

CHAPTER – IV

WORKS EXPENDITURE

SECTION – A - REVIEW

PUBLIC WORKS DEPARTMENT

4.1 Review of Public Works Department including manpower management and Stores and Stock

Highlights

The review highlights poor financial management and budgetary performance, drawal of fund in advance of requirement, shortfall in achievement of works target, undue financial aid to contractors, failure to conduct any test to ascertain the quality of works executed, unauthorised credit sale of materials, excess entertainment of staff in regular establishments, etc.

Shortfall in achieving the works target ranged from 10 to 91 per cent.

(Paragraph 4.1.10)

Undue financial aid was given to contractors (Rs.11.61 crore) in the form of machinery and mobilisation advances.

(Paragraphs 4.1.14, 4.1.15, 4.1.16 & 4.1.19)

In two divisions, there was excess utilisation of materials worth Rs.1.01 crore in executing the works beyond the actual requirements.

(Paragraphs 4.1.21 & 4.1.22)

Bailey Bridge components worth Rs.0.69 crore procured in January 1997 against a particular work remained unutilised as of May 2002.

(Paragraph 4.1.26)

Funds of Rs.24.66 lakh were locked up due to non-supply of bridge components by a firm.

(Paragraph 4.1.29)

There was excess entertainment of muster roll labour in repair and maintenance works and staff in both the regular and work-charged establishment resulting in excess expenditure of Rs. 7.82 crore.

(Paragraphs 4.1.31, 4.1.33, 4.1.46, 4.1.47 & 4.1.48)

Unnecessary procurement of spare parts of bull dozer and road rollers led to blocking of Government funds of Rs.38.17 lakh.

(Paragraph 4.1.43)

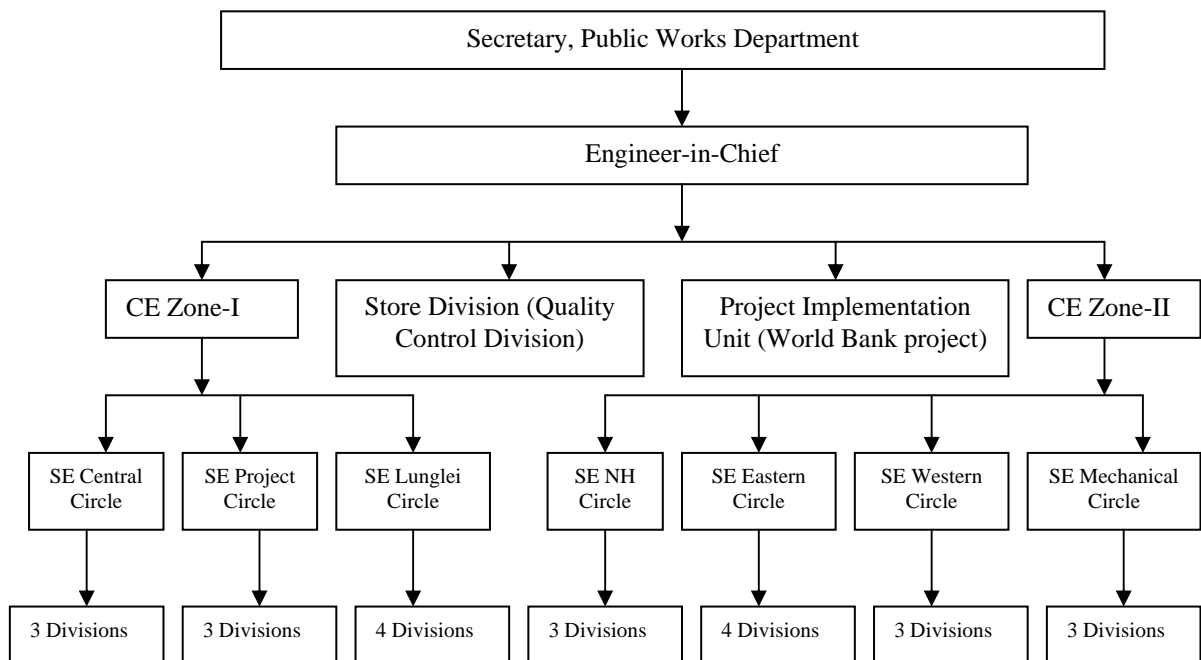
Introduction

4.1.1 The basic responsibility of the Public Works Department (PWD) is to construct new roads and bridges and residential and non-residential Government buildings, as well as to maintain and repair the existing roads, bridges and buildings in the State.

Organisational set-up

4.1.2 The Secretary, PWD is incharge of the department. The agencies responsible for the functioning of the department and execution of works carried out by the department are depicted in a chart given below:

Chart 4.1



Audit coverage

4.1.3 Functioning of the PWD was reviewed in audit during April-July 2002 through test check of records of the Engineer-in-Chief (EC), 2 Chief

Engineers and 8 (out of 24) divisions^v with stress on budgeting and control of expenditure and deployment of personnel covering 28 per cent of expenditure for the period from 1997-98 to 2001-2002. Important audit findings are discussed in the succeeding paragraphs.

Financial management

Poor budgetary performance

4.1.4 Details of budget grant *vis-à-vis* expenditure during the last 5 years ending March 2002 were as under:

Table 4.1

(Rupees in crore)

Year	Budget grant		Actual expenditure	Excess (+)/Savings (-) (Percentage)
1997-1998	Revenue	50.65	50.42	(-) 0.23 (0.45)
	Capital	109.29	105.88	(-) 3.41 (3.12)
1998-1999	Revenue	47.49	45.85	(-) 1.64 (3.45)
	Capital	60.67	48.45	(-) 12.22 (20.14)
1999-2000	Revenue	48.82	44.31	(-) 4.51 (9.24)
	Capital	95.12	61.97	(-) 33.15 (34.85)
2000-2001	Revenue	61.31	51.36	(-) 9.95 (16.23)
	Capital	102.81	56.86	(-) 45.95 (44.69)
2001-2002	Revenue	55.40	53.14	(-) 2.26 (4.08)
	Capital	124.95	73.95	(-) 51.00 (40.82)

(Source : Appropriation Accounts of respective years)

4.1.5 The department attributed the overall savings for these years mainly to, non-filling up of some vacant posts; slow progress of work; failure in executing some works and non-receipt of administrative approval.

4.1.6 The contention of the department regarding savings due to non-filling up of vacant posts is not acceptable to audit as the department entertained excess manpower during the period covered by the review. The other factors

^v (1) Aizawl Road North Division (2) Project III Division, Aizawl (3) National Highway- II Division, Aizawl (4) Mechanical Division Aizawl, (5) Stores Division, Aizawl, (6) Kolasib Division, Kolasib, (7) NEC Division, Champhai and (8) Serchhip Division, Serchhip.

responsible for ultimate savings could have been foreseen before formulating the budget estimates for these years. Persistent savings are indicative of poor budgeting.

Fund drawn and kept under civil deposit to avoid budget lapse

4.1.7 In March 2001 and March 2002, Project III Division, Aizawl had drawn Rs.35 lakh and Rs.9.16 lakh respectively for execution of a work and kept the amounts under 8443-Civil Deposit. Both the amounts were shown in the monthly accounts of the division as final expenditure against the concerned work though not executed. The funds drawn were not actually utilised. By drawing funds and keeping them in Civil Deposit to avoid lapse of budget grant, the division had not only violated the budgetary discipline but also circumvented the legislative process.

Accounts and records

Non-maintenance of records

4.1.8 Four (out of 8 test checked) divisions did not maintain the subsidiary cash book (by sub-division), miscellaneous PW advance register, tools and plants (T&P) ledger/accounts, register of works and contractors' ledgers, as required under codal provisions.

4.1.9 Due to non-maintenance of the above mentioned records, departmental control over outstanding balances under suspense head, accounts of non-consumable T&P materials, details of works executed and expenditure thereon, balances outstanding to/from contractors etc., could not be exercised.

Target and achievement

4.1.10 During the period from 1997-1998 to 2001-2002, the EC, PWD prepared the annual action plan and target for construction of roads, bridges and buildings. Test check of the records of the EC's office revealed that for the department as a whole, there was shortfall in achieving the targets for construction of roads, bridges and buildings which ranged from 10 to 91 *per cent* during the period covered by the review, as shown below:

Table 4.2

Item of works	Target	Achievement	Shortfall	Percentage of short fall
Roads				
i) Earth Work	431.63 Km	290.14 Km	141.49 Km	33
ii) SMBT	324.38 Km	293.39 Km	30.99 Km	10
Bridges				
i) RCC	11 Nos	1 No.	10 Nos	91
ii) Bailey	9 Nos	2 Nos	7 Nos	78
iii) Suspension	4 Nos	3 Nos	1 No.	25
Buildings				
i) RCC	97 Nos	13 Nos	84 Nos	87
ii) PT/SPT	146 Nos	46 Nos	100 Nos	68

(Source : As per information furnished by the Engineer-in-Chief, PWD)

(SMBT = Soling, metalling and black topping; RCC = Reinforced cement concrete; PT= Permanent type ; SPT = Semi permanent type)

Programme management

4.1.11 PWD executes construction works through contractors and also departmentally by engaging muster roll labourers besides procuring materials locally. A review of the major works executed by the 8 test checked Divisions revealed the following irregularities:

Extra avoidable expenditure on payment of interest due to delay in finalisation of land compensation

4.1.12 For construction of road from Sirang to Lengpui by the Executive Engineer (EE), National Highway (NH) Division No. I, land measuring 463670.10 sq.ft. was required to be acquired which belonged to 16 private land owners. As matter of land acquisition and compensation was dealt with by the Deputy Commissioner (DC) Aizawl, the DC, Aizawl took 1 year 11 months from 1 April 1998 (date of issue of preliminary notification) to 29 February 2000 (date of finalisation of award) to finalise the process and fixation of land compensation amount (Rs.34.52 lakh). As per Sec.23 (1-A) of the Land Acquisition Act, 12 *per cent* interest per annum is to be paid for delay in payment of land compensation. Accordingly, in the instant case, interest amounting to Rs.7.94 lakh was paid (March 2000) to the land owners along with the amount (Rs.34.52 lakh) of land compensation, for delay in fixing the value of land.

Undue financial aid to the contractor/firm

4.1.13 As per CPWD Manual Vol-II, machinery advance should be restricted to 80 *per cent* of the cost of new machinery or 70 *per cent* of the used machinery acquired by the contractor for the work and brought to site. The total amount of such advance should not exceed Rs.10 lakh. Such advance

should be given only after the machinery is hypothecated to Government by executing a suitable bond. Similarly, in respect of certain specialised and capital intensive works costing not less than Rs.1 crore and which are not of a type being normally executed by the department, mobilisation advance (MA) can be paid to a maximum of 10 *per cent* of the estimated cost put to tender or Rs.1 crore, which ever is less. Such advance should be interest bearing.

4.1.14 For execution of pavement work between 12 to 20 Km on NH 54, Kolasib Division paid (March 2002) Rs.26.88 lakh to a contractor as machinery advance, which was not restricted to Rs.10 lakh as per rules resulting in excess payment of Rs.16.88 lakh as advance. Further, the machinery was not hypothecated to the Government. This led to undue financial aid of Rs.16.88 lakh to the contractor.

4.1.15 It was also noticed that for the work. "Improvement of Riding Quality of NH-50 from 0 to 24 Km in selected stretches (50 mm bituminus macadam)", NH-II Division, Aizawl paid Rs.44.56 lakh (February 2001) to a contractor as interest free machinery advance, against the tender value of Rs.4.46 crore. This type of work being frequently executed by the division, cannot be considered as of specialised nature. Further, by allowing interest free machinery advance, in contravention of rules, the department had extended undue financial benefit to the contractor at the cost of Government.

4.1.16 For another work 'Construction of Auditorium and Conference Hall, Aizawl', the Project-III Division, Aizawl paid (March 2000) interest free machinery advance of Rs.22.71 lakh to a local contractor against the tender value of Rs.56.76 lakh. The work being of general nature and frequently executed by the division, cannot be considered as of specialised nature, besides the tender value of the work being below Rs.1 crore. Thus, the interest free machinery advance of Rs.22.71 lakh paid to the contractor, in contravention of rules, resulted in extension of undue financial benefit to the contractor at the cost of Government.

4.1.17 Improvement and up-gradation of Aizawl-Thenzawl-Lunglei Road under World Bank Project was allotted to a Cochin based firm at a tender value of Rs.107.74 crore for which an agreement was signed (March 2002) between the firm and the EC, PWD. As per conditions of the agreement, the notice to commence the work was to be issued within 7 days from the date of signing the agreement.

4.1.18 Test check (July 2002) of records of the Project Director, Project Implementation Unit, Aizawl revealed that the Project Director paid Rs.10.77 crore to the firm as machinery advance in March 2002 for mobilisation of men, machineries *etc.* The department did not issue a notice for commencement of the work nor had the contractor mobilised his resources. The work had not yet been taken up (July 2002) as the department failed to hand over the site of work due to non acquisition of land.

4.1.19 Thus, payment of matching advance even before acquisition of land had resulted in undue financial aid to the firm to the tune of Rs.10.77 crore.

Purchase of materials at higher rate leading to extra expenditure

4.1.20 During the period from March 2000 to August 2001, NH I Division, Aizawl procured 2,52,766 numbers of sized stone (0.25 x 0.25 x 0.25m) at the rate of Rs.16 each from 82 suppliers at a total cost of Rs.40.44 lakh without inviting any quotation and ascertaining the lowest available market rate. It was noticed that during the same period (December 1999 to March 2002) three other divisions[¶] also located in Aizawl had procured 2,38,242 numbers of size stone of same size (0.25 x 0.25 x 0.25m) at much lower rates (Rs.12 and 12.19 each) than the NH I Division, Aizawl. Computed with reference to the rates of Rs.12 each paid by other 2 divisions at Aizawl, NH I division had incurred an extra expenditure of Rs.10.11 lakh (Rs.16 – Rs.12 = Rs.4 x 252776 nos.) owing to procurement of stones at higher rate.

Excess utilisation of materials

4.1.21 NEC Division, Champhai executed (between December 1996 and May 1999) pavement work of “Single lane State Highway from Champhai to Tiauphai (Indo-Myanmar)” 18.5 Km length covering 76313 m² surface area. As per norms and requirements shown in the estimate materials viz., boulders, aggregates bitumen worth Rs.1.05 crore was required. Against this, the division utilised the materials worth Rs.1.95 crore resulting in excess utilisation of materials valued Rs.0.89 crore. The details of such excess utilisation of materials are shown in **Appendix-XXIV**.

4.1.22 Aizawl Road North Division executed pavement works of 2 roads[¶] covering a total of 68620 m² surface area. According to the norms of PWD Mizoram (0.363 tonne bitumen in 100 m² area for 2.5 cm thick premix carpeting including tack coat and seal coat), 249.093 tonne bitumen was required for execution of pavement work on 68620 m² surface area. Against this, the division utilised 319.88 tonne of bitumen for execution of the aforesaid quantum of work resulting in excess utilisation of 70.786 tonne bitumen valued at Rs.11.33 lakh (Rs.16,000 per tonne).

Non-utilisation of Bailey Bridge components leading to blocking of Government funds

4.1.23 For construction of Bailey Bridge over river Tiau at Indo-Myanmar border, an estimate of Rs.125.20 lakh was sanctioned (August 1995) by the Government of Mizoram (PWD). NEC Division, Champhai procured bridge

[¶] NH-II Division, Aizawl(@ Rs.12.19 each), Project-II Division, Aizawl(@ Rs.12 each) and Aizawl Road North Division(@ Rs.12 each).

[¶] (a) Re-surfacing of Aizawl Town Road – VivaKawn (42231.88 m²); (b) Re-surfacing of Road from Bawngkawn to ITI(26389 m²).

components worth Rs.108.06 lakh in January 1997. Bridge components worth Rs.39.45 lakh were transferred (between September 1997 and March 2002) to 3 other divisions^w without any financial adjustment.

4.1.24 Although the division was holding components worth Rs.0.69 crore, the construction work of the bridge was taken up by the division in April 2001 and completed in August 2001 with bridge components worth Rs.0.84 crore received from Mamit Division.

4.1.25 Reasons for this were not explained to audit.

4.1.26 Thus, the bridge components worth Rs.0.69 crore procured in January 1997 had been lying idle on site as per site account of the work, resulting in blocking of Government funds (Rs.0.69 crore) besides irregular transfer of bridge components worth Rs.39.45 lakh from one division to another for which financial adjustment was awaited (May 2002).

Abnormal delay in execution/completion of work

4.1.27 The administrative approval (AA) and expenditure sanction (ES) for the work “Upgradation of Serchhip Hospital into 50 bed capacity” under Serchhip Division with an estimated cost of Rs.24.42 lakh was accorded in October 1993. Technical sanction for the work was accorded by the Superintending Engineer in November 1995. The work was allotted to a local contractor in April 1996 with stipulated date of completion in April 1997. Due to several land slides during July 1996 and October 1996, the plan and design along with the work site was changed subsequently leading to revision of the estimate to Rs.0.51 crore. The revised AA and ES was, however, accorded in October 1999. The contract was rescinded in December 1998 on the ground of delay in completion of the work by the contractor and the work was taken up departmentally in December 1998. Till March 2001, a total expenditure of Rs.33.96 lakh had been incurred with physical progress of 89 per cent of the work. As per progress report, the work was stopped due to paucity of funds. It was noticed that the division had drawn an amount of Rs.7.40 lakh in March 2002 and kept the amount in civil deposit although the said amount was shown by the division as expenditure against the work during the month of March 2002.

4.1.28 Thus, owing to delay at every stage from October 1993, the work not only remained incomplete after a lapse of over eight years but the needy patients of the locality were also deprived of the benefits of health care facilities of upgraded hospital even after incurring an expenditure of Rs.41.36 lakh.

^w Tlabung Division (Rs.0.38 lakh); Lunglei Division (33.12 lakh); NH-I Division, Aizawl (Rs.5.95 lakh).

Locking up of funds

4.1.29 The construction of Bailey Bridge over river Phalte on Khawzawl-Sinzawl-Thamlawn Road at an estimated cost of Rs.0.51 crore, under Khawzawl Division, was approved by the NEC in May 1999. The work for manufacture and supply of bridge components was awarded to a Calcutta based firm (July 1999) on the condition that the supply should be made within 150 days from the receipt of 50 *per cent* of cost as advance payment. An advance payment of Rs.16.09 lakh being 50 *per cent* of the cost was made to the firm in February 2000. Due to change in specification from 120 ft. span to 140 ft. span of the bridge, a revised estimate for Rs.90.41 lakh was also approved by the NEC in May 2000 and further advance of Rs.8.57 lakh was made to the firm in September 2000. Test check of records revealed that till September 2002 the firm did not supply the bridge components although a total amount of Rs.24.66 lakh was paid to it and the department also failed to impose any penalty on the supplier owing to non-inclusion of any penalty clause in the supply order. This had resulted in locking up of Rs.24.66 lakh since February/September 2000, besides the work remaining incomplete due to non-delivery of bridge components by the firm.

Maintenance and repair works

4.1.30 Maintenance of roads, bridges and buildings is done by the PWD, departmentally by engaging muster roll labour for which the Engineer-in-Chief had fixed division wise strength of MR labourers.

Engagement of excess Muster Roll labourers

4.1.31 Test check of records of five divisions^w revealed that the admissible expenditure for the years 1997-1998 to 2001-2002 towards maintenance of roads and buildings by engaging muster roll labourers, as fixed by the EC on the basis of actual roads and buildings statistics submitted by the divisions, was Rs.3.22 crore. Against this, the divisions incurred a total expenditure of Rs.4.26 crore by engaging excess muster roll labourers. This resulted in excess expenditure of Rs.1.04 crore over the norm fixed by the EC.

Output of muster roll labourers was not commensurate with the expenditure on their wages

4.1.32 As per Section 9.3 of CPWD Manual Vol.II, the Junior Engineer in charge of the works should see that the output of the muster roll labourers is commensurate with the expenditure incurred on their wages.

^w NEC Division, Champhai; Serchhip Division; Project -III Division, Aizawl; NH-II Division, Aizawl; and Saiha Division.

4.1.33 During the period from September 1998 to March 2002, five divisions^w executed ordinary landslips clearance work of 345050.82 cum departmentally through muster roll labourers at a total expenditure of Rs.1.21 crore. As per Schedule of Rates 2000 of PWD, Mizoram, rate for ordinary landslips clearance was Rs.19.10 per cum and accordingly for 345050.82 cum of landslips clearance, an amount of Rs.0.66 crore only was required. Against this, the divisions spent Rs.1.21 crore for 345050.82 cum of landslips clearance. This resulted in excess expenditure of Rs.0.55 crore.

Quality control

4.1.34 There was no quality control mechanism in PWD of the State. The Store Division, Aizawl renamed as Quality Control Division from 1 June 2001 has not yet been activated to inspect/conduct on the spot quality testing of works.

Material management

4.1.35 The EC, PWD, Mizoram, is incharge of operation of Stores and Stock of PWD, Mizoram. The PWD Stores Division, Aizawl is entrusted with the procurement, custody and distribution of general stores; Mechanical Divisions at Aizawl and Lunglei are entrusted with the procurement, custody and distribution of heavy tools and plant and spare parts of tools and plants. The PWD Store Division, Aizawl having been renamed (June 2001) as Quality Control Division, one sub-division under Quality Control Division continued to look after the departmental stores.

4.1.36 Requirement of store materials is assessed by the EC, PWD, Mizoram on the basis of demand/requirement submitted by the working divisions and availability of materials in the Store Division. Procurement of materials was done after inviting tender and on the basis of recommendation of State Purchase Advisory Board or the Departmental Purchase Advisory Board, as the case may be.

Discrepancy between book balance and ground balance

4.1.37 Test check of records of Store Division revealed that there was a discrepancy of Rs.3.82 crore as on 31 March 2002 between book balance (Rs.5.10 crore) and ground balance (Rs.1.28 crore) in respect of Store Division, Aizawl which remained unreconciled as of March 2002. Similarly, there was discrepancy of Rs.1.52 crore between book balance (Rs.2.19 crore) and ground balance (Rs.0.66 crore) as on 31 March 2002 in respect of Mechanical Division I, Aizawl. The discrepancies had not been reconciled till the date of audit and the divisional authorities in both the divisions failed to explain the reasons for huge discrepancies or shortages of materials in their

^w NH Division I, Aizawl; NH Division II, Aizawl; Aizawl Road North Division; Saiha Division; and Kolasib Division.

respective stores. The matter was not investigated departmentally to ascertain the cause for such discrepancies. Moreover, against the Reserve Stock Limit (RSL) of Mechanical Division of Rs.0.50 crore only, the division was holding stock unauthorisedly much in excess over the RSL, irrespective of book balance/ground balance.

4.1.38 It was further seen that the annual physical verification of stores held by both the divisions was not done periodically. The last physical verification conducted by the Store Division was in September 1997 and that of Mechanical Division I in March 1991. Thereafter, both the divisions had not conducted any physical verification of stores. Such inaction on the part of the divisions to conduct periodical physical verification of stores is fraught with the risk of shortages/misappropriation remaining undetected.

Outstanding balance under Cash Settlement Suspense Accounts

4.1.39 As per Cash Settlement Suspense Accounts (CSSA) maintained in the Store Division, Aizawl, an outstanding balance of Rs.3.30 crore being the cost of materials issued to 13 divisions of PWD during September 1980 to May 1987 remained unadjusted as of March 2002. Similarly, there was also an outstanding balance of Rs.1.81 crore under CSSA in Mechanical Division I, Aizawl, being the cost of materials issued to 24 divisions of PWD during December 1978 to September 1992, which also remained unadjusted as of March 2002.

4.1.40 Both the divisions, despite having such huge and long pending claims against other responding divisions, did not initiate any effective action to settle these claims. Non-settlement of such long pending claims involving huge amounts is also fraught with danger of possible misappropriation, pilferage of stores, besides adverse affect on the stock position of lending division.

Unauthorised issue of materials on credit

4.1.41 After discontinuance of CSSA system and introduction of the system of issue of materials on prepayment basis, the Store Division and Mechanical Division I are required to issue stock materials to working divisions on receipt of advance payment of the cost of materials.

4.1.42 It was, however, seen that the Store Division had an outstanding balance of Rs.4.61 crore against credit sale of materials to 22 divisions of PWD (Rs.4.50 crore) and 5 Government departments (Rs.0.11 crore) pertaining to the period from November 1985 to June 2001, which remained unrealised as of March 2002. Similarly the Mechanical Division I, Aizawl had an outstanding balance of Rs.0.51 crore as on 31 March 2002 against credit sale of materials to 20 divisions of PWD, which also remained unrealised till March 2002. Thus, the purpose of discontinuance of CSSA and introduction of the system of issue of materials on prepayment basis had been defeated.

Unnecessary procurement of spare parts and blocking of Government funds

4.1.43 Test check of records of Mechanical Division I, Aizawl, revealed that between March 1998 and January 2000, the division procured spare parts worth Rs.63.76 lakh (bull dozer : 60 items worth Rs.57.87 lakh and road roller : 27 items worth Rs.5.89 lakh). Of this, the division had issued spare parts worth Rs.25.59 lakh (bull dozer : 25 items worth Rs.25.37 lakh; road roller : 2 items worth Rs.0.22 lakh) till March 2002. The balance spare parts worth Rs.38.17 lakh were lying in stock. There was, however, no issue at all in respect of 64 items, while in other cases the issue/utilisation was very negligible. This evidently indicated that the spare parts worth Rs.38.17 lakh were purchased without assessing their immediate requirements resulting in accumulation of idle stock, besides entailing risk of loss due to their likely deterioration or becoming obsolete with the passage of time and blocking up of Government resources that could have been put to more effective and economic use.

Manpower management

4.1.44 The Government of Mizoram did not fix any norms for deployment of staff in division/sub-division. The department, however, followed the norms as per CPWD Manual (Vol. II). The position of staff in the department as on March 2002, is shown below:

Table 4.3

Type	Group A	Group B	Group C	Group D
Regular	176	337	875	414
Work Charged	--	2	423	319

(Source : As per information furnished by the Engineer-in-Chief, PWD)

Entertainment of excess staff in regular establishment

4.1.45 Test check of records of the office of EC along with divisional records revealed that the department entertained excess staff during last 5 years (1997-1998 to 2001-2002), as indicated below:

Table 4.4

Post	Sanctioned Strength	Men on Roll	Excess	Minimum basic pay of the time scale (Rs.)	Excess expenditure (Rupees in lakh) {(Cols.4 x 5) x 5 years}
(1)	(2)	(3)	(4)	(5)	(6)
1) Section Assistant	209	217	8	4,500	21.60
2) Driver	120	122	2	4,000	4.80
3) Peon	181	218	37	2,650	58.83
4) Chowkidar	99	102	3	2,650	4.77
5) Sweeper	28	31	3	2,650	4.77
Total	637	690	53		94.77

(Source : As per information furnished by the Engineer-in-Chief and Divisions)

4.1.46 Due to entertainment of 53 excess staff under different categories, during the period from 1997-1998 to 2001-2002, the department had incurred excess expenditure of Rs.0.95 crore as computed at the minimum basic pay of the time-scales.

Entertainment of excess work-charged staff

4.1.47 During the period from 1997-98 to 2001-2002, five divisions^ψ incurred total expenditure of Rs.45.41 crore on works. As per the provisions shown in the estimates, 2 per cent of the work expenditure can be utilised on work-charged establishment and accordingly, an expenditure of Rs.0.91 crore was admissible for work-charged establishment. Against this, the divisions incurred a total expenditure of Rs.6.14 crore on work charged establishment during the aforesaid period resulting in excess expenditure of Rs.5.23 crore.

Irrational engagement of staff

4.1.48 Test check of records revealed that in Lunglei Division revealed that three boatmen were posted for the last five years period from 1997-98 to 2001-2002 without having any ferry under the division. Thus, the posting of three boatmen in the division and their entertainment resulted in idle expenditure of Rs.4.77 lakh computed even at the minimum monthly pay of the time scale of Rs.2650.

^ψ Aizawl Road North, Project III, Aizawl, Serchhip Division, NEC, Champhai and Kolasib Division.

Monitoring and evaluation

4.1.49 One monitoring cell under supervision of the Superintending Engineer (Planning) under the EC was established in 1992-1993 with one Executive Engineer, one Assistant Engineer and one Junior Engineer.

4.1.50 The activities of the monitoring cell functioning at State level in the office of the EC, were confined to conventional method of compilation of progress reports received from executing divisions. No evaluation was conducted on the impact of implementation of the work programmes for taking up any corrective measures. No report on inspection and evaluation conducted, if any, by any apex committee, could be made available to audit.

4.1.51 The foregoing points were reported to the Government in August 2002; reply has not been received (November 2002).

Recommendations

4.1.52 In order to enforce/ensure effective functioning of the PWD, the Government has to take the following steps:

- investigate the causes for shortfall in achievement of annual targets and to take remedial measures accordingly;
- enforce quality control mechanism for conducting regular inspection of the ongoing works/schemes/projects undertaken by the department;
- fix responsibility against the officers/officials responsible for encouraging credit sales of materials;
- rationalise deployment of manpower by way of readjustment of personnel within the department so as to avoid idling of manpower at a particular location; and
- gear up the activities of the monitoring cell for proper evaluation of performance of the department at regular intervals and to take corrective measures wherever found necessary.

SECTION – B - PARAGRAPHS

PUBLIC WORKS DEPARTMENT

4.2 Unproductive expenditure on incomplete construction of interstate road

Rupees 18.05 crore spent towards construction of a road for interstate road communication remained unproductive due to non-construction of a bridge on the road.

4.2.1 To attain economic development through trade and commerce between the two neighbouring states of Mizoram and Tripura, the North Eastern Council (NEC) sanctioned (1975-1999) Rs.19.48 crore in phases for construction of “Aizawl-Mamit-Venghmun-Kumarghat” (AMVK) interstate road (including bridges) to connect the two states. Construction of the Mizoram portion of the 78 kilometre AMVK road was taken up (April 1977) by the Public Works Department (PWD), Mizoram through Mamit Division and all the works (formation cutting, pavement, *etc.*) were completed during 1996-1997 at a cost of Rs.18.89 crore, except for a bridge over river Langkaih on the Mizoram side of the interstate border. The construction of road in the Tripura portion was also completed but the interstate road communication could not be established due to the absence of the bridge.

4.2.2 Test check (December 2001) of records of Executive Engineer, PWD, Mamit Division revealed that out of the total expenditure of Rs.18.89 crore, an amount of Rs.0.91 crore was spent (November 1998 to June 2001) towards procurement of bailey bridge components (Rs.0.84 crore), stone aggregate (Rs.0.06 crore) and payment of wages to work-charged staff (Rs.0.01 crore) for the purpose of construction of the bridge over river Langkaih. The construction work of the bridge was terminated (March 2001) due to terrorist hazard, *etc.*, as per quarterly progress report of the scheme forwarded to the Engineer-in-Chief, PWD, Mizoram. Though the bridge components were transferred (June 2001) to Champhai PW Division, without any financial adjustment, the utilisation/transfer of stone aggregate was neither on record nor stated.

4.2.3 Termination of the work of construction of the bridge over river Langkaih, after incurring an expenditure of Rs.18.89 crore, frustrated the very purpose of establishing an interstate road communication for all round economic development of both the states and the entire expenditure of Rs.18.05 crore (Rs.18.89 crore – Rs.0.84 crore being the cost of bridge

components utilised by Champhai Division) remained unproductive even after a lapse of 5 years of completion of the road.

4.2.4 The matter was reported to Government in April 2002; reply has not been received (November 2002).

4.3 Unfruitful expenditure on incomplete auditorium building

Unfruitful expenditure of Rs.3.48 crore was incurred in partial execution of auditorium building.

4.3.1 The work “Construction of Auditorium Building at Aizawl” under the Public Works Department (PWD), Mizoram, at an estimated cost of Rs.6.63 crore, was technically sanctioned by the Chief Engineer in August 1994 while the administrative approval of the work was accorded by the Government in October 1994.

4.3.2 Test check (June 2001) of records of the Project Division I, Aizawl, revealed that the work for architectural design of the auditorium building at a cost of Rs.21.83 lakh, was awarded (February 1993) to a Calcutta based firm. However, after accepting the sketch design and payment of Rs. 7.00 lakh to the firm, the contract with the firm was terminated in February 1996 as the conceptual designs of the firm required major changes to match with the surroundings as per CRRI’s Master Plan of Aizawl Town Roads.

4.3.3 Thus, by awarding the architectural consultancy work to the Calcutta based firm without obtaining the recommendation of CRRI, the department incurred an avoidable expenditure of Rs.7 lakh. On this being pointed out (November 2001), the Superintending Engineer (SE), Project Circle stated (March 2002) that payment of Rs.7 lakh was made to the firm as per agreement and with the approval of competent authority. But the reply is not tenable as the execution of agreement with the Calcutta based firm before receipt of CRRI’s recommendation was injudicious which led to an avoidable expenditure of Rs.7 lakh.

4.3.4 Further scrutiny revealed (June 2001) that though the detailed architectural drawing of the building was subsequently prepared departmentally by the Architect branch in the Chief Engineer’s Office and sent to the division in phases between July 1998 and February 1999, but the work for construction of the Auditorium building had already been awarded to a contractor in March 1995. The basis on which the execution of the work was taken up before preparation and approval of detailed architectural drawings of the building was not on record. The contract was terminated (March 2001) due to fund constraints, after incurring an expenditure of Rs.3.48 crore with physical progress of 56.57 per cent. The SE stated (March 2002) that the completed portion of the building and leveled ground were used as market

complex and parking place respectively as and when required and a fresh master plan was being worked out for construction of Millennium Trade Centre incorporating the works already executed. The reply of the department is not tenable as the execution of the work was taken up without any architectural drawing approved by competent authority and as such, for lack of proper planning and subsequent change of Master plan, the entire expenditure of Rs.3.48 crore failed to achieve the desired goal for which it was incurred.

4.3.5 The matter was reported to the Government in November 2001; reply has not been received (November 2002).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.4 Extra avoidable expenditure on delayed payment of electricity bills

Failure to make payment of electricity bills in time by Aizawl Water Supply Project Division - I led to payment of interest and forgoing of rebate amounting to Rs.71.97 lakh.

4.4.1 According to electricity tariff of Power and Electricity Department (PED), Government of Mizoram, electricity bills are to be paid within the last date mentioned in the bill failing which interest @ 2 per cent on arrears is levied. In the case of payment of bills within the due date, a rebate of Re.0.05 per unit consumed is allowed.

4.4.2 Test-check (October 2001) of records of the Executive Engineer, Aizawl Water Supply Project Division-I (EE, AWSPD) revealed that the PED raised energy bills (for the period August 1999 to February 2001) amounting to Rs.4.51 crore against the division from time to time (excluding rebate). The division not only failed to pay the bills within the due date but also failed to pay the same within the last date thereby attracting liability for interest payment of Rs.0.62 crore. The division paid Rs.5.12 crore (March 2000: Rs.0.56 crore and March 2001 : Rs.4.56 crore) which included interest payment of Rs0.62 crore on arrear dues and rebate of Rs.9.97 lakh which was not availed of on payment of bills within due date. Thus, for the failure to make payment of bills within due date/last date, the division had to incur an extra expenditure of Rs.0.72 crore which could have been avoided.

4.4.3 On this being pointed out by audit, the EE, AWSPD and Superintending Engineer PHE Circle stated (February 2002) that the delay in payment of energy bills was due to acute fund constraint causing non-allotment of fund. The reply is not tenable as payment of energy bills, being a recurring and inevitable expenditure of the division, necessary arrangement should have been made beforehand for timely allotment of fund

for payment of bills to avail the benefit of rebate and also to avoid payment of interest on arrear dues of such a huge magnitude.

4.4.4 The matter was reported to Government in January 2002; reply has not been received (November 2002).

4.5 Extra avoidable expenditure towards transportation of GI pipes

Transportation of 5137.13 quintal GI pipes from railhead to central store via working division and back to work sites located on the way from railhead to central store resulted in an extra avoidable expenditure of Rs.7.60 lakh.

4.5.1 Store Division, Public Health Engineering (PHE) Department, Aizawl is a central store holding division of the department catering to the needs of the working divisions of the department. The galvanised iron (GI) pipes of different diameter, procured by the division from manufacturers located in other states, are transported from Silchar railhead to central store of the division at Aizawl (180 km).

4.5.2 Test check (December 2001) of records of Kolasib PHE division revealed that the division transported (between March 1996 and 2001) 5137.13 quintal GI pipes of different diameter from Aizawl to the work sites at Bilkhawthlir (3089.09 quintal), N Chhimluang (479.43 quintal) and Vairengte (1568.61 quintal) through carriage contractors and paid (March 2001) Rs.5.35 lakh (at the rate of Re.0.90/quintal/km). Initially, the aforesaid quantity of materials were transported from Silchar railhead to the central store at Aizawl via Kolasib on payment of Rs.3.51 lakh (at the rate of Re.0.38/quintal/km). Since all the work sites as well as the PHE division at Kolasib are located on the way from Silchar to Aizawl, these materials could have been transported straightway from Silchar to the work sites at Bilkhawthlir (77 km from Silchar), N Chhimluang (62 km from Silchar) and Vairengte (40 km from Silchar) at a total cost of Rs.1.26^v lakh only (at the rate of Re.0.38/quintal/km at which actual transportation from Silchar to Aizawl was made by the department), instead of transporting the same from Silchar to Aizawl and back to work sites at a cost of Rs.3.51 lakh and Rs.5.35 lakh respectively.

^v Silchar to Bilkhawthlir	3089.09 qtls x Re.0.38 x 77 km	Rs.90,387
Silchar to N. Chhimluang	479.43 qtls x Re.0.38 x 62 km	Rs.11,295
Silchar to Vairengte	1568.61 qtls x Re.0.38 x 40 km	Rs.23,843
		Rs.1,25,525
		i.e. Rs.1.26 lakh.

4.5.3 Thus, due to carriage of 5137.13 quintal GI pipes from Silchar to Aizawl and back to the work sites, the Division had incurred an extra avoidable expenditure of Rs.7.60 lakh (Rs.3.51 lakh + Rs.5.35 lakh – Rs.1.26 lakh).

4.5.4 Government stated (June 2002) that GI pipes were procured in bulk quantity as per requirement of the department from time to time, and according to budget provision of stock suspense and materials were received and accounted for in Store Division, Aizawl. In the event of distribution of GI pipes to the work sites located on the way, the stock account/ledger at Store Division would not exhibit the true picture of stores and its value. The reply is not acceptable to audit because in such circumstances the department could have procured the GI pipes against works by directly charging the expenditure to the works concerned, instead of stock suspense, to avoid such extra expenditure on transportation.