

## CHAPTER-III

### PERFORMANCE REVIEW

#### AGRICULTURE DEPARTMENT

##### 3.1 Minor Irrigation Scheme

###### *Highlights*

*The review highlights certain major shortcomings in the implementation of the Minor Irrigation Projects (MIP) which inter-alia include non-conducting project-wise detailed survey and investigation to ascertain water discharge data, availability of sufficient water, economic feasibility, cropping pattern available infrastructure, etc. The Department had no proper planning for identification of beneficiaries and implementation of MIPs in the State. The physical achievements of the projects were neither compiled nor monitored at any level.*

**Non-release of State's share of Rs.2.98 crore pertaining to the years 2000-01, 2001-02 and 2003-04 led to delay in execution of the projects.**

*(Paragraph 3.1.6)*

**Shortfall in achievement of the target for coverage of command area during 1999 to 2004 ranged from 36 per cent to 100 per cent.**

*(Paragraph 3.1.10)*

**There was blocking of Government funds of Rs.1.14 crore as two projects although shown as completed, remained incomplete as of June 2004.**

*(Paragraph 3.1.11)*

**Irregular expenditure of Rs.1.51 crore was incurred due to execution of work without recording measurement.**

*(Paragraph 3.1.12)*

**There was avoidable expenditure of Rs.99.26 lakh for construction of 23 MIPs.**

*(Paragraph 3.1.15)*

**Doubtful utilisation of Rs.36 lakh led to a project remaining incomplete for more than five years.**

*(Paragraph 3.1.17)*

**There was execution of sub-standard work of five MIPs valued at Rs.1.61 crore.**

*(Paragraph 3.1.18)*

### **3.1.1 Introduction**

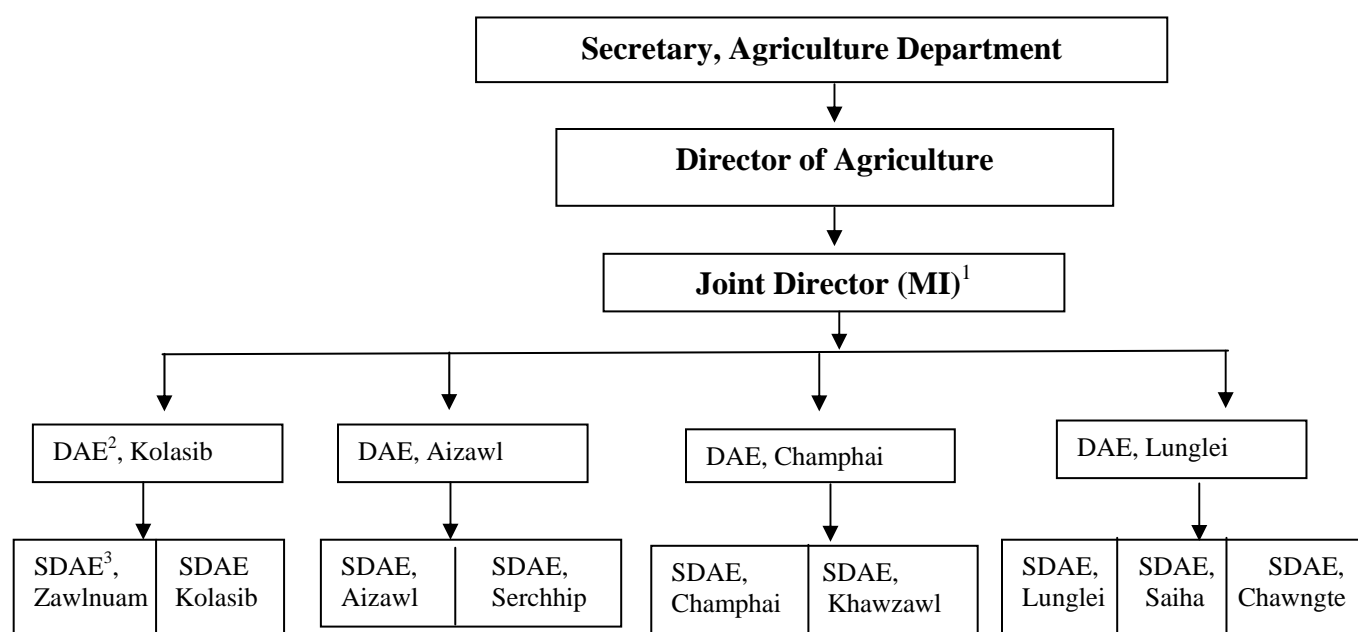
In Mizoram a separate Minor Irrigation wing under the Agriculture Department was created in 1984. Minor Irrigation Projects (MIPs) were taken up for implementation from time to time with loan assistance from National Bank for Agriculture and Rural Development (NABARD) under Rural Infrastructure Development Fund (RIDF) and Central Loan Assistance (CLA) from Ministry of Finance under Accelerated Irrigation Benefit Programme (AIBP) on the recommendation of Ministry of Water Resources as well as under State Plan Scheme.

The main objectives of minor irrigation scheme were to create irrigation potential, provide assured irrigation facilities to the farmers for optimising food grain production as well as raise the standard of living of the poor through river flow irrigation *etc.* To achieve these objectives, the Department took up 48 MIPs (including one State Plan Project and eight ongoing) during 1999 to 2003. Upto 2002-03, the total area brought under irrigation was 1636 hectares, constituting 82 *per cent* of the total targeted area of 2005 hectares. No new MIP was taken up for execution during 2003-04 and no ongoing MIPs (four) were completed during that year. Hence, no fresh area was brought under irrigation during the year.

### **3.1.2 Organisational set-up**

The agencies responsible for implementation of the Minor Irrigation Scheme are depicted in the chart given below:

Chart 3.1



### 3.1.3 Audit Coverage

The implementation of MI Scheme was reviewed during April-June 2004 by test check of records of the Director of Agriculture (MI) and five<sup>4</sup> (out of nine) Sub-Divisional Agricultural Engineers (SDAEs) covering 65 per cent of the total expenditure relating to the years 1999 to 2004. Important points noticed during audit are discussed in the succeeding paragraphs.

### 3.1.4 Financial Management

The expenditure on implementation of MI Scheme was met out of loan assistance from NABARD and CLA on cost sharing basis. The cost sharing between NABARD and the State Government was in the ratio of 90:10 and between AIBP and the State Government in the ratio of 75:25. Year-wise details of fund released and expenditure incurred thereagainst from 1999 to 2004 were as under:

<sup>1</sup> MI: Minor Irrigation    <sup>2</sup> DAE: Divisional Agricultural Engineer

<sup>3</sup> SDAE: Sub-Divisional Agricultural Engineer

<sup>4</sup> Kolasib, Aizawl, Champhai, Lunglei and Serchhip.

Table 3.1

(Rupees in crore)

Name of funding agencies	Year					Total
	1999-2000	2000-01	2001-02	2002-03	2003-04	
<b>(A) AIBP (CLA)</b>						
<b>(i) Fund released:</b>						
AIBP (CLA)	1.43	-	2.00	0.75	9.31	13.49
State Share	0.32	0.13	0.67	0.50	0.50	2.12
<b>Total</b>	<b>1.75</b>	<b>0.13</b>	<b>2.67</b>	<b>1.25</b>	<b>9.81</b>	<b>15.61</b>
<b>(ii) Expenditure:</b>						
AIBP (CLA)	1.04	0.39	2.00	1.50	9.31	14.24
State Share	0.32	0.13	0.67	0.50	0.50	2.12
<b>Total</b>	<b>1.36</b>	<b>0.52</b>	<b>2.67</b>	<b>2.00</b>	<b>9.81</b>	<b>16.36</b>
<b>Excess (+) Savings (-)</b>	<b>(-) 0.39</b>	<b>(+) 0.39</b>	<b>---</b>	<b>(+) 0.75</b>	<b>---</b>	<b>(+) 0.75</b>
<b>(B) NABARD (RIDF)</b>						
<b>(i) Fund released:</b>						
NABARD (RIDF)	2.18	1.46	2.00	2.00	2.00	9.64
State Share	0.22	---	---	0.50	0.22	0.94
<b>Total</b>	<b>2.40</b>	<b>1.46</b>	<b>2.00</b>	<b>2.50</b>	<b>2.22</b>	<b>10.58</b>
<b>(ii) Expenditure:</b>						
NABARD (RIDF)	2.18	1.46	2.00	2.00	2.00	9.64
State Share	0.22	--	--	0.50	0.22	0.94
<b>Total</b>	<b>2.40</b>	<b>1.46</b>	<b>2.00</b>	<b>2.50</b>	<b>2.22</b>	<b>10.58</b>
<b>Excess(+) Savings(-)</b>		--	--	--		
<b>(c) Grand Total:</b>						
<b>(i) Fund released</b>	<b>4.15</b>	<b>1.59</b>	<b>4.67</b>	<b>3.75</b>	<b>12.03</b>	<b>26.19</b>
<b>(ii) Expenditure</b>	<b>3.76</b>	<b>1.98</b>	<b>4.67</b>	<b>4.50</b>	<b>12.03</b>	<b>26.94</b>
<b>Excess (+) Savings (-)</b>	<b>(-) 0.39</b>	<b>(+) 0.39</b>	<b>--</b>	<b>(+) 0.75</b>	<b>--</b>	<b>(+)0.75</b>

(Source: According to information furnished by the Director of Agriculture)

Reasons for excess expenditure of Rs.75 lakh incurred during 2002-03 were not on record.

### 3.1.5 Irregular deposit of fund under Civil Deposit/Deposit at Call Receipt

For providing assured supply of water to agricultural land, the department took up 48 MIPs (27 NABARD, 20 AIBP and one State Plan MIP) during 1999-2003 at an estimated cost of Rs.16.67 crore covering a command area of 2005 hectares. During 2003-04, 37 MIPs were sanctioned at an estimated cost of Rs.18.92 crore for a command area of 1058 hectares. The Government released (March 2004) fund of Rs.12.03 crore to the implementing agencies for 37 new projects and one on going project. Of the said amount, Rs.10.07 crore was deposited into 8443 – Civil deposit (March 2004) and Rs.1.24 crore was kept (March 2004) under deposit at call receipt. Details of balance of Rs.0.72 crore (Rs.12.03 crore – Rs.11.31 crore) could not be made available to audit.

On this being pointed out (June 2004), the department stated (June 2004) that they had to deposit the entire amount of Rs.11.31 crore as the fund was released at the fag end of the financial year. However, the Department's reply was silent about the balance of Rs.0.72 crore.

### 3.1.6 Non-release of State's share

During 2000-01, 2001-02 and 2003-04, against 47 MIPs (27 NABARD and 20 AIBP), the State Government released loan assistance of Rs.11.26 crore (NABARD: Rs.3.46 crore, AIBP: Rs.7.80 crore), against which State's share of Rs.2.98 crore had not been released by the Government as detailed under:-

**Table 3.2**

Year	Number of NABARD MIP	Amount of NABARD Loan (90 per cent Central share) in respect of which State's share not released (Rupees in crore)	Number of AIBP MIP	Amount of AIBP Loan (75 per cent Central share) in respect of which State's share not released (Rupees in crore)	Amount of State's share to be released but not released (Rupees in crore)
2000-01	20	1.46	---	---	0.16 (10 per cent)
2001-02	7	2.00	---	---	0.22 (10 per cent)
2003-04	---	---	20	7.81	2.60 (25 per cent)
<b>Total</b>					<b>2.98</b>

Thus, non-release of State's matching share of Rs.2.98 crore led to delay in execution of the projects. Consequently, none of the MIPs was taken up for execution during the year 2003-04.

### 3.1.7 Non-maintenance of records

Specific provision has been laid down in AIBP guidelines and schedules appended to the sanctions of NABARD loans that the implementing department shall maintain separate accounts of the loan assistance received for implementation of MI Projects.

It was noticed in audit that the department did not maintain separate accounts either for NABARD or for AIBP loans received during 1999-2004 even though the department had a separate Minor Irrigation wing headed by a Joint Director (MI).

In the absence of separate accounts and records, physical and financial achievement of MI Projects could not be verified.

None of the five (out of nine) test checked sub-divisions maintained register of works, materials at site account (MAS Account), tools and plants ledger/account (T&P Ledger), road metal site account (RMS Account).

Thus, non-maintenance of the above mentioned records, depicted lack of departmental control over receipt and issue of materials, details of work executed and expenditure thereon.

### 3.1.8 Planning

Meaningful, effective and successful implementation of any Scheme/Project depends on proper planning, adequate infrastructure, proper identification of beneficiaries and provision of adequate funds.

It was, however, seen in audit that the Director of Agriculture being the implementing authority had been preparing Annual Action plan every year for implementation of minor irrigation projects all over the State with loan assistance from Centre and NABARD. Projects which were taken up for execution during 1999-2004 for diversion of river water were without ascertaining water discharge data through hydrological survey for a particular project and without detailed survey and investigation. Before an irrigation project was sanctioned, technical data such as suitability of site, availability of sufficient water, availability of command area, economic feasibility, cropping pattern, actual production of crops of a particular area *etc.* had not been collected. There was also no specific criteria for selection of beneficiary. Technical data mentioned *ibid* in respect of individual MIPs and productivity rate of crops per hectare as on 31 March 1999 and as on 31 March 2004 were neither available in Action Plan nor could it be furnished to audit. Thus, the Action Plans were hypothetical and not realistic in nature.

In reply to an audit query regarding preparation of survey report, the Director of Agriculture stated (February 2004) that there was no practice of preparation of separate survey report.

In the absence of any comprehensive survey, the basis on which the department took up the execution of MI Projects was not on record.

### 3.1.9 Implementation

There were eight ongoing MIPs as on 1 April 1999. Number of new projects taken up and the number of projects completed during 1999 to 2004 are tabulated below:

**Table 3.3**

Year	Number of MI Projects taken up			Number of MIPs		Irrigation potential in hectares		
	New	Ongoing	Total	Completed	In progress	Targeted	Created	Short fall (percentage in bracket)
1999-2000	22	8	30	1	29	1443	15	1428 (99)
2000-01	1	29	30	1	29	1433 (1428 + 5)	5	1428 (99)
2001-02	10	29	39	26	13	1758 (1428+330)	973	1428 (45)
2002-03	7	13	20	16	4	1012 (785+227)	643	785 (36)
2003-04	-	4	4	-	4	369*	-	369 (100)
<b>Total</b>	<b>40</b>			<b>44</b>		<b>2005</b>	<b>1636</b>	

(Source : Information furnished by the department)

Out of 48 MIPs (40 new and eight ongoing) taken up for execution during 1999 to 2003, 44 MIPs (NABARD:33; AIBP:10 and State Plan:1) were completed at a total cost of Rs.12.97 crore. None of the four ongoing MIPs were completed during the year 2003-04.

### 3.1.10 Shortfall in achievement of annual targets

From Table 3.3 it is seen that against the targeted command area of 2005 hectares pertaining to the year 1999 to 2004, the department could bring only 1636 hectares under irrigation till March 2004. The shortfall in achievement of physical target ranged from 36 to 100 per cent during 1999 to 2004.

Thus, the department had failed to play a significant role in the coverage of cultivable area under irrigation for development of agriculture.

The department stated (June 2004) that the created irrigation potential had been utilised, but failed to provide documentary evidence in support of utilisation.

The SDAEs of five test checked sub-divisions stated (April-June 2004) that water users associations had been formed, but the irrigation structures were not handed over to them (June 2004) as required according to terms and conditions of NABARD. The physical verification of assets as stated by the department (June 2004) was not done at any level.

\* No new MIP was taken up for execution during 2003-04. Hence, the proposed targetted command area of 1058 hectares against 37 new MIPs pertaining to the year 2003-04 was not included.

Implementation of 23 out of 48 MI Projects were test checked and the findings are indicated below.

### **3.1.11 Blocking of funds**

According to information furnished (May 2004) by the Directorate, the Saitluang and Pumphir MIPs were completed during 2002-03 at a cost of Rs.46.33 lakh and Rs.67.50 lakh respectively (equal to estimated cost).

Test check (June 2004) of records of SDAE Champhai revealed that the said projects remained incomplete as of June 2004 due to non-completion of fittings of distribution pipeline as stated (June 2004) by the SDAE, Champhai.

Thus, the expenditure of Rs.1.14 crore incurred upto March 2004 on the two incomplete projects resulted in blocking of Government funds. Besides, the farmers were deprived of the benefit of irrigation facilities.

### **3.1.12 Non-recording of measurement of work done through Muster Roll labourers**

During 1999 to 2003 construction of six projects were executed by engaging Muster Roll labourers by incurring expenditure of Rs.1.51 crore<sup>1</sup> towards wages.

Test check (June 2004) of records of SDAE, Champhai revealed that items of work susceptible to measurement were executed without recording any measurement which was highly irregular. While accepting (June 2004) the fact, the SDAE stated that in future measurement of all the works would be recorded in the measurement book. Thus, the quantum of work executed by the MR labourers could not be ascertained in audit.

## **Material Management**

### **3.1.13 Non-accountal of Tools and Plants**

During 1999 to 2003, tools and plants\* (non-consumable items)

<sup>1</sup> Pumphir MIP	Rs. 28,35,193
Paitha MIP	Rs. 29,03,807
Saitluang MIP	Rs. 24,88,152
Phaisan MIP	Rs. 24,96,824
Mukte MIP	Rs. 40,98,639
Sihmit MIP	Rs. 3,08,970
<i>Total:</i>	<i>Rs. 1,51,31,585</i>

\* Wheel Burrow, Shovel, Pickaxe, Spade etc.



worth Rs.11.88 lakh<sup>1</sup> were procured by four sub-divisions.

Test check (April-June 2004) of their records revealed that the said tools and plants were not reflected in any accounts of the sub-divisions.

While accepting (April-June 2004) the audit observation, the SDAEs stated that non-consumable tools and plants were utilised at the time of execution of the work and tools and plants ledger would be maintained in future.

### **3.1.14 Materials purchased in excess of actual requirement**

Rules provide that materials be purchased in accordance with definite requirement and should not be procured in excess of actual requirements.

Test check of records of Aizawl and Champhai sub-divisions revealed that 3,17,233 bricks and 8019 bags of cement were required for construction of three projects<sup>2</sup>. But the sub-divisions purchased 4,40,459 bricks and 24,299 bags of cement resulting in excess procurement of 1,23,226 bricks and 8019 bags of cement valued at Rs.23.55 lakh. The materials were also not reflected in any accounts of the sub-divisions.

Thus, procurement of materials without assessing actual requirement resulted in not only locking up of funds of Rs.23.55 lakh<sup>3</sup> but also loss to the Government as the materials were kept outside Government account. The concerned SDAEs could not furnish any reply justifying the excess procurement of materials and also the whereabouts of the excess material.

### **3.1.15 Avoidable expenditure**

Five sub-divisions prepared estimate for 23 projects by adopting rates from the Schedule of Rates (SOR) of Public Works Department (PWD), Mizoram. The SORs were adopted in the estimation of works entrusted to contractors for execution and included 10 *per cent* contractor's profit which were to be excluded in estimates for the purpose of execution of these works departmentally.

Test check (April-June 2004) of records of SDAEs of five sub-divisions revealed that a total expenditure of Rs.9.93 crore was incurred (equal to

---

<sup>1</sup> Kolasib -	Rs. 6,06,410
Aizawl -	Rs. 3,99,424
Champhai -	Rs. 24,764
Lunglei -	Rs. 1,57,206
Total:	Rs. 11,87,804

<sup>2</sup> For bricks: (a) Pi-Darilui, Aizawl, (b) Pumphir, Champhai and (c) Saitluang, Champhai.  
For cement: (a) Mukte, Champhai, (b) Tuirini, Aizawl and (c) Baklui, Aizawl.

<sup>3</sup> Aizawl : 65,531 Nos. of brick @ Rs.3.60=65,531X3.60	Rs.2,35,911
4208 bags of cement @ Rs.219=4208X219	Rs.9,21,552
Champhai:57,695 Nos. of brick @ Rs.3.60=57,695X3.60	Rs.2,10,586
3811 bags of cement @ Rs.259=3811X259	Rs.9,87,049
Procurement rates taken into consideration Total:	Rs.23,55,098

---

estimated cost) during 1999 to 2003 against departmental execution of 23 projects at par with the estimated rates based on SOR but deduction towards contractor's profit was not made from the estimated cost of these works taken up departmentally. This resulted in an avoidable expenditure of Rs.99.26 lakh (10 per cent of Rs.9.93 crore) due to exhibition of inflated expenditure.

The reasons for not saving 10 per cent of contractor's profit could not be explained to audit (June 2004).

### **3.1.16 Irregular purchase of GI pipes**

During 1999-2003, the SDAE, Aizawl purchased Galvanised Iron Pipe (GI pipe) worth Rs.12.09 lakh\* for construction of three projects.

Scrutiny of estimates of three projects revealed that these purchases were made without any estimated provision and approval from the competent authority. The GI pipes were also not reflected in the accounts of the sub-division. Thus, the entire purchase of Rs.12.09 lakh was irregular and unauthorised. The SDAE, Aizawl could not furnish any reason for such irregular and unauthorised purchases.

### **3.1.17 Doubtful execution of works**

During 1999-2000 and 2001-02, Rs.41.67 lakh (against the estimated cost of Rs.41.67 lakh) was provided to SDAE, Champhai for implementation of Sihmit MIP, Phase-II. The project was reported to be completed during 2001-02 at the estimated cost.

Scrutiny (June 2004) of records revealed that out of Rs.41.67 lakh, only Rs.5.67 lakh was spent against the said project. Thus, the actual execution of MIP, Phase-II at Sihmit remained doubtful. The project remained incomplete for more than five years even though funds were available with the executing authority. The SDAE could not furnish any reason as to how the project was shown to have been completed with Rs.5.67 lakh when the estimated cost of the project was Rs.41.67 lakh. The SADE also could not furnish the whereabouts of the balance amount of Rs.36 lakh (Rs.41.67 lakh – Rs.5.67 lakh).

### **3.1.18 Doubtful execution of works**

For construction of two projects, the requirement of brick was 2,34,529 and for construction of three other projects the requirement of cement was 7650 bags. But the SDAEs of Kolasib and Aizawl sub-divisions procured and utilised 1,95,060 bricks and 1125 bags of cement for execution of these works and the projects were completed accordingly.

* Baklui MIP	Rs. 5,76,296
Tuiluai MIP	Rs. 1,49,836
Tuiching MIP	<u>Rs. 4,83,261</u>
Total:	Rs.12,09,393

Thus, there was under-utilisation of 39,469 bricks and 6525 bags of cement in execution of these projects. However, it was seen that the five projects were completed at the estimated cost of Rs.1.61 crore which seems doubtful.

The SDAEs could not furnish any justification for under-utilisation of bricks and cement although sought for (June 2004).

### 3.1.19 Expenditure not vouchsafed

The execution of four projects was completed during 2001-02 and 2002-03 at a total cost of Rs.1.49 crore which was equal to estimated cost of these projects.

It was, however, seen in audit (May 2004) that after completion of these four projects, the SDAE, Aizawl during 2002-03 and 2003-04 had withdrawn an additional amount of Rs.46.24 lakh from Civil deposit against the said four completed projects as detailed below:-

**Table 3.4**

(Rupees in lakh)

Name of MIP	Year of commencement	Year of completion	Estimated cost	Expenditure incurred	Amount withdrawn from Civil deposit	Year of withdrawal
Tuiluai	1999-00	2001-02	48.00	48.00	8.00	2002-03
Baklui	2001-02	2002-03	58.89	58.89	10.00	2003-04
Tuiching	2001-02	2002-03	22.06	22.06	8.49	2003-04
Selutar	2001-02	2002-03	19.75	19.75	19.75	2002-03
<b>Total</b>					<b>Rs.46.24</b>	

( Source: Department figure)

Test check of records of SDAE, Aizawl revealed that the expenditure of Rs.46.24 lakh was not vouchsafed.

On this being pointed out in audit (May 2004), the SDAE stated (June 2004) that voucher *etc.*, in support of expenditure of Rs.46.24 lakh was not readily traceable.

### 3.1.20 Avoidable expenditure

Condition appended to sanction of NABARD loans *inter-alia* include that if the Government of Mizoram fails to pay interest on due date, it shall be liable to pay interest on the overdue interest at the rate applicable to the principal amount.

Repayment statement of NABARD loan showed that penal interest of Rs.2.51 lakh was paid during the period from 2 May 2000 to 18 March 2004 for delayed payment of principal and interest. Had the interest been paid on

due date, an expenditure of Rs.2.51 lakh could have been avoided. The reason for delayed payment of interest was not on record.

### **3.1.21 Monitoring and evaluation**

In order to ensure proper implementation of the Minor Irrigation Scheme, a comprehensive monitoring system is essential for effective control over expenditure and also to ensure smooth functioning of the ongoing MI Projects undertaken by the department. No such monitoring system was evolved in the department.

The foregoing points were reported to the Government in August 2004; reply had not been received (October 2004).

### **3.1.22 Recommendations**

For effective implementation of 'Minor Irrigation Scheme' in the State, the Government has to take the following steps:

- To consider adoption of Public Works Department system of accounting for effective material management,
- to improve coordination between executing authority and nodal authority,
- to ascertain water discharge data during monsoon and lean season (Project-wise) before undertaking any new project,
- to hand over the completed MIPs to the concerned Water Users Associations under proper documentation and
- to monitor at the appropriate level by prescribing necessary periodical returns/reports and to assess the impact of irrigation potential created on agricultural production.

**PUBLIC WORKS DEPARTMENT**

**3.2 Construction of Sairang-Lengpui road**

**3.2.1 Introduction**

The extension and improvement (E&I) work of the Sairang-Lengpui road (11.5 km) was approved (December 1997) at a cost of Rs.8.92 crore by the Ministry of Surface Transport (MOST) under the programme of State Road of Inter-state importance. The work commenced in May 1998 and was targeted for completion in March 2000. Till September 2000, only 17 per cent of work was completed with expenditure of Rs.6.39 crore.

The balance work was transferred to National Highway (NH) scheme, which was approved and sanctioned for Rs.13.54 crore (Rs.12.39 crore for the balance work and one RCC bridge for Rs.1.15 crore) by the Ministry of Road Transport and Highway (MORT&H) in August 2000.

The physical and financial achievement of the E&I work and the balance work completed in March 2004 were as under:

**Table 3.5**

Work components	E&I work executed upto September 2000		Balance work as per revised estimate		Execution of balance work		Total	
	Physical	Financial (Rs in crore)	Physical	Financial (Rs in crore)	Physical	Financial (Rs in crore)	Physical	Financial (Rs in crore)
Formation cutting	7.79 km	3.50	3.71 km	2.55	3.71 km	3.25	11.5 km	6.75
Cross drain R/Wall	15 Nos. 1 No.	1.53	38 Nos. 10 Nos.	4.25	-	4.40	-	5.93
Pavement	-	-	11.5 km	3.99	11.5 km	3.98	11.5 km	3.98
RCC bridge	-	-	1 No.	1.15	1 No.	1.01	1 No.	1.01
Land acquisition	4.74 lakh sft.	1.00					4.74 lakh sft.	1.00
Other charges	-	0.36	-	1.60	-	1.08	-	1.44
<b>Total</b>	-	<b>6.39</b>	-	<b>13.54</b>	-	<b>13.72</b>	-	<b>20.11</b>

It would be seen that the work originally estimated to cost Rs.8.92 crore in December 1997 was actually completed at a cost of Rs.20.11 crore including the cost of one RCC bridge (Rs.1.01 crore), which was not originally contemplated. Thus there was a cost overrun of Rs.10.18 crore.

It was further seen that the component of "Formation Cutting" along the length of the road estimated originally to cost Rs.1.77 crore was actually completed at a cost of Rs.6.75 crore; the increase being Rs.4.98 crore (281 per cent).

### 3.2.2 Irregularities in execution

#### ***Doubtful expenditure on Formation Cutting***

The original estimate under E&I scheme provided Rs.1.77 crore for formation cutting of 11.5 km of the proposed road. The work was started in May 1998 and was scheduled for completion by March 1999. Till September 2000, the Division completed formation cutting of 7.79 km of road at different chainages with a total expenditure of Rs.3.50 crore of which Rs.45 lakh were spent on execution through contractor and the remaining amount of Rs.3.05 crore was spent for execution of work departmentally. Scrutiny of records pertaining to the departmental execution revealed that though the entire amount of Rs.3.05 crore was shown as spent for execution of work through engagement of labour and deploying bulldozers, the quantity of work so executed was not found recorded in the Measurement Book nor could any such record in this regard be shown to audit. In the absence of recording the volume of work done through Muster Roll labourers and bulldozers in the measurement books, the payment of Rs.3.05 crore could not be verified.

#### ***Extra expenditure of Rs.32.54 lakh due to enhancement of formation width in different chainages (not at a stretch)***

The original estimate provided the formation width of the road as nine metres and accordingly the department executed 7.79 km of formation cutting work of nine metres width in different stretches during May 1998 to September 2000 along the entire length (11.5 km) of the road. The estimate for the balance work under MORT&H scheme, however, provided for 10 metres formation width and the work was executed accordingly without considering the fact that a substantial portion of the road had already been constructed with nine metres width in different stretches. Thus, the enhancement of additional one metre formation width in different stretches was unnecessary and led to unfruitful expenditure of Rs.32.54 lakh\*.

---

*		
Total expenditure of formation cutting of 3.71 km of the road (10 metre width)	=	Rs.325.42 lakh
For one metre width cost	=	Rs.325.42 lakh ÷ 10 metre
	=	Rs.32.54 lakh

---

***Fictitious expenditure in formation cutting work through MR labourers***

Under E&I scheme (original estimate), the earthwork in formation cutting in the chainage from 8.5 km to 9.5 km was found to have been executed departmentally during December 1998 to September 2000 at an expenditure of Rs.20.90 lakh although in the Measurement Books, detailed measurement showing volume of earthwork executed was not recorded. Scrutiny of records further revealed that the estimate of the balance work under MORT&H (NH) scheme also included the earthwork in formation cutting in the same chainage (estimated cost: Rs.1.04 crore), which was executed through a contractor during March 2001 to December 2002. The work was duly measured and recorded in the Measurement Book and an expenditure of Rs.1.08 crore was incurred (March 2003).

Thus, expenditure on the same work was incurred twice and the work shown as executed departmentally during 1998-2000 at a cost of Rs.20.90 lakh seemed fictitious.

***Undue financial aid to the contractor***

According to Section 32.7 of CPWD Manual Vol. II, in respect of certain specialised and capital intensive works costing not less than Rs.1 crore, mobilisation advance limited to a maximum of 10 *per cent* of the estimated cost put to tender or one crore whichever is less shall be sanctioned to the contractor.

The balance work of formation cutting, culvert and retaining wall, under MORT&H was allotted to a firm (March 2001) at a tender value of Rs.5.65 crore and as per clause of the agreement, Rs.84.73 lakh were paid (March 2001) to the firm as mobilisation advance. This exceeded the prescribed limit of 10 *per cent* of tender value by Rs.28.24 lakh.

Moreover, as the items like formation cutting and retaining wall of the work do not fall under specialised nature of work, the firm was not eligible to any mobilisation advance. Thus, the payment of Rs.84.73 lakh to the firm as mobilisation advance was irregular and contravened the codal provisions.

***Extra expenditure due to increase in volume of soft rock***

The estimated quantity of earthwork in the formation cutting work of 3.71 km to be executed under MORT&H scheme was 2,34,692.01 m<sup>3</sup> of which quantity of soft rock was 1,00,216.25 m<sup>3</sup>. Against this, the volume of soft rock executed was 1,82,354 m<sup>3</sup>. Thus, due to abnormal increase in volume of soft rock by 81.96 *per cent* over the estimated quantity under MORT&H scheme, there was an extra expenditure of Rs.1.23 crore<sup>#</sup>.

---

<sup>#</sup> Executed 182354.00 m<sup>3</sup> – 100216.25 m<sup>3</sup> as per agreement = 82137.75 m<sup>3</sup> @ Rs.150 per m<sup>3</sup>

---

### 3.2.3 Irregularities in purchase

#### *Unauthorised expenditure for purchase of spare parts of heavy machineries*

In execution of formation cutting works through mechanised process, during the period from May 1998 to March 2000, the Mechanical Division, Aizawl provided Bulldozers and Air compressors along with operators; repair of those machineries were also to be undertaken by Mechanical Division for which separate fund of Rs.31.35 lakh was provided against which an expenditure of Rs.31.11 lakh was incurred. Despite this, NH-I Division incurred an expenditure of Rs.38.73 lakh towards purchase of spare parts of the machineries. These spare parts remained unutilised in NH-I Division and there was no scope for utilisation of these spare parts by NH-I Division, as they did not possess such machineries. Hence, the procurement of spare parts was not only unauthorised but also irregular.

#### *Unnecessary and unauthorised purchase of Air compressors*

The Chief Engineer, Zone-II Mizoram purchased three air compressors at a cost of Rs.15.16 lakh charging the expenditure to the work under E&I scheme (March and June 2000). The air compressors were received by Mechanical Division, Aizawl and engaged in the works other than Sairang-Lengpui road. Thus, the expenditure of Rs.15.16 lakh was unauthorised as the machines were not engaged in this work and there was no provision in the estimate for such procurement.

#### *Unauthorised expenditure for purchase of spare parts and other materials out of contingency provision*

According to CPWD Manual Vol.II, in addition to the provision for all expenditure which can be foreseen for a work, a provision of three *per cent* on the cost of the estimate should be added to cover the cost of unforeseen contingencies. Thus, the contingency provision in an estimate of a particular work was meant for covering the unforeseen expenditure related to execution of work. The Public Accounts Committee (PAC) Mizoram, in their Thirty-Seventh Report also recommended that the contingency provision in an estimate of a particular work should not be diverted for incurring any expenditure not related to that work.

Between June 1998 and September 2000, the Division incurred an expenditure of Rs.12.01 lakh<sup>§</sup>, out of contingency provision, towards procurement of spare parts of vehicle, tyre and tube, tents, marboat<sup>¶</sup> etc., which were neither

<sup>§</sup> Spare parts of vehicle Rs. 5,74,863, Battery Rs.9,290, Tyre & tube Rs. 2,17,252, Sintex Rs.69,150, Ordinary T&P Rs. 33,980, Steel Almirah Rs. 3,69,001, Tent Rs.62, 886, Marboat Rs.1,21,840, Samiyana Rs.66,000 and Wooden table Rs.9,000.

<sup>¶</sup> Marboat means a small boat fitted with machine.



unforeseen nor related to this work. Thus, the expenditure of Rs.12.01 lakh incurred by the Division was unauthorised and contrary to the PAC's recommendations. No responsibility had been fixed by the department so far.

### **3.2.4 Other Points**

#### ***Construction of road without obtaining environment and forest clearance***

Forest (Conservation) Act, 1980 prohibits use of forest land for non-forest purpose without prior approval of the Government of India.

Contrary to these provisions, the Department did not obtain Environment and Forest clearance on the ground that the alignment of the road passed through private land and not through reserve forest area. However, the Conservator of Forests, Mizoram raised objection (July 1999) that the road passed through Tlawng Riverine Reserve Forest and construction of road through reserve forest without environment and forest clearance was in violation of Forest Conservation Act 1980.

Thus, the execution of work in the forest land without obtaining clearance from Government of India was irregular.

#### ***Avoidable expenditure due to delay in finalising the case of assessment***

The department incurred an expenditure of Rupees one crore (March 2000) towards payment of land compensation against the estimated provision of Rs.50 lakh. Test check of records revealed that Rs.7.94 lakh were paid as interest at 12 *per cent* per annum for 700 days due to delay (1 April 1998 to 29 February 2000) in assessment of the value of land by the District Administration which could have been avoided had the matter been pursued by the department with the District Administration for making timely assessment.

The foregoing points were reported to the Government in May 2004; reply had not been received (October 2004).