

CHAPTER-IV
WORKS EXPENDITURE
SECTION-B
(AUDIT PARAGRAPHS)

ROADS & BRIDGES DEPARTMENT

4.2 Additional expenditure due to lower compaction norms

Adoption of lower compaction norms led to additional expenditure of Rs.18.42 lakh in 28 road works alone besides benefiting the contractors by way of recovery of less hire charges amounting to Rs.18.58 lakh.

Compaction norms[@] prescribed by the Ministry of Surface Transport (MOST) on use of a 8-10 ton capacity Road Roller for 'Premix carpeting' and 'Spreading of Road Metal' are 930 square metres of surface area and 34 cubic metres of stone chips a day respectively. The Central Public Works Department (CPWD) also follows these standards. As compared to this, the compaction norms of a Road Roller of similar capacity as projected in the Analysis of Rate (AOR) of the Sikkim Public Works Department (SPWD), based on which the Schedule of Rate (SOR) was prepared, were 500 square meters of surface area and 13.33 cubic metres of stone chips a day respectively.

The per day compaction output of the SPWD, therefore, was on the lower side to the extent of 430 square metres of surface area for 'Premix Carpeting' work and 20.67 cubic metres of stone chips for 'Spreading of Road Metal' work, resulting in the SOR of the SPWD for these items being correspondingly inflated resulting from the necessity of increased usage of Departmental Road Rollers and the equivalent amount of hire charges to be recovered from contractors for carpeting and metalling a given road surface area.

Scrutiny of records (December 2002) of 28 road works of the Department randomly selected against which payments were made to various contractors between August 2000 and August 2002 revealed that due to the adoption of lower compaction norms than that of MOST, the SPWD incurred an additional expenditure of Rs.18.42 lakh in carpeting and spreading road metal involving a surface area of 4,20,009.60 square metres.

The audit contention that the SPWD compaction norms were on the lower side was borne out by the fact that whereas the estimates for the above works provided

[@] Annexure to MOST letter no.RM-14 (3)/83 dated 22 October 1993

for the utilisation of 3,990.07 Road Roller days, the actual departmental hire charges for Road Roller recovered from the contractors was only for 1,087.50 days leading to a short recovery of Rs.18.58 lakh and led to extra financial benefit enjoyed by the contractors to this extent.

The Department (December 2003) stated that the necessary modification in SOR according to the norms was being carried as suggested by Audit keeping in view the prevailing condition of the State and its terrain.

4.3 Infertuous Expenditure on Dentam-Uttarey link road

Despite an expenditure of Rs.82.59 lakh of which Rs.19.51 lakh proved infertuous, the work scheduled for completion in February 1997 remained incomplete.

The work of “Construction of eight kilometer link road from Dentam powerhouse intake point to Uttarey” in West district at an estimated cost Rs.82.74 lakh (revised to Rs.88.27 lakh in June 1996) was awarded to seven contractors, in segments, in February 1996 with the stipulation that the work be completed by February 1997. It was seen in audit that:

Till December 2001, only 90 *per cent* of the work was completed against which the contractors had been paid Rs.63.07 lakh. In addition, Rs.10.27 lakh was paid in March 1998 as compensation for acquiring land for 4th km. stretch of road. Due to the objection of the villagers, the alignment was changed. This change was carried out by the Assistant Engineer without the approval of the Department/Government.

While construction of the road through the new alignment was in progress, debris and boulders from the road cutting damaged the water channel of the Kalej Khola powerhouse resulting in its closure in November 1997. The Department prepared an estimate of Rs.21.84 lakh to repair the channel. Of this amount, the Cabinet accorded financial sanction for Rs.11.81 lakh in February 1999 – the balance of Rs.10.03 lakh was to be met from the original estimate of the road work by curtailing some items of work. The Department verbally awarded the repair work, to be completed by June 1999, to the same contractor who was responsible for the damage. Upto June 1999, the contractor was paid Rs.9.25 lakh for this work.

The Department in July 1999 informed the Power Department (PD) of the completion of the repair work and restoration of the water channel. In November 1999, PD officials fed water into the channel on trial basis which led to water seepage in the channel bed and landslides downstream of the channel. The concerned contractor was asked to complete the work along with the new repair work. The contractor however, declined and abandoned the work in February 2000.

Thus, faulty survey and investigation coupled with the failure of the department to ascertain the availability of land prior to starting the work necessitated the change of alignment at the 4th km which in turn set off a chain of events which resulted in (i) infructuous expenditure of Rs.10.27 lakh on land compensation, (ii) closure of the Kalej Khola power house from November 1997 till date (June 2003) resulting in revenue loss which would have otherwise accrued through sale of power, (iii) unproductive expenditure of Rs.9.25 lakh on repairs of the water channel, and, (iv) despite an expenditure of Rs.82.59 lakh, the work scheduled to be completed in February 1997 remained incomplete (October 2003).

In December 2003 the Department while conceding to the audit observations stated that due to fund constraints the work would be taken up during 2004-05.

4.4 Mismanagement of funds

The Department's action was characterised by indecision and resulted in infructuous expenditure of Rs.45.40 lakh and diversion of Rs.28.56 lakh besides avoidable delay in setting up the airfield for boosting tourism prospects of the State.

On the recommendation of the Tenth Finance Commission, the State Government received Rs.3 crore from the Government of India over the period 1997-2002 for construction of an airfield near Gangtok.

The Roads and Bridges (R&B) Department engaged a firm in January 1996 to prepare a feasibility report and master plan of the proposed airfield. The firm surveyed a site at Pakyong and another at Karthok and recommended the former. However, owing to local opposition to the project the R&B Department in June 1999 asked the firm to prepare the final feasibility report for the site at Karthok despite the firm categorically bringing to its notice that this would be a "futile exercise" as the site was unsuitable. On the Government of Sikkim's insistence, the firm accordingly submitted (June 1999) its report for the site at Karthok for which it was paid Rs.19.95 lakh during March 1996 to June 1999.

The Government of Sikkim subsequently in March 2000 in consultation with the Government of India decided to construct seven heliports (in addition to renovation of the existing heliport at Gangtok) in lieu of the airport at an estimated cost of Rs.2.98 crore. The R&B Department engaged the Airport Authority of India (AAI) as consultant for preparing the feasibility report and supervision of construction of the heliports at a cost of Rs.35 lakh out of which upto March 2001, Rs.26.25 lakh was paid to AAI.

Till December 2002, the R&B Department had incurred Rs.2.82 crore on construction of the seven heliports out of which Rs.28.56 lakh was diverted for construction of an approach road. Further, Rs.25.45 lakh was spent on construction of a heliport at Lachung which was later abandoned (November

2001) due to objection from the defence authorities. Of the remaining six heliports as of March 2003, three were yet to be completed even 2 ½ years after the scheduled date of completion. In two completed works cost escalation of Rs.15.91 lakh was noticed.

According to the direction of the Government of India in March 2001, all ongoing works were to be completed by March 2001 failing which the balance fund in respect of the works remaining incomplete would be recovered by it. The Department sidestepped this directive by transferring on 31 March 2001 the balance fund of Rs.1.42* crore to the Sikkim Tourism Development Corporation (STDC) and thereafter, misreported to Government of India *cent per cent* utilisation of the fund.

Interestingly, the Government of Sikkim again requested the Eleventh Finance Commission for a special grant for an airport at Pakyong and was awarded Rs.50 crore, out of which Rs.11.81 crore was transferred (March 2002) to the Land Revenue Department for payment of land compensation.

Thus, the action of the Department, with regard to the airfield project, was characterised by indecision and resulted in avoidable delay in setting up the airfield at Pakyong thereby retarding the prospects of boosting tourism in the State which was one of the objectives, besides misreporting of expenditure to Government of India resulted in infructuous expenditure of Rs.45.40 lakh (Rs.19.95 lakh on fees to the firm + Rs.25.45 lakh spent on the abandoned heliport), diversion of Rs.28.56 lakh for an unrelated purpose and cost escalation of at least Rs.15.91 lakh apart from substantial time overruns in the case of three heliports.

The Department in March 2002 contended that the expenditure of Rs.28.56 lakh was not a diversion as the road leads to the heliport at Gangtok. The reply is not acceptable as the road ends at the District Court and does not extend to the heliport which was a good four-five kilometer away.

4.5 Undue benefit to the contractor on throwing of spoils

Incorrect action of the Department to allow payment on account of throwing of spoils resulted in inadmissible payment of Rs.32.58 lakh.

Schedule of Rate (SOR) followed by the Sikkim Public Works Department (SPWD) based on which the Analysis of Rates (AOR) and work estimates are framed stipulates a consolidated rate of hill cutting including throwing of spoil for all leads and lift all complete.

Notwithstanding the above, the Department in the work Premix Carpeting of 13-kilometre Rumtek-Song Road (km 13th to 25th), included provision for carriage of

* During the year 2001-02 out of total allocation of Rs.2.25 crore, expenditure to the tune of Rs.83.32 lakh was incurred and balance fund of Rs 1.42 crore was transferred to STDC.

1,004.21 cubic meters of spoils in the estimates for 3 kilometer stretch of the road as under. To this extent the estimates for this work were defective.

Table-4.10

Stretches	Quantity of spoil to be carried (in Cubic metres)	Number of trips to be made	Rate per trip (In Rupees)	Amount (In Rupees)
15 km	342.82	121	300	36,300
16 km	508.71	180	200	36,000
17 km	152.68	54	300	16,200
Total	1004.21	355		88,500

It was further seen that an amount of Rs.32.58 lakh was paid to the contractor on account of throwing of 22,773.01 cubic meters spoils obtained from the hill cutting in all the 13 stretches of the road at a uniform rate of Rs.300 per trip. This payment did not arise, as in the SOR and AOR, throwing of spoils was not a separate item of work as it was included in the consolidated rate for hill cutting. Therefore, the payment of Rs.32.58 lakh was inadmissible.

It was also noticed that the contractor was paid at a uniform rate of Rs.300 per trip as against the admissibility varying between Rs.200 to Rs.300 per trip, resulting in undue benefit to the contractor to the tune of Rs.1 lakh (Rs.100 X 10) for 16th to 25th kilometre stretch of road.

Thus, the action of the Department to allow payment on account of throwing of spoils resulted in admissible payment of Rs.32.58 lakh out of which Rs.31.58* lakh was clearly beyond the scope of the work contract.

In reply the Department (December 2003) sought to justify the inadmissible payment by stating that “there has been a mistake in the nomenclature in the SOR and AOR 1997 and hence in the estimate itself.” The reply is unacceptable, as the contract agreement was signed on the basis SOR and AOR approved by the Government which stipulates the rates for all leads and lift.

ROADS & BRIDGES, URBAN DEVELOPMENT & HOUSING AND EDUCATION DEPARTMENT

4.6 Irregular expenditure from Non-Lapsable Central Pool of Resources

Three departments spent Rs.1.31 crore in violation of scheme guidelines resulting in diversion of funds to this extent.

Non-lapsable Central Pool of Resources (NLCP) was constituted by the Government of India since 1998-99 to ensure the speedy development of infrastructure in the North Eastern Region, including Sikkim, by increasing the

* (Rs.32.58 lakh – Rs.1 lakh)

flow of budgetary financing of specific viable infrastructure projects/schemes in the Region. The assistance released from the pool is tied with the project and no diversion is permissible. Further, cost of land acquisition was not eligible for funding under the scheme.

Scrutiny of records for 2000-01 and 2001-02 of three departments Roads & Bridges (R&B), Education and Urban Development & Housing (UD&HD) revealed that these departments had received Rs.24.44 crore under the NLCP out of which Rs.1.31 crore was irregularly incurred on acquisition of land:

Table 4.11

(Rupees in lakh)

Department	Year	Amount received under NLCP	Amount diverted	Item on which expenditure incurred
UD&HD	2000-01	590.00	47.64	Acquisition of land for construction of ropeway.
Education	2000-01	1671.00	44.57	Acquisition of land for District Institute of Education & Training.
R&B	2001-02	182.74	39.23	Acquisition of land for road construction.

The above expenditure was not in conformity with the scheme guidelines and resulted in unauthorised diversion of NLCP funds to the tune of Rs.1.31 crore for purposes other than what was intended under the Scheme.

UD&HD replied (April 2003) that there was insufficient provision under State Plan fund for payment of land compensation for the ropeway project and hence the NLCP fund was utilised as a temporary measure to be subsequently adjusted when fund were available under State Plan fund. R&B Department stated (April 2003) that since it was not aware of the guidelines, payments for land acquisition were made from scheme fund. The replies of the departments were unacceptable as scheme guidelines categorically forbade diversion of fund for acquisition of land/ other purposes.

Education Department did not respond to the audit observation (November 2003).

RURAL DEVELOPMENT AND EDUCATION DEPARTMENT

4.7 Excess payment to contractors for Coarse Rubble Stone Masonry work

Utilisation of less quantity of cement as compared to norms in CRSM work led to excess payment of Rs.20.87 lakh to the contractors.

Analysis of Rates (AOR) and Schedule of Rates (SOR) prepared by the Roads & Bridges (R&B) Department is the basis on which estimates are framed by all

works departments of the Government of Sikkim for works executed by them. Scrutiny of the AOR and SOR of 1997 and 2001, effective from December 1998 and January 2002 respectively prepared by the R&B Department, revealed an inconsistency in the consumption chart appended to the SOR relating to quantity of cement to be used in 1:4:8 cc Coarse Rubble Stone Masonry (CRSM) works.

While the AOR and SOR stipulated the use of 1.0176 bag of cement for executing one cubic metre of 1:4:8 CRSM work, the consumption chart appended with SOR erroneously incorporated the figure of 0.848 bag of cement for executing the same unit of work.

Scrutiny of 299 works executed by Rural Development Department (RDD) and 53 works executed by Education Department through contractors during 1999-2002 and 2002-03 respectively revealed that though the departments adopted the lower rate of 0.848 bag of cement while working out the actual consumption of cement used by the contractors for CRSM work, payments to contractors were made according to higher consumption norm of 1.0176 bag per cubic metre of CRSM work. This resulted in excess payments of Rs.20.87 lakh* to contractors involved in execution of 63,764.193 cubic metres of 1:4:8 cc CRSM work.

While accepting the observation, RDD stated (July 2003) that immediate steps would be taken to rectify the error retrospectively and efforts initiated to realise the excess amount. No reply was received from Education Department (November 2003).

* Education Department-Rs.13.08 lakh; Rural Development Department-Rs.7.79 lakh.