

## Chapter – IV Works Expenditure

### Irrigation and Flood Control Department

#### 4.1 Unfruitful expenditure on Lift Irrigation Scheme due to improper planning

**Unplanned execution of a Lift Irrigation Scheme without taking into account the proximity of command area to Jammu city and its possible urbanisation rendered the expenditure of Rs 23.68 lakh thereon largely unfruitful**

Lift Irrigation Scheme, Sidhra designed to irrigate 468 acres (Rabi: 220 acres; Kharif: 248 acres) of land in Sidhra area of Jammu district was commissioned in 1986-87 at a cost of Rs 23.68 lakh (civil works: Rs 11.68 lakh; mechanical works: Rs 12 lakh). Test-check (April 1999) of records of the Executive Engineer, Irrigation Division-I Jammu, however, revealed that the scheme irrigated only 29 acres each (12-13 *per cent* of the irrigation potential) during *Kharif* and *Rabi* seasons, up to *Kharif* 1994. The scheme had become non-functional thereafter due to non-clearance of the accumulated silt/*mulba* in the sump and dumping of construction material in the canal section due to large scale constructions being carried out in the area. It was further noticed in audit that the Lift Irrigation Scheme had become redundant due to urbanisation of the command area, which fell in the suburbs of Jammu city, and construction of a township in the area by the State Government.

On this being pointed out (April/June 1999) the Division stated that due to sale of agricultural land falling in the command area, for construction of residential houses, there was no possibility of utilisation of the created irrigation potential. It was further stated that a proposal for transfer of the machinery to Jammu Development Authority or Public Health Engineering Department or for utilisation on other lift irrigation schemes was under consideration. Further developments were awaited (February 2000).

Thus, utilisation of only 12 *per cent* of the irrigation potential created, up to *Kharif* 1994 and abandoning of the scheme thereafter indicated inadequate survey and improper planning particularly in view of the fact that the area falling in the suburbs of Jammu city was vulnerable to rapid urbanisation. This rendered the expenditure of Rs 23.68 lakh on the scheme largely unfruitful.

The matter was reported to the Department/Government in May 2000; reply had not been received (December 2000).

#### **4.2 Unfruitful expenditure on minor irrigation scheme due to inadequate investigation**

**Taking up of the work of construction of Challa *khul* by the Department without geological investigations and its failure to get the damages to the *khul* restored since November 1991, rendered the expenditure of Rs 20.40 lakh incurred on it unfruitful besides, denial of intended benefits to the beneficiaries of the area**

Construction of 9800 ft long Challa minor irrigation *khul* (estimated cost: Rs 15.17 lakh), designed to irrigate 450 acres of agricultural land in tehsil Billawar, was taken up by the Executive Engineer, Irrigation Division, Kathua during 1978-79. Though the construction of the *khul* was to be completed in four years, the work continued up to 1987-88 due to meagre annual plan allocations, by which time expenditure of Rs 17.38 lakh had been incurred. In August 1988, rains and land slides damaged a substantial portion of the constructed *khul*. A further expenditure of Rs 3.02 lakh was incurred on construction (Rs 2.70 lakh) and restoration of damages (Rs 0.32 lakh) to the *khul* during 1988-89 to 1990-91. Thereafter further work was stopped and a revised proposal for making the scheme functional, estimated to cost Rs 33.20 lakh including provision of Rs 6.93 lakh for restoration of damages, was submitted by the Executive Engineer in September 1991.

Test-check (May 1997) of the records of Irrigation Division, Kathua revealed that the work was taken up during 1978-79 without undertaking geological investigation of the site as the same was not considered necessary then. Administrative approval had also not been obtained. Geo-technical investigation of the site was, however, undertaken belatedly in November 1991 by the Geologist at the request of Superintending Engineer, Irrigation and Flood Control, Circle Kathua which revealed that the alignment of the canal passed through rugged topographical features and also along a very steep slope of a ridge. The remedial measures recommended (November 1991) by the Geologist had, however, not been taken as of February 2000, reportedly due to non-availability of funds and the work stood abandoned. It was also observed that the Design Directorate had sought clarification in September 1992 on the revised proposal of the Executive Engineer on cost increase, discharge of the source, design of the canal section, cost benefit ratio, etc. of the scheme. No action had been taken for providing the information on these parameters to the Design Directorate. As a result, the scheme continued to be non-functional (February 2000).

Thus, inadequate investigation and subsequent failure of the Department to execute the work, based on the recommendations of the Geologist, resulted in unfruitful expenditure of Rs 20.40 lakh. The objective of utilising irrigation potential of the minor irrigation scheme with inherent advantages of smaller capital outlay, short gestation period, etc. for providing assured irrigation facility to a backward area was also not achieved even after 22 years of taking up the work for execution.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

### **Ladakh Affairs Department**

#### **4.3 Unplanned and injudicious purchase of pump sets resulting in locking up of Government money**

##### **Unplanned and injudicious purchase of 3 pump sets by Executive Engineer, Mechanical Division, Kargil without taking into cognizance the availability of pump sets in stores resulted in locking up of Rs 15.98 lakh**

With a view to providing irrigation facilities to certain villages in Kargil district, District Development Commissioner, Kargil approved (October 1997) purchase of 2 electric and one diesel pump set at an estimated cost of Rs 18 lakh. The pump sets were to be provided during drought conditions to certain villages with potential for lift irrigation which had been identified by the Executive Engineer, Mechanical Division, Kargil during feasibility and field survey. Accordingly, Superintending Engineer, Mechanical Circle, Leh placed (October 1997) orders for supply of 3 pump sets with two Delhi based firms at a negotiated cost of Rs 17 lakh. A payment of Rs 15.98 lakh was made in March 1998 and the supplies were received in November 1998.

Test-check (July 1998) of the records of Executive Engineer, Mechanical Division, Kargil revealed that 3 new pump sets were purchased although 3 Kirloskar pump sets purchased during 1985-86 were already available in the divisional stores. The pump sets already available had also not been utilised since 1988, records for which period were available in the Division. The purchase of new pump sets had obviously been made without ascertaining the stock position of pump sets in the Division. The new pump sets had also not been utilised after their purchase which indicated that these were purchased without assessing immediate need.

Thus, injudicious and unplanned purchase of new pump sets without assessing their immediate need and despite availability of similar pump sets in Divisional stores resulted in locking up of funds amounting to Rs 15.98 lakh.

The matter was reported to the Department/Government in May 2000; their replies had not been received (December 2000).

### Mechanical Engineering Department

#### 4.4 Idle investment due to injudicious purchase of machinery and vehicles

**Injudicious purchase of a hydraulic excavator, hot mix plant and asphalt paver finisher and two trucks by the Mechanical Engineering Department and consequent non/underutilisation thereof resulted in idle investment of Rs 96.35 lakh besides, wasteful expenditure of Rs 4.43 lakh**

The State Government has been facing financial difficulties during the last few years particularly after 1996-97, which called for better financial management. Test-check of the records of Mechanical Engineering Department, however, revealed that the available funds were not utilised judiciously, which resulted in idle investment of Rs 96.35 lakh and wasteful expenditure of Rs 4.43 lakh as discussed below: -

(a) Despite availability of earth moving machinery, Chief Engineer, Mechanical Engineering Department, Jammu purchased (January 1999) a hydraulic excavator at a cost of Rs 40.24 lakh. Test-check (November 1999; March 2000) of the records of Executive Engineer, Mechanical Division, Jammu revealed that the purchase of hydraulic excavator had been made without taking cognizance of the approved outlays and works programme of the user divisions as the excavator was not utilised on any departmental work and remained idle as of March 2000. The machine had, however, been hired out to contractors/other agencies for 313 hours, against 1620<sup>Y</sup> available working hours earning a revenue of Rs 2.32 lakh which was insignificant and did not even cover the interest charge of 20.75 per cent (Rs 8.35 lakh on the locked up amount of the machine) which the Government was paying on its borrowings.

(b) In March 1998, Chief Engineer, Mechanical Engineering Department, Kashmir purchased a 20-30 tonnes per hour capacity hot mix plant and asphalt paver finisher at a cost of Rs 44.39 lakh for ensuring departmentally, quality macadamisation of roads in the districts of Baramulla and Kupwara. The foundations for installation of the plant were constructed (March 1999) at Veerwan (Baramulla) and Zangli (Kupwara) at a cost of Rs 4.43 lakh. However, macadamisation work of roads in these districts was not taken-up up to October 1998, when the progress of road works was reviewed by the Chief Minister in a meeting attended among others by the Chief

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<sup>Y</sup> Based on 270 working days in a year and 6 hours in a day

Secretary, Commissioner Secretary, Chief Engineers (Roads and Buildings) and representatives of the hot mix plant owners association/contractors. In the meeting, the representatives of the association/contractors stated that they were ready to execute the macadamisation works on the basis of rates quoted by them in the preceding year. A decision was accordingly taken to get the works executed through local contractors and to sell the hot mix plant through auction. The sale had not taken place as of July 1999. Thus the investment of Rs 44.39 lakh on purchase of equipment resulted in idle investment besides, rendering an expenditure of Rs 4.43 lakh on construction of foundations infructuous.

(c) The Chief Engineer, Mechanical Engineering Department, Jammu purchased (September 1997) 2 truck chassis at a cost of Rs 9.29 lakh for Mechanical Division, Kathua. The fabrication of the truck bodies on the new chassis was completed at a cost of Rs 2.43 lakh in May 1999 and June 1999 after delay of 18 months due to belated sanction by the Chief Engineer. These trucks had, however, been utilised for 21 days only against 292\* available days as of January 2000 which indicated that the purchase of these trucks was made without sufficient demand from user divisions. This resulted in the investment of Rs 11.72 lakh remaining largely idle.

Matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

## Power Development Department

### 4.5 Irregular expenditure of Rs 1.55 crore

**Expenditure of Rs 1.39 crore in absence of valid budget allotment and utilisation of departmental receipts of Rs 0.16 crore towards departmental expenditure was irregular and indicated poor financial discipline/control**

Financial rules of the State Government provide that no expenditure can be incurred unless provision for funds is kept in the budget estimates and funds are duly authorised/allotted. Further, no money can be kept outside the Government account in Personal Ledger Account or in Deposits without proper sanction of the Government.

(a) Chief Engineer, 220 KV TLP# Division, Jammu, in anticipation of Government sanction, allotted (November 1992) Rs 1.50 crore to Executive Engineer, 220 KV TLP Division, Udhampur for making payment to Forest

\* Based on 270 working days in a year  
# Transmission Line Project

Department on account of compensation for plantation coming under the alignment of transmission line from Kishenpur to Pampore. Payment of Rs 23.06 lakh was made to three\* forest divisions during March 1993 to November 1995 and a cheque for Rs 138.67 lakh was issued (November 1992) by the Division which instead of being handed over to the Forest Department was retained by it. The cheque having become time barred was, however, cancelled subsequently in July 1995. The amount of the cancelled cheque was wrongly reflected as minus debit in the accounts thereby understating the expenditure and inflating the budget provision for the year 1995-96 by Rs 138.67 lakh. Against Rs 138.67 lakh, the Division made payment (September 1995) of Rs 66.19 lakh to a firm for construction of a transmission line and retained the balance amount of Rs 72.48 lakh (September 1995) under Public Works Deposits. The amount of Rs 72.48 lakh was subsequently paid (March 1997) to the Forest Department alongwith a further amount of Rs 55.19 lakh allotted in March 1997 by the Chief Engineer. Reasons for making excess payment of Rs 12.06 lakh to Forest Department were not intimated. The excess expenditure without any budget allocations and concealed in the accounts due to adoption of irregular/incorrect accounting procedure and the retention of Rs 72.48 lakh in the deposit head were irregular.

(b) The Division had further utilised an amount of Rs 16.42 lakh, out of Rs 16.82 lakh recovered (February 1997 to March 1998) from a firm towards cost of shortage of material and restoration of road damages, on repairs and maintenance of the transmission line. The utilisation of amount received from the contractor towards departmental expenditure was irregular and in violation of the financial rules which indicated poor financial discipline/controls. On this being pointed out in audit, the Department stated (December 1999) that the matter for regularisation of the expenditure was taken up with the Chief Engineer, Transmission Line Project, approval for which was awaited (July 2000).

The matter was reported to the Government in May 2000; reply had not been received (December 2000).

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\* Ramban, Batote and Udhampur

#### 4.6 220 KV Double Circuit Transmission Line from Kishenpur to Pampore

**220 KV Double Circuit Transmission Line from Kishenpur to Pampore was commissioned in July 1996 after time and cost over-run of 28 months and Rs 92.25 crore respectively due to defective survey and improper planning. A project report prepared for realignment of vulnerable locations, execution of protection works, etc. indicated sub-standard execution of work. Cases of undue aid to a firm, non-recovery of liquidated damages/non-supply of spare material were also noticed**

With a view to increasing the existing power transmission capacity between Jammu and Kashmir Divisions, the Power Development Department decided (1988) extension of 220 KV Double Circuit Transmission Line from Kishenpur, Udhampur to Pampore in Kashmir valley. The 174 km transmission line, taken up for execution in October 1991, was commissioned (expenditure: Rs 148.51 crore) in July 1996. Test-check (November-December 1999) of records relating to construction of the transmission line revealed the following points:

##### (a) Underutilisation of capacity

The transmission line was laid with the objective of to and fro transmission of power between Northern Grid and valley during lean winter months and peak power generation during summer months. Test-check of the details of power transmitted on the line during the lean winter months (January 1997, January 1998, January 1999) and peak summer months (June 1997, June 1998, June 1999) revealed that against the transmission capacity of 600 MWs the actual power transmitted on the line ranged between 80 MWs and 320 MWs during the lean winter months and between 170 MWs and 420 MWs during peak summer months. This indicated that the transmission capacity created was underutilised to the extent of 47\* and 30\* *per cent* during winter and summer months. Reasons for the same were not available. Further, the transmission and distribution losses and impact of the transfer of power on overall improvement in voltage had also not been monitored in absence of which the actual benefits derived could not be assessed in audit.

##### (b) Time and cost over-run

The project conceived initially in 1988 (estimated cost: Rs 38.64 crore) was not taken up due to financial constraints and was assigned to NHPC<sup>ϕ</sup> in 1990. Anticipating delay in the execution of project by NHPC, the project was taken up departmentally in October 1991 for completion by February 1994. The

\* Based on maximum power transmitted during the test-checked period  
<sup>ϕ</sup> National Hydro Electric Power Corporation

work split in three sections<sup>v</sup> was allotted (September 1991) on turnkey basis to three firms on the basis of tenders invited and finalised by the NHPC. The cost of project estimated at Rs 56.26 crore in September 1991 was revised to Rs 93.65 crore in 1992 and again to Rs 161.01 crore in 1995. The project was commissioned in July 1996 at a cost of Rs 148.51 crore after time over-run of 28 months and cost over-run of Rs 92.25 crore vis-à-vis estimates of September 1991. The overall expenditure on the project ending March 1999 aggregated Rs 156.81 crore which included expenditure of Rs 5.21 crore on works and administrative expenses and undischarged liability of Rs 3.09 crore on account of supplies, pending compensation claims with land collector, etc. The cost over-run of 164 *per cent* was attributed by the Chief Engineer, Transmission Line Project, to non-provision of funds for land/forest compensation, vehicles, T&P and administrative expenses in the initial project report and also to increase in the number of towers from 557 to 582, provision of 45 number special towers leading to increase in cost of foundations, increase in quantities of benching and protection works from estimated 43,200 Cum to 2,09,000 Cum (increase: 384 *per cent*) and from 12,350 Cum to 1,54,625 Cum (increase: 1152 *per cent*) respectively. Audit scrutiny revealed that time over-run of 28 months was also due to delay in approval of route allotment, foundation classification, forest clearance and land acquisition. This indicated defective/inadequate survey and improper/incomplete project planning.

**(c) Stabilization of transmission line**

The contract for allotment of works drawn with the firms guaranteed satisfactory performance of the project for a period of 12 months from the date of its commissioning. Any portion of the transmission line found defective during this period as a consequence of bad design, manufacture or workmanship was to be replaced by the firms free of cost.

The line immediately (August 1996) after its commissioning in July 1996, however, developed routine faults and had to be placed under planned shut-down for repairs and for undertaking stabilization works. Heavy rains in August 1996 caused damages enroute, endangering many locations due to cracks, sliding, sinking, erosion, etc. During re-inspection (September 1996) of the damaged sites/locations by the Sr. Geologist/Geologist and field engineers, need for taking up additional measures viz. laying of crates, providing effective drain network, construction of toe walls, etc. was felt for which the Department prepared a project report at an estimated cost of Rs 27.50 crore. The project report envisaged realignment of vulnerable locations,

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<sup>v</sup> Section A- Kishenpur to Champiari (no snow zone), Section B-Champiari to Tethar (light snow zone),Section C-Tethar to Pampore (heavy snow zone from Tethar to Manda and light snow zone thereafter up to Pampore)



execution of protection works, etc. during the IXth Plan period. An amount of Rs 4.38 crore was spent on the protection works/repairs as of March 1999.

Development of faults within the guarantee period which necessitated provision of additional measures as suggested by Geologist, etc. indicated defective survey and sub-standard execution, necessitating additional expenditure by way of stabilization works despite 1152 *per cent* increase in benching and protection works undertaken during execution stage of the project. Reasons for non-recovery of the cost of these works from the firms especially when detailed survey of the line was within the scope of work entrusted to them and the defects had developed within the guarantee period, were neither on record nor intimated.

Test-check also revealed that defective survey of the line alignment necessitated realignment of the transmission line and abandoning of tower numbers 8,10 and 12 and location numbers 47 and 48 at execution stage resulting in infructuous expenditure of Rs 1.33 crore.

**(d) Undue aid to a firm**

The work allotted to the firms on turnkey basis, *inter-alia*, included construction of retaining/breast walls. Test-check of records revealed that in *Champiari-Tethar* section of the transmission line, a number of these civil works were executed departmentally during the period October 1993 to March 1996 at a cost of Rs 1.77 crore excluding establishment/supervision charges. Circumstances under which such works, which were a part of the turn-key project, were executed departmentally and the manner in which reasonability of rates for these works was assessed, were neither on record nor intimated. Execution of the works departmentally amounted to undue aid to the firm.

**(e) Non-recovery of liquidated damages and unauthorised retention of tower material**

(i) As per terms and conditions of the contract, liquidated damages at the rate of half *per cent* of the unexecuted portion of the work, per week or part thereof subject to a maximum of 10 *per cent* of the total value of contract, were to be recovered for delay in execution beyond February 1994. Though works and supplies worth Rs 34.22<sup>φ</sup> crore were executed after extended period of completion in October 1994 and December 1994 respectively, no liquidated damages were levied. The Department, however, worked out (April 1998) liquidated damages at Rs 2.83 crore and sent the case (April 1998) to the Development Commissioner, Power Development Department. Decision of the Empowered Committee was awaited as of May 2000.

<sup>φ</sup> SAE Ltd. (India) : Rs 6.07 crore, KEC Ltd.: Rs 17.67 crore, EMC Ltd. : Rs 10.48 crore

(ii) According to the contract entered into with the executing firms, spare tower and line material, required for maintenance after commissioning of the transmission line, was to be supplied by these firms. Out of 278.184 Mts tower material ordered/paid for, 50.068 Mts (estimated value<sup>‡</sup>: Rs 15.52 lakh) of spares were not supplied by the firm who executed the *Thethar-Pampore* section of the line. No action to obtain the balance material/recover cost thereof from the firm had been initiated (September 2000). Similarly, other line material worth Rs 21.17 lakh lying with the firm had also not been recovered as of November 1999.

On being pointed out in audit, the Department stated (November 1999) that the matter for recovery of the material was under correspondence with the firm. Further progress in the matter was awaited (May 2000).

**(f) Awaited detailed accounts**

Against Rs 2.14 crore advanced by Pampore Division for acquisition of land, etc. to Collectors Land Acquisition, Bemina (Rs 10 lakh), Anantnag (Rs 1.22 crore), Pulwama (Rs 81.97 lakh), during the period December 1993 to March 1999, payees receipts for Rs 1.04 crore only were obtained that too without supporting land award/mutation certificates. The balance of Rs 1.10 crore had neither been refunded nor were reasons thereof intimated as of January 2000.

The matter was reported to Government/Department in May 2000; reply had not been received (December 2000).

**4.7 Wasteful expenditure on construction of a tower**

**Failure of the Power Development Department to conduct geological investigation and assess the design requirements before taking up construction of a tower resulted in damages to the tower due to rains and winds, immediately after its completion and consequential wasteful expenditure of Rs 6.17 lakh on its construction and dismantling of conductors**

Executive Engineer, Transmission Line Construction Division-I, Jammu completed (September 1996) erection of a tower and stringing of conductors at location No. 11 of Sidhra-Janipur section of 132 KV Double Circuit Ring Main Line at a cost of Rs 5.46 lakh. The foundation and the tower was, however, damaged immediately thereafter due to heavy rains and winds. Accordingly, a fresh foundation was constructed (January 1999) at a new site, about 20 metres away from the old site, after obtaining opinion of the geologist and design consultants. The reconstruction of a special type

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<sup>‡</sup> Cost of material retained by the firm not assessed by the Department

foundation with protection/breast walls and drainage system, etc. erection of superstructure and stringing of conductors at the new site (estimated cost: Rs 11.03 lakh) was completed in June 1999 and was pending energisation for want of some minor protection works, funds for which had not been allotted (December 1999). A further expenditure of Rs 0.71 lakh was incurred on dismantling of conductors between location No 10 to 11 and 11 to 12.

Test-check (December 1999) of the records of Executive Engineer, Transmission Line Division No. I, Jammu revealed that the work of construction of foundation at the original site was taken up by the Executive Engineer on the basis of soil classification alone without conducting geological investigation and assessing the design requirements based on geological features of the site. On this being pointed out (December 1999) in audit, the Executive Engineer stated (December 1999) that expert technical opinion was not being obtained in case of all the locations as obtaining specialised expert opinion increased the cost of the project. The reply is not tenable as obtaining of technical opinion was obligatory and besides, the services of a Geologist (Engineering), Civil Construction Wing and a separate Design Directorate were already available to the Department whose opinion had, however, been obtained belatedly by the Executive Engineer after the tower was damaged in 1996.

Thus, failure of the Department to conduct geological investigation of the site and assess design requirements of the foundations before taking up the construction work resulted in wasteful expenditure of Rs 6.17 lakh on defective construction of tower and dismantling of conductors.

The matter was reported to the Government/Department in July 2000; reply had not been received (December 2000).

### Public Health Engineering Department

#### 4.8 Unfruitful expenditure due to non-commissioning of drinking water supply scheme

**Execution of work on Lift Water Supply Scheme, Rajouri without ensuring the right to use the source of water for the scheme resulted in unfruitful expenditure of Rs 35.10 lakh besides, depriving the beneficiaries of the intended benefits**

Water Supply Scheme Charian envisaging supply of drinking water to Farwala and Charian villages in Rajouri district, having population of 978, was taken up for execution under ARWSP<sup>ψ</sup> during 1986-87 (estimated cost:

<sup>ψ</sup> Accelerated Rural Water Supply Programme

Rs 16.20 lakh) by Executive Engineer, Public Health Engineering Division, Rajouri. In view of the fact that a number of water supply schemes did not come to fruition mainly because of doubtful sources of water, the Government had instructed (July 1984) that water supply schemes should be taken up only after ensuring that source of water was perennial and free from encumbrances.

Scrutiny of records (January 1999) of Executive Engineer, Public Health Engineering Division, Rajouri revealed that the work on the water supply scheme, with a spring on a private land as its source, was taken up (1986-87) without obtaining administrative approval/technical sanction. The work was completed in 1991-92 at an escalated cost of Rs 31.62 lakh and additional expenditure of Rs 3.48 lakh was further incurred on purchase of voltage stabilizers, etc. during 1992-94. The scheme could not, however, be made functional after its completion as owner of the land refused to allow pumping of water from the spring. Consequently, the scheme could not be commissioned and was lying dysfunctional as of January 1999. On this being pointed out in audit, the Executive Engineer stated (January 1999) that efforts were being made to settle the dispute through Police and Revenue authorities.

Thus, defective planning and execution of work without first ensuring the right to use the spring as a source of water for the scheme, in disregard of the specific instructions of Government, resulted in unfruitful expenditure of Rs 35.10 lakh as also the scheme failed to provide drinking water facility to the people of the aforementioned villages even after 14 years.

The matter was reported to the Government in May 2000; reply had not been received (December 2000).

## **Public Works Department**

### **4.9 Unfruitful investment due to defective planning**

**Failure of the Department to finalise and supply drawings/designs to the contractor resulted in locking up of investment of Rs 80.85 lakh for over seven years**

According to the instructions issued (January 1988) by the State Government, works costing Rs 15 lakh and above are to be executed through Jammu and Kashmir Projects Construction Corporation Limited (a Government Company). In violation of these instructions, Chief Engineer, Roads and Buildings, Kashmir allotted (July 1992) construction of a five-storey office building (estimated cost: Rs 1.41 crore) in old Secretariat premises, Srinagar to a contractor for completion within 3 years. As per the terms of allotment, construction drawings/designs of the work were to be supplied by the Department before the start of the work.

Test-check (June 1999) of the divisional records revealed that in anticipation of the approval of the Government and without entering into any agreement, the Chief Engineer engaged (1991) a consultancy firm for framing drawings/designs of the proposed building and made a payment of Rs 1.18 lakh to the firm between January 1992 and March 1993. The firm supplied (March 1992) drawings up to raft level pending execution of proper agreement. The department had not, however, entered into any proper agreement with the firm as of August 2000 as approval to the hiring of the services of the firm had not been accorded by the Government (August 2000). Consequently, the contractor to whom the work was allotted in July 1992, suspended (December 1992) the work after it had reached raft level (booked expenditure: Rs 60.72 lakh) and the work was lying incomplete as of August 2000. It was further seen that even after suspension of the work by the contractor, to whom a payment of Rs 11.61 lakh had been made, a mobilisation advance of Rs 20 lakh was paid to him in May 1993, reasons for which were awaited. Out of the said advance, only Rs 1.05 lakh had been recovered up to August 2000 leaving Rs 18.95 lakh recoverable. Unconsumed material valued at Rs 4 lakh was also lying with the contractor.

Thus, allotment of the work to the contractor before finalising drawings/designs and payment of mobilisation advance of Rs 20 lakh even after work had been suspended by him resulted in locking up of investment of Rs 80.85 lakh over a period of more than 7 years. The estimated cost of the building was also likely to escalate due to delay in its completion.

The matter was reported to the Department/Government in August 2000; reply had not been received (December 2000).

#### **4.10 Infertuous expenditure on construction of flyover**

##### **Abandoning of the construction work of flyover between left bank of Budshah bridge and New Secretariat junction resulted in infertuous expenditure of Rs 31.23 lakh**

Planning and Development Department of the State Government commissioned (December 1988) M/S RITES<sup>ψ</sup> as consultants (fees paid: Rs 3.59 lakh) for preparation of an integrated transport plan for Greater Srinagar to meet its transport demand up to year 2021. The detailed report submitted (January 1992) by the agency, *inter alia*, recommended construction of a Flyover/grade separator between left bank of Budshah Bridge and New Secretariat junction. The integrated transport plan was approved by the State Administrative Council in February 1996.

<sup>ψ</sup> Rail India Technical and Economic Services

Based on the immediate traffic demand and available financial resources, construction of Flyover (estimated cost; phase-I: Rs 8.76 crore) was allotted by the Chief Engineer (R&B), Kashmir to the Jammu and Kashmir Projects Construction Corporation (a Government Company). The execution of the work was taken up by the Company in April 1997 and up to August 1997 expenditure of Rs 27.35 lakh was incurred on driving of piles, barricading/providing floodlights and construction of a tube well. A further expenditure of Rs 5.75 lakh was incurred by the Power Development Department on shifting of sub-stations falling in the alignment of the proposed Flyover. The execution of the work was, however, cancelled following a decision taken (November 1997) in a meeting held by the Chief Minister with Chief Secretary and Deputy Commissioners of Kashmir Division. Reasons for cancellation of the work on the Flyover were neither placed on record nor intimated. After accounting for the cost of dismantled material (Rs 3.97 lakh) and further expenditure of Rs 2.10 lakh incurred by the Company on clearing the site for smooth flow of traffic, expenditure of Rs 31.23 lakh incurred on the project was rendered infructuous.

Thus, taking up the work of construction of Flyover by the Department without considering all relevant factors which impinged on its execution resulted in wasteful expenditure of Rs 31.23 lakh.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

#### **4.11 Irregular drawal, wasteful expenditure and blocking of funds**

**Drawal of funds in violation of financial rules and purchase of stores in excess of actual requirements, resulted in wasteful expenditure of Rs 7.11 lakh and locking up of Rs 2.95 lakh for over 7 years**

Financial Rules of the State Government provide that funds should not be drawn from the treasury unless required for immediate disbursement. The Rules also forbid drawal of funds with a view to avoiding lapsing of budget grant and placing of such moneys in deposits in Public Account or with banks.

A decision to introduce improved technology of using precast section of drains and purchase of U-shaped precast drains on trial basis was taken (January 1993) in a meeting held under the Chairmanship of the Chief Engineer, PWD (R&B), Srinagar. Accordingly an order for supply of 16500 rft, 225mm U-shaped RCC drains was placed (February 1993) with a firm<sup>ψ</sup> at the rate of Rs 69.35 per feet by Executive Engineer, Right River Circular

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<sup>ψ</sup> A small scale unit

Road Division, Srinagar without prescribing any delivery schedule. The basis on which the requirement of 16500 rft was assessed by the Executive Engineer was neither on record nor intimated. In March 1993, the Executive Engineer drew an amount of Rs 11.27 lakh and transferred it to Deposit head in spite of the fact that payment was to be made only after receipt of material and verification of its specifications, in terms of supply order. Partial supplies (12000 rft) were made by the firm only in August and September 1993 against which Rs 8.32 lakh was released to it in September 1993 and the balance of Rs 2.95 lakh remained locked up (April 1999) in the Deposit head. Of the 12000 rft drains purchased by the Division, only 1750 rft (15 *per cent*) had been utilised up to March 1998. The remaining 10250 rft drains (value: Rs 7.11 lakh) had in the meantime become unserviceable and the efforts of the Division to utilise these drains in other Divisions before these became unserviceable did not succeed due to which expenditure of Rs 7.11 lakh was rendered wasteful.

Thus, drawal of Rs 11.27 lakh and crediting it to Deposit account and purchase of stores in excess of actual requirement resulted in irregular drawal of the amount and wasteful expenditure of Rs 7.11 lakh besides, locking up of funds amounting to Rs 2.95 lakh for over 7 years. Irregular drawal of funds and their locking up in Deposit account and wasteful expenditure exacerbated the fiscal distress of the State particularly in view of the fact that the State Government is meeting part of its expenditure from borrowings at the interest rate of 20.75 *per cent*.

The matter was reported to Government in May 2000; reply had not been received (December 2000).