Highway Authority, New Delhi. MORT&H in turn releases funds to the State Government for development of National Highways.

High level Bridge over river Jhajjra in kilometre 53 of Ambala-Kalka National Highway was completed on 31 March 2001 at a cost of Rs 3.60 crore. The proposal of the department to impose the Toll fee structure was also approved by the State Government on 8 October 2001, but Toll fee was not being collected as of April 2002 leading to loss of revenue of Rs 2.27 crore<sup>9</sup> to the Government.

**(d) Time and cost overrun**

Of 72 works of test checked divisions, 30 works (42 per cent) were completed in time and 20 works were completed with delays ranging between 2 and 50 months. 22 works were still in progress as of March 2002, though scheduled dates of completion were over 11 to 168 months before.

Against the estimated cost of Rs 8.04 crore, 11 works<sup>10</sup> were completed with time overrun of 8 to 27 months and with cost overrun of Rs 4.26 crore (53 per cent). Three works<sup>11</sup> were still in progress while the scheduled dates of completion had been over 20 to 42 months before and the expenditure had already exceeded the estimated cost by Rs 65.34 lakh. Details are in **Appendix-XIV**. The delay in completion and cost overrun was mainly due to non-supply of materials, change in scope of work, delay in preparation of drawings, non-release of LOC, etc.

<sup>9</sup> Loss of revenue calculated at Rs 1,10,570 per day for 205 days from 8 October 2001 to 30 April 2002 on the basis of traffic census conducted by the department.

<sup>10</sup> Sr. No. 1 to 9 and 13 to 14 of **Appendix-XIV**.

<sup>11</sup> S.No.10 to 12 of **Appendix-XIV**.

#### 4.1.8 Execution of works

##### (i) Unfruitful expenditure due to defective construction of link road

Unfruitful expenditure on village road constructed without technical sanction

The EE, Bridge Construction Division, Chandigarh constructed (August 1998) a link road between village Jallah and Mandana via Thapli in Panchkula district at a cost of Rs 93 lakh except for a stretch of 300 metres. This stretch of 300 metres was passing through forest land and construction of this road required prior permission from the Central Government. This had not been obtained. Thus, the road so far constructed remained unutilised leading to unfruitful expenditure of Rs 93 lakh. Additional Deputy Commissioner during inspection also noticed (November 1998) that gradient near village Thapli was so high that heavy vehicles could not pass through the road. Approval of alignment and technical sanction had not been obtained from CE (Roads).

##### (ii) Infructuous expenditure on repair work without survey

Infructuous expenditure on laying of bituminous macadam on weak sub-base

On the basis of survey conducted during 1995-97 by a private consultant firm hired for the World Bank Project, the works of periodic maintenance of (i) Gohana-Jind-Barwala road and (ii) Assandh-Jind road were taken up by the Provincial Division, Jind in November 2000 and August 2000, under the Haryana Highway Upgradation Project (HHUP). Both the works were allotted to an agency by the Chief Engineer, (HHUP) at a cost of Rs 14.23 crore and Rs 7.17 crore respectively. No fresh survey regarding condition of roads was conducted before allotting the works (August 2000). During execution of works (October 2001) the executing agency complained that in some reaches the sub-base of the roads had got damaged/sunk after bituminous macadam was laid and profile corrective course works were required to be undertaken. The agency requested for taking up corrective measures for strengthening the existing sub-base and demanded extra payment as per rates in the agreement on account of reconstruction of damaged portion. Rs 67.75 lakh (Rs 19.35 lakh in Gohana-Barwala road and Rs 48.40 lakh in Assandh-Jind road) were paid to the agency, for relaying bituminous macadam and profile corrective course which had got damaged due to failure of sub-base. Failure to get the fresh survey conducted before allotting the works, resulted in infructuous expenditure of Rs 67.75 lakh.

##### (iii) Avoidable Expenditure

Failure of Departmental officers to protect encroachment of Government land resulted in avoidable expenditure of Rs 21.64 lakh

MORT&H sanctioned (December 1997) a revised estimate for the work of "Widening of 4 lanes including strengthening of existing pavement of National Highway-I (NH-I) from km 50 to 130" for Rs 27.32 crore. Estimate contained a provision of Rs 22.40 lakh for cutting (Rs 12.81 lakh) and carriage/removal (Rs 9.59 lakh) of 15,075 cum coal and foundry slag dumped by various foundries in restricted area of Government land in Samalkha Town. However, the expenditure on this item was restricted to that already incurred till date (December 1997) and no further cutting and removal from the green belt was to be taken up.

Test-check of records (December 2000) of the EE, Provincial Division II, World Bank (WB) Works, Panipat revealed that Rs 17.31 lakh had already

been paid to an agency 'A' for the work of cutting and carriage/removal of coal and foundry slag on the above area of the road before the date of sanction of the estimate (December 1997).

It was further noticed that another payment of Rs 21.64 lakh was made (February 2001) to agency 'B' for similar items of work executed during September to December 2000 other than those covered in payment of Rs 17.31 lakh in the same section of NH-I after getting the quantities and rates approved (January 2001) as non-scheduled items from the Chief Engineer (NH), PWD (B&R), Haryana despite a decision not to allow further cutting and removal in December 1997.

Thus, failure of the departmental officers in preventing encroachment on Government land in their charge as per codal provisions resulted in avoidable expenditure of Rs 21.64 lakh on clearance of coal and foundry slag. No action to fix responsibility of defaulting officer(s) had been initiated (March 2002).

**(iv) Undue financial aid to an agency**

**Undue financial aid to an agency led to loss of interest of Rs 90 lakh and outstanding principal amount of Rs 2.80 crore**

Bids for the construction of Four Lane Road Over Bridge on Delhi-Agra Railway line at Faridabad New Town Railway Station on Built-Operate-Transfer (BOT) basis, were invited by the department in January 1998. As per terms of the bid notice, the entrepreneur was to make arrangements for financing the project from his own resources and collect Toll fee from the vehicles. The work was allotted (December 1998) to an agency for an ownership right of eight years nine months plus ninety days (including construction period of 2 years). The scope of work, inter-alia, included construction of the bridge which was under construction at that time. Contrary to the terms of agreement, it was decided (December 1998) that initially Rs 4 crore towards construction cost of the bridge would be paid by the department to Railway Authorities on behalf of the agency which would be reimbursed by it to PWD at the rate of Rs 30 lakh every six months. First instalment was to be paid on allotment of work. The work was completed and the agency started collecting Toll fee from October 2000 onwards. However, the agency stopped payment of further instalments after depositing four instalments of Rs 30 lakh each up to June 2000. This resulted in undue financial aid of Rs 4 crore to the agency and loss of interest of Rs 90 lakh<sup>12</sup> upto March 2002 besides non-recovery of Rs 2.80 crore and interest thereon. No action was taken by the department to recover the amount.

**(v) Unjustified expenditure on laying of premix carpet prematurely**

**Unjustified expenditure on laying of renewal coat prematurely**

In three<sup>13</sup> Provincial Divisions, work of special repairs in various kms of 3 roads namely (i) Hansi-Barwala Road, (ii) Barwala-Jind road and (iii) Sirsa-Ellanabad road were executed during 1998-2000. Apart from other items, the special repair works included 20 mm thick premix carpet including tack coat with 'B' type seal coat. According to norms fixed by the department, renewal coat on roads is laid after an interval of 5 years where bitumen had been used.

<sup>12</sup> Calculated at 14 per cent from March 1999 to March 2002.

<sup>13</sup> Provincial Divisions, Hansi, Hisar-I and Sirsa-II.

Accordingly, every year certain stretches of a road are selected in such a manner that the work of renewal coat on the entire length of the road is completed within a cycle of 5 years.

The works of periodic maintenance of these roads were also taken up by the department under HHUP and the works in the entire length of these roads were allotted to various agencies during October-November 2000. The works including widening of existing width of road from 5.50 to 7.00 metres, laying of tack coat, bitumen macadam 50 mm and mixed seal surfacing in the entire portion of the road were executed by the agencies during 2000-2002.

In audit, it was noticed that in certain reaches the work was allotted though the work in these reaches had already been done during preceding five years and renewal coat was not due. Thus, laying of premix carpet prematurely in the same reaches resulted in avoidable expenditure of Rs 3.10 crore.

On being pointed out, the concerned EE stated that these works were being executed on the basis of works allotted by the Head Office and bitumenous macadam were laid in full length of the roads to improve the riding qualities keeping in view the traffic intensity and axle load. The reply was not tenable as the earlier works were also stated to have been executed strictly in accordance with PWD specifications which were to last for 5 years. Besides, no fresh survey of traffic intensity and axle load was undertaken by the department before taking up the works on these roads.

*(vi) Irregular time extension for delay in completion of works*

**Irregular time extension granted to avoid levy of liquidated damages**

Periodic maintenance of SH-14 Panipat – Safidon - Jind (66.5 km) road under HHUP was allotted to a firm during November 2000, with the condition to reach the Mile-Stone-I i.e. completion of 37 kms by 26 July 2001 and the entire work by 26 November 2001 at a cost of Rs 11.98 crore. As per clause 49 of the contract, the liquidated damages for the whole work was Rs 1,25,000 per day and that for the milestone Rs 83,000 per day subject to a maximum amount of 10 *per cent* of final contract price recoverable for delayed completion of works.

The Engineer-in-Chief granted the extension up to 20 November 2001 in case of Milestone-I and for entire work up to 20 March 2002 on the grounds of (i) delay in grant of mobilisation advances and equipment advance, (ii) weather conditions and (iii) delay in deciding the Executive Engineer incharge. These were not based on facts as (i) there was delay of only 44 days in release of advance while the extension was granted for 115 days, (ii) weather conditions were taken into account at the time of allotment of contract.

Thus, due to grant of irregular extension of 71 days, liquidated damages of Rs 88.75 lakh could not be levied on the contractor.

**(vii) Extra payment on account of price variation**

**Extra payment of Rs 94.49 lakh due to allowing inadmissible price variation**

Provincial Division No-II, Panipat allotted the work of widening of 4 lanes including strengthening of existing carriage way from km 50 to 74.80 of NH-I to a contractor in April 1992 for completion by December 1995, extended up to 6 May 1996. Under clause 70 of the contract, the price was subject to adjustment on account of general variation of price of materials till expiry of the contract period or such extended time as granted by the Engineer. But no variation was admissible if cost incurred was due to the default or negligence on the part of the contractor. The agency failed to complete the work within the extended period i.e. up to 6 May 1996. The agency again requested (April 1996) to extend the time limit up to 31 May 1997 to complete the project. The Chief Engineer (NH), Haryana, PWD, B&R granted extension of time upto 31 May 1997. As such variation of price was not to be allowed beyond 6 May 1996 to the agency. In contravention, the agency was paid Rs 94.49 lakh on account of variation of price during the period 7 May 1996 to 28 January 1999. This resulted in extra payment of Rs 94.49 lakh to the firm. No responsibility in the matter had been fixed.

**(viii) Extra expenditure due to excess consumption of bitumen**

**Consumption of bitumen worth Rs 52.43 lakh in excess of norms**

The work for strengthening of Sher Shah Suri Marg (NH-1) km 29.295 to 50 (New Carriage Way) was allotted (September 1998) to a contractor at a cost of Rs 4.79 crore by the EE, Provincial Division III, Karnal. As per DNIT, 4 per cent and 4.5 per cent of bitumen content by weight of the total mix as binder was to be used for providing and laying 100 mm thick compacted dense bitumenous macadam (DBM) and providing and laying 40 mm thick compacted bitumenous concrete (BC) respectively. The Job mix formula for these items of work was to be got approved from Central Road Research Institute (CRRI). During audit (July 2000) it was noticed that job mix formula was sent to Central Road Research Institute in December 1998 who informed (July 1999) the divisional office that the aggregates of job mix formula of both DBM and BC given by the contractor were of stripping variety and with the use of these aggregates it was not possible to conform to specified percentage of bitumen thereafter. Instead of asking the contractor to change aggregates, the EE allowed (May 2000) consumption of bitumen at 5.2 per cent in case of DBM and at 5.7 per cent in case of BC resulting in extra payment of Rs 52.43 lakh. The Divisional Officer stated (February 2001) that the bitumen was treated with suitable dose of anti stripping agent. The reply was not tenable as the contractor was allowed excess consumption of bitumen, resulting in extra expenditure of Rs 52.43 lakh, instead of asking him to change the quality of aggregates.

**(ix) Extra expenditure due to non-adoption of specification in applying tack coat**

In Provincial Division, Narwana tack coat had been applied with 5 kilogram (kg.) bitumen for 10 square metres area instead of 2.5 kgs bituminous emulsion. During 2000-2002, eight works had been executed and 306 metric tonnes (MT) of bitumen had been consumed instead of 122 MT of bituminous emulsion resulting in extra expenditure of Rs 15.30 lakh. The EE



stated (February 2002) that the bitumen consumption was as per PWD specifications. Reply was not correct as CE (Roads) had issued instructions (March 2000) to use bitumen emulsion for such works as per MORT&H specifications (third revision of 1995).

**(x) Unfruitful expenditure/infructuous expenditure on incomplete works**

**Roads left incomplete after spending Rs 1.68 crore**

**(a)** 28 new roads/duplicate link roads at an estimated cost of Rs 6.19 crore were undertaken by three<sup>14</sup> divisions during 1995-97. After partially completing the earth work during November 1996 to November 2000 at a cost of Rs 1.68 crore further works were stopped on these roads. The incomplete roads were lying in a state of neglect and no efforts were made by the department to ensure the completion of these roads.

The Divisional Officers of Provincial Divisions replied that these roads were constructed upto earth work level and thereafter no funds were allotted. Thus taking up the works without ensuring the availability of funds resulted in unfruitful expenditure of Rs 1.68 crore on incomplete roads.

**Bye-pass at Jhajjar not completed, Rs 93.77 lakh spent were rendered infructuous**

**(b)** The work regarding construction of Jhajjar bye-pass was approved by the Government in August 1996 for a length of 4.53 km at a cost of Rs 4.11 crore. The Provincial Division, Jhajjar completed the earth work in a length of 4.00 km at a cost of Rs 93.77 lakh during 1997-98. Tenders for the remaining work were invited in February 1999 but were not approved by the Government on the plea that Bawal-Rewari-Jhajjar-Rohtak road had been declared as National Highway and MORT&H would be requested to complete the pending work. On being asked, the MORT&H intimated (October 1999) the department that stretches of the newly declared National Highways where development projects were in progress should be completed by the State Government and handed over to the National Highway wing only after completion.

In audit (December 2001) it was noticed that no action to complete the balance work was taken up by the EE in order to protect the already executed work and make the road functional. Due to non-completion of work, the bye-pass could not be handed over (March 2002) to the National Highway Authorities (GOI) thus rendering the earthwork of Rs 93.77 lakh as infructuous.

**(xi) Loss due to lapse of bank guarantee**

**Non-encashment/renewal of Bank Guarantee leading to loss**

The work 'periodic maintenance of State Highway No. 14' was allotted to an agency in February 2000 at a cost of Rs 8.98 crore for 60 kms which was later enhanced to Rs 9.93 crore to be completed by 23 February 2001. According to work programme, the agency was required to complete the work in 33 kms by 23 October 2000 and the remaining 27 kms by 23 February 2001. On submission of bank guarantee for Rs 44.90 lakh, the agency was paid mobilisation advances of Rs 44.90 lakh in February 2000. The progress of work was very slow and never reached the desired level of work programme as mentioned in the contract. The agency completed only 2.89 per cent of

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<sup>14</sup> Provincial Divisions, Hisar-I, Jind and Rewari.

work against the requirement of 55 *per cent* work as of November 2000. The work was totally stopped by the agency in December 2000. In between, two bank guarantees amounting to Rs 30 lakh submitted by the agency lapsed and these were not got renewed/encashed. On failure of the agency to resume work, the contract was terminated (August 2001) by the department and Rs 1.50 crore<sup>15</sup> was recoverable from the agency for which recovery proceedings were not initiated (April 2002). By not getting the bank guarantees of Rs 30 lakh renewed/encashed, the SE, Jind Circle, (Engineer-in-Charge of the work) bestowed undue favour to the agency. No responsibility in the matter was fixed by the department.

**(xii) Loss of revenue due to non-levy of Toll-fee**

**Loss due to non-levy of Toll fee for use of roads**

To improve the condition of State roads, the State Government had raised (March 2000) a loan of Rs 173.92 crore from Housing and Urban Development Corporation (HUDCO). To repay the loan and interest to HUDCO, it was decided by the State Government to levy Toll fee at 16 points after improvement of State highways.

In Provincial Division, Rewari and Provincial Division I, Sonipat periodical maintenance works of two State highways namely Rewari-Ateli-Narnaul road and UP-Border-Sonipat-Gohana road were completed at a cost of Rs 22.93 crore in August 2001 and November 2001 against the scheduled date of completion of March 2001 and November 2001 respectively. Both these roads were identified for levy of Toll fee to be levied immediately on completion of these works. In audit, it was noticed that no Toll fee was levied on these roads as of March 2002, which resulted in loss of revenue of Rs 1.53 crore (Rewari: Rs 80.50 lakh; Sonipat: Rs 72.67 lakh). Reasons for non-levy of Toll fee were not on record. Reply of EIC was awaited (July 2002).

**(xiii) Unfruitful expenditure on construction of staff quarters**

**Unfruitful expenditure of Rs 33.92 lakh on construction of staff quarters lying incomplete**

The work of construction of nine staff quarters in Government College, Loharu was administratively approved (March 1997) by the State Government for Rs 26 lakh. The work was allotted (May 1998) to a contractor for Rs 19.27 lakh and was to be completed by 13 November 1998. The contractor completed 70 *per cent* of the work (March 1999) and was paid Rs 19.14 lakh. The balance 30 *per cent* of work was held up due to non-sanction of revised cost estimate of Rs 43.87 lakh submitted in April 2001. Due to incorrect preparation of original estimate and delay in preparation of revised estimate, the partially constructed staff quarters at a cost of Rs 26.53 lakh, including Rs.7.39 lakh on account of cost of construction of boundary wall, etc. against a separate estimate, were lying unutilised.

<sup>15</sup> Penalty (Rs 1.93 crore) + outstanding mobilization advance (Rs 30 lakh) – (Performance guarantee encashed (Rs 45 lakh) + work done by the contractor but not paid (Rs 28 lakh)).

#### 4.1.9 Stores and Stock

##### (i) Under-utilization of road rollers

Utilization of road rollers ranged between 16 to 69 per cent

87 road rollers worth Rs 5.10 crore were in operation in ten Provincial Divisions for operation on road works. Test-check of records revealed that utilization of 84 rollers ranged between 16 and 69 per cent only (48 rollers: 16 to 30 per cent; 22 rollers: 31 to 49 per cent and 14 rollers: 50 to 69 per cent) against the norm of 1000 hours per year per roller. Due to under-utilisation of road rollers, idle wages of Rs 1.60 crore (out of total salary paid of Rs 2.66 crore) were paid to the drivers during 1999-2002. Reasons for non-utilisation of road rollers to the optimum capacity were not furnished (April 2002).

##### (ii) Fictitious adjustments of stock

According to codal provisions, stock adjustments such as debiting a work with the cost of material not required or in excess of actual requirement are strictly prohibited. In contravention of codal requirement, material valuing Rs 12.02 lakh and Rs 47.56 lakh was booked against various works by Provincial Division-III, Rohtak and Bridge Construction Division, Chandigarh in March 1999 and March 2001 respectively. The material was, however, withdrawn in September 1999 and June 2001 by transfer to stock/other works. The action of the EE was mainly to avoid the lapse of budget grant which was irregular.

##### (iii) Excess payment of sales tax on purchase of bitumen

Non-availing of the concessional rate of sales tax

In five<sup>16</sup> Provincial Divisions, it was noticed that bitumen valuing Rs 11.76 crore was purchased from Indian Oil Corporation, Panipat during April 2000 to August 2001 by paying sales tax at the rate of 10 per cent instead of concessional rate of 4 per cent (effective from 4 March 2000) against declaration in Form B by the concerned EEs. The omission resulted in extra expenditure of Rs 64.15 lakh. No action had been taken by EEs for getting the refund of excess sales tax paid.

#### 4.1.10 Monitoring

Ineffective monitoring

The execution/completion of works was required to be effectively monitored by the Engineer-in-Chief, with a view to ensure that for each work, targets relating to time, cost, services, etc. were achieved.

It was, however, noticed that no monitoring cell was created to watch the progress of works. The periodical progress reports (physical and financial) received by the EIC from the field officers were not scrutinized properly and no follow-up action was taken on deficient works. The reports did not indicate time frame fixed for completion of schemes. As a result, new roads/second

<sup>16</sup> Provincial Divisions, No. I Hisar, Narnual, No. I Panipat, Rewari and No. I Sonipat.

link roads undertaken by the divisions remained incomplete. Funds were not being earmarked for completing the left out works. In respect of five<sup>17</sup> divisions, the SE failed to conduct annual inspection during 1999-2000. 16 sub-divisions falling under four<sup>18</sup> divisions were also not inspected annually by concerned Executive Engineer/Divisional Accounts Officers.

#### **4.1.11 Conclusion**

The department has to improve budgetary and estimation procedures to effectively use the available funds. The EIC has to streamline the staff observing the norms and to cut down establishment cost. Supervisory staff should see that responsibility is fixed where the materials usage varies. Undue favours to contractors, shoddy preparation of estimates, etc. are noticed. Monitoring and Inspection Mechanisms within the department require toning up.

These points were referred to the Government in June 2002; reply had not been received (July 2002).

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<sup>17</sup> Provincial Divisions, Bhiwani, Hansi, Jind, Narwana and No. II Sirsa.

<sup>18</sup> Provincial Divisions, Bhiwani, Hansi, Jind and Narwana.

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## CHAPTER-IV

### **SECTION – B** **AUDIT PARAGRAPHS**

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**Section – B – Audit Paragraphs**
**Public Works Department  
(Building and Roads Branch)**
**4.2 Idle investment due to improper planning on road over bridge**
**Partial construction of road over bridge at a cost of Rs 2.28 crore on National Highway-I lying unutilised due to non-construction of remaining part of over bridge by the Railways**

National Highway I (NH-I) passes through Ambala Cantonment (Cantt.) and divides it into two halves, North and South. Commutation by Army and Civilian traffic between the two parts of the Cantt. involves crossing of the National Highway and high volume and speed of traffic made the crossing fraught with danger. To overcome the problem of crossing the NH-I, construction of a new Military Bridge at kilometre (km) 200.600 of NH-I near Railway station Ambala Cantt. was approved (May 1998) by Ministry of Road Transport and Highways (MORT&H). The proposal of “Four laning and strengthening of NH-I km 132.675 to 212.161” was sanctioned (January 2001) by MORT&H for Rs 371.99 crore. The proposed new bridge extends the existing railway over bridge with the new military bridge which is over the National Highway. The work was allotted to the agency which was executing the work of “Four laning and strengthening of NH-I km 155 to 212.161” at the same rates. The work of the new over bridge NH-I was completed in April 2000 at a cost of Rs 2.18 crore.

The existing railway bridge over railway tracks was to be reconstructed by Railway Authorities along with the approaches of road over bridge on UMB – LDH section. The expenditure on the approaches was to be borne by State PWD. Railway authorities prepared (April 1999) an estimate of Rs 20 lakh revised to Rs 1.52 crore in May 1999 which was further revised to Rs 3.16 crore in April 2002. The State Government paid Rs 10.60 lakh (Rs 0.60 lakh in April 1999 and Rs 10 lakh in September 2000) to the Railways. The estimate was awaiting approval from the MORT&H as of July 2002.

During audit (July 2000) of WB Project Division, Ambala Cantt. it was noticed that the department instead of constructing military bridge over the National Highway simultaneously with the reconstruction of the existing Railway bridge (which was to be constructed by the Railways) completed only the over bridge in April 2000. The bridge so constructed on NH-I was lying idle as portion of the bridge over railway track linking the military bridge on NH-I had not been taken up as of July 2002. Resultantly the military bridge, which is only a portion of the total over bridge is unserviceable.

Thus, improper planning and construction of only the military bridge has led to an idle investment of Rs 2.18 crore since April 2000 besides Rs 10.60 lakh lying with the Railways.

The Chief Engineer, World Bank Project, Haryana stated (July 2002) that the Railway Department had been changing their proposal/cost estimates. The new proposal costing Rs 3.15 crore was not considered reasonable and matter had been taken up with the Railways.

The matter was referred to the Government in June 2002; reply had not been received (August 2002).

## **Irrigation Branch**

### **4.3 Unjustified premature expenditure**

#### **Unfruitful expenditure of Rs 1.69 crore incurred on incomplete works without ensuring the availability of water in SYL Channel**

Madhogarh Branch, a part of Jawahar Lal Nehru (JLN) lift Irrigation Scheme Stage V, takes off from Satnali Feeder at km. 36.523. The branch was to irrigate the area of Bhiwani and Mohindergarh districts covering Gross Command Area (GCA) of 4600 acre and Cultivable Command Area (CCA) of 4,265 acre. The construction of channel was started in 1981 and Rs 2.41 crore was spent upto 1986-87. In addition, Rs 12.09 lakh was paid (May 1984 and February 1987) to Northern Railways, Bikaner for construction of a bridge at km. 8.368. Being a carrier channel, estimates for Rs 60.63 lakh for energisation of pump houses were also sanctioned in May 1993 against which department paid (February 1987) Rs 34.02 lakh to Haryana State Electricity Board (HSEB) {(Now Haryana Vidhut Prasarn Nigam (HVPN))}.

Mention regarding unfruitful expenditure due to non-energisation of pumps was made in paragraph 4.1.10.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 – Government of Haryana. The Financial Commissioner and Secretary to Government, Irrigation Department in his reply (February 1996) to the Public Accounts Committee (PAC) stated that works were completed with the hope that water would be available immediately on completion of canals/pump houses, etc. but later on due to inter-state dispute on sharing of water it was not considered proper to spend more money on energisation as the full supply of water in the JLN system was not available and the situation was beyond their control. PAC, however, was not satisfied with the reply that pumps were still without electricity connections since 1987 and thus termed the whole expenditure incurred on construction of channel, pump houses and machinery as unfruitful and recommended that sincere efforts be made to put all these pumps in working condition. But the position remained the same as of March 2002.

Scrutiny of records (March 2001) of Mohindergarh Canal Water Services, Mechanical Division, Narnaul and Mohindergarh Canal Water Services Division, Charkhi Dadri revealed that the works remained suspended for

12 years and were resumed in July 1999. Rs 1.23 crore and Rs 0.46 crore were paid during March 1999 to December 2000 in addition to Rs 34.02 lakh and Rs 12.09 lakh already paid to HVPN and to Railway authorities respectively without getting the revised estimates sanctioned. However, the works were still in progress as of July 2002.

The Executive Engineer, Mohindergarh Canal Water Services Division, Charkhi Dadri intimated (March 2002) that besides civil works costing Rs 2.41 crore already done up to 1986-87, civil works of Rs 3.11 crore were still to be executed.

It was further stated that the system was dependent on completion of Satluj Yamuna Link (SYL) Canal in Punjab State and availability of water.

Thus, the payment of Rs 1.57 crore made to HVPN and Rs 0.58 crore paid to Railways without ensuring the availability of water after completion of carrier SYL channel from Punjab, had remained unfruitful. Additional expenditure of Rs 1.69 crore was also incurred during March 1999 to December 2000 without resolving the inter state dispute and ensuring availability of water. The EIC Irrigation Branch stated (August 2002) that payments to HVPN and Railway authorities were made so that the scheme is ready for functioning on completion of carrier SYL channel in Punjab. Thus despite observations of PAC on the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 energisation of the pumps had not been achieved in the last 15 years.

The matter was referred to the Government in April 2002; their reply had not been received (August 2002).

#### **4.4 Avoidable expenditure**

##### **Delay in finalising tendered rates by Chief Engineer resulted in avoidable expenditure of Rs 16.07 lakh**

The Executive Engineer (EE), Water Services Division, Narwana opened tenders for execution of "Earthwork and lining of Barsola Feeder RD 5000-10000 and RD 10000- 15250" on 30 December 1997 with the validity upto 90 days i.e 30 March 1998. The lowest tendered rates of contractors 'A' and 'B' were recommended by the EE to the Superintending Engineer (SE), Bhakhra Water Services Circle, Kaithal on 27 January 1998 and 1 January 1998. The SE further recommended these rates to the Chief Engineer (CE), Bhakhra Water Services, Irrigation Department on 2 February 1998 and 2 January 1998. But the CE approved the rates on 23 April 1998 and 12 May 1998 i.e. after the expiry of the validity period. The contractors who were asked (May 1998) to start the work did not turn up. As the rates were approved after the expiry of validity period, no action could be taken against the contractors. The tenders were re-invited and opened on 20 July 1999 and after approval (October 1999) of the rates from the CE, the works were allotted to contractors 'C' and 'D' in October 1999 and November 1999 respectively. The works were



completed in July 2000 and their final bills were paid for Rs 51.06 lakh and Rs 29.19 lakh in October 2001 and June 2001 respectively.

During audit (January 2002) of Water Services Division, Narwana it was noticed that the rates paid to contractors 'C' and 'D' were higher by 21 *per cent* and 33.50 *per cent* than those quoted by contractors 'A' and 'B' respectively. Thus, there was an avoidable expenditure of Rs 16.07 lakh due to delay in finalisation of rates by the CE.

The EE in his reply (February 2002) stated that no responsibility was fixed in his office as the tenders were processed well within the validity period by the division. The Engineer-in-Chief stated that responsibility was being fixed. Further developments were awaited (July 2002).

The matter was referred to the Government in April 2002; reply had not been received (August 2002).

## Public Health Branch

### 4.5 Excess payment for digging water storage tanks

#### Incorrect application of rates for excavation of water storage tanks for canal based water supply schemes resulted in excess payment of Rs 1.12 crore to contractors

Item 6.7 of Haryana Public Works Department (PWD) Schedule of Rates, 1988 (HSR) provided a rate of Rs 932 per 100 cum (Basic rate) for execution of "Earthwork in excavation in foundations, trenches, of underground structures, sullage drains, etc. and other similar works in ordinary soil". It has specifically been mentioned in the item that these rates are applicable "for Public Health Works only". Accordingly, the rate of Rs 932 per 100 cum is being paid for excavation of water storage tanks which is also an underground structure of Public Health works. The break up of Rs 932 is as under:

	Labour for Earth work	Unit	Number/Quantity	Rate	Amount
(i)	Mazdoor	100 cum	21 Nos	20.52	430.92 'B'
(ii)	Mazdoor of age not less than 15 years and under 18 years old	-do-	8 Nos	16.52	132.16 'B'
(iii)	Labour for refilling trenches in 15 cm layers, remming and watering, 80 <i>per cent</i> earth will be surplus {Rate as per item No. 6.13(a)}	-do-	20 cum	343.40	68.68
(iv)	Labour for dressing of sides, beds to correct section and dewatering of rain water templates, etc. (Mazdoor)	-do-	4 Nos	20.52	82.08 'B'
(v)	Removal of surplus spoil upto lead of 30 metres	-do-	80 cum	91.00	72.80
(vi)	Diversion of traffic, night signals, fixing and maintenance of caution board, watching, cutting grass and bushes, etc			Lump sum	2.50
(vii)	Crossing of trenches for access to houses			Lump sum	1.25
(viii)	Sundries			Lump sum	2.50
	Add for contractors profit and overhead charges at 21.50 <i>per cent</i> on items marked 'B'		645.16		138.71
	<b>Total</b>				Rs 931.60 say <b>Rs 932</b>

A perusal of the break up of these items by audit revealed that items mentioned at Sr. No. (iii), (iv), (vi) and (vii) were not payable while digging water storage tanks as these were actually not required to be executed at site, because (a) storage tanks being an underground structures were required to be excavated in cutting for which earth was required to be taken out to the precise dimensions to correct levels in such a manner that there existed neither any concavity nor any convexity; (b) the bed and side slopes are lined with bricks/tiles and hence refilling of 20 *per cent* of total excavated earth was not required and instead the item was required to be paid under item No. (v) above for which a rate of Rs 91.00 per 100 cum was fully payable; (c) diversion of traffic, night signals and caution boards were not required as the sites of water storage tanks were in the open fields away from the habitation and (d) crossing for access to houses was neither required nor possible to lay. Thus the payable rates worked out to Rs 778<sup>1</sup> instead of Rs 932 per 100 cum which resulted in excess payment at the rate of Rs 154 per 100 cum plus sanctioned zonal premiums and approved percentage rates of the contractors. The nature of excavation of water storage tanks was not actually similar to that of underground foundations, trenches, sullage drains, etc. and was thus not covered under item 6.7 of HSR. Instead a separate rate for this item of work was required to be worked out by treating it as a non-schedule item.

Through audit scrutiny and as per the information (October 2001 to April 2002) collected subsequently, it was noticed that in 21 Public Health Divisions, 267 works for excavation of water storage tanks were allotted (June 1991 to December 2001) to various contractors who executed (March 1992 to March 2002) 2857153 cum earthwork and were paid at the rate of Rs 932 instead of Rs 778 per 100 cum, besides sanctioned zonal premium and contractor's approved rates which resulted in overall excess payment of Rs 1.12 crore.

On being pointed out (January 2002) the Engineer-in-Chief, (EIC) Public Health Department stated (March 2002) that had all the components mentioned under item 6.7 of HSR been paid separately then amount payable to the contractor would have been higher than the rates provided under single item 6.7 of HSR. The reply was not tenable as all the components under the item 6.7 were not actually payable being not required for the nature of work executed and instead of preparing separate rates from this basic rate for item, 6.7 of HSR had been adopted facilitating excess payment to the contractors and causing loss of Rs 1.12 crore to Government.

The matter was referred to the Government in July 2002; reply had not been received (August 2002).

<sup>1</sup> Rs 932 (-) Rs 154 (Rs 99.73 + Rs 68.68 + Rs 2.50 + Rs 1.25 (-) Rs 18.20) = Rs 778.

#### **4.6 Unfruitful expenditure on water supply scheme**

##### **Simultaneous sanction of two water supply schemes by the State Sanitary Board for the same village resulted in unfruitful expenditure of Rs 47.60 lakh**

In some parts of Haryana, the ground water sources are affected with excess fluorides and salinity and such problem villages, wherever possible, have been provided with alternative drinking water facility through canal based water supply schemes. To eradicate the problem of excess fluorides, State Sanitary (SS) Board approved (May 2000) a project for Defluoridation and Desalination systems, in three<sup>2</sup> villages under "Sub-Mission Control of Fluorosis" for Rs 196.00 lakh on the basis of estimate prepared by the Executive Engineer (EE), Technology Mission, Gurgaon. The project was to be shared with Government of India on 50:50 basis. One out of the three schemes, proposed for installation of Defluoridation plant was in village Banipur (Rewari district), where the fluoride level of ground water source was higher by 5 mg per litre of water than the maximum permissible limit of 1 mg per litre of water. Accordingly, the EE, Public Health (PH) Division, Palwal placed (December 2000) an order with a firm in Chennai for supply and installation of Defluoridation-cum-desalination plant of 30,000 litres per capita per day (lpcd) capacity. The firm supplied the equipment and completed installation work (September 2001). An expenditure of Rs 47.60 lakh had been incurred on this scheme as of July 2002.

During audit of Public Health Division, Rewari (February 2002) it was noticed that the same village of Banipur was also covered under canal based water supply scheme of 12 villages from Jalalpur Distributary, which was approved by the SS Board in June 2000 for Rs 97.75 lakh. The estimate for the canal based water supply scheme was prepared by the EE, PH Division, Rewari on the plea that the installation of Defluoridation plant was typical and costly. The work for this scheme was allotted (February 2001) to contractor for Rs 53.65 lakh. Expenditure of Rs 48.80 lakh had been incurred upto July 2002 and the work was still in progress (July 2002).

Thus, two schemes were sanctioned in May and June 2000, under two different schemes, for supply of drinking water to the same village. Both the schemes were under progress as of July 2002. The State Sanitary Board had approved both the schemes and it was an injudicious decision. With the completion of canal based scheme Defluoridation plant would be of no use and the expenditure of Rs 47.60 lakh incurred upto July 2002 would be unfruitful besides recurring annual maintenance charges estimated to be Rs 2.75 lakh.

The matter was referred to the Government in April 2002; their reply had not been received (August 2002).

<sup>2</sup> Banipur (Rewari), Gharrot (Faridabad) and Phagu (Sirsa).