



COMMITTEE ON PUBLIC ACCOUNTS

(2006-2008)

HUNDRED AND EIGHTEENTH REPORT

(TWELFTH ASSEMBLY)

Report of the Committee on Public Accounts,
Assam Legislative Assembly on the Report of the Comptroller
and Auditor General of India (Civil) for the year 2003-04
relating to Public Works Department,
Government of Assam.

Presented to the House on 14th July, 2008.

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT,
DISPUR, GUWAHATI-6.

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COMPOSITION OF THE COMMITTEE

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4. Shri Gobinda Chandra Langthasa
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2. Shri B. Basumatary, O.S.D.
3. Shri P.K. Hazarika, Deputy Secretary
4. Shri K. Rahman, C.O.

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PREFATORY REMARKS

I, Shri Brindaban Goswami, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the report on its behalf present this Hundred and Eighteenth Report of the Committee on Public Accounts on the Audit paras contained in the Report of the Comptroller and Auditor General of India (Civil) for the year 2003-04 pertaining to Public Works Department, Government of Assam.

2. The Report of the Comptroller and Auditor General of India (Civil) for the year 2003-2004 was laid before the House on 8th August, 2005.
3. The Report mentioned above relating to Public Works Department has been considered by the Committee in its meeting held on 20th February, 2008.
4. The Committee has considered the draft report and finalized the same in its sitting held on 11th July, 2008.
5. The Committee has appreciated the valuable assistance rendered by the Principal Accountant General (Audit), Assam and his Junior Officers and staff during the examination of the Department.
6. The Committee thanks to the departmental witnesses for their kind co-operation and offers appreciation to the Officers and staff dealing with the Committee on Public Accounts, Assam Legislative Assembly Secretariat for their strenuous and sincere services rendered to the Committee.
7. The Committee earnestly hopes that the Government would promptly implement the recommendations made in this report.

Dispur:
The 11th July, 2008.

BRINDABAN GOSWAMI
Chairman
Committee on Public Accounts.

The Report
Public Works Department

Extra financial burden and excess payment
(Audit Para 4.3.4/C & AG(Civil)/2003-2004/(P-71-72))

1.1 The audit has pointed out that a test-check (May 2003) of records of the Executive Engineer (EE), Guwahati City Division No.1 revealed that the contractor could not start the work due to non-availability of stock material with the department and due to his inability to collect stone materials from quarries situated in the State of Meghalaya because of ban by Government of Meghalaya on collection of stone materials etc. The contractor had started the work in December 1998 and demanded (date not on record) enhancement of rates. Based on the recommendations (January 1999) of the tender Committee of the department, the CE allowed (March 1999) price enhancement of 90 per cent over SOR 1990-91 to the contractor and allowed him to collect stone materials from equidistant local quarries of Assam. The CE also revised the estimate for the work incorporating some new items for Rs.12.15 crore which was approved by the Government in October 2000. As of March 2004, the physical progress of the work was 100 per cent and the division paid Rs.8.96 crore to the contractor against the measured value of work for Rs.9.50 crore (up to seventh running account bill). Thus due to delay of the department for a period of over two years in finalizing alternative stone quarries at equidistant locations within the State with consequential grant of price escalation from 26.97 per cent to 90 per cent over SOR, there was extra financial burden of Rs.2.85 crore. Further scrutiny revealed that the EE made an excess payment of Rs.1.87 crore to the contractor due to allowing of incorrect and higher analyzed rates for scheduled items as well as payment of inadmissible items of carriage as given under. The EE paid the contractor's bills by allowing higher analyzed rates of completed items with cement, brick, stone materials etc., that those of SOR 1990-91. This had resulted in an excess payment of Rs.108 crore to the contractor. According to agreement, rates for all items of works were for completed and finished items. In violation of the agreed terms, the division paid Rs.78.57 lakh (Rs. 41.35 lakh + 90 per cent above) to the contractor towards carriage charge of boulders, metals, chips, gravel earth etc., from quarry including loading and unloading and stockings to measurable stacks. This resulted in further excess payment of Rs.78.57 lakh.

1.2 The department by their written reply has stated that the work "imp. of G.S. Road from Ulubari to Ganeshguri Chariali" was allotted to the contractor Sri G.L. Agarwalla vide CE's formal work order No.GCB.16/94/Pt-V/13 dt. 23.5.96 at the rate of 26.97% above SOR for 1990-91. The work could not be started in time due to injunction imposed by the Hon'ble High Court on 21.3.95, which was subsequently vacated on 23.2.96 and formal work order was issued on 23.5.96. Even the contractor could not start the work due to non-availability of stock materials in the department and also ban imposed by the Government of Meghalaya in collection of stone materials from the quarry. Finding no other alternative, the

Chief Engineer allowed the contractor to extract stone materials from next nearest quarry Deoduar Hill quarry in Assam the distance of which is 9 km more than the Morakholla quarry in Meghalaya. The decision in changing the quarry was delayed on the presumption that the ban would be lifted shortly and extra cost for lead up to 9 km could be saved. Besides this, due to scarcity of fund stock materials could not be procured and supplied to the contractor by the department, which was one of the main causes for delay in starting the work. Ultimately, the contractor was asked to arrange the stock materials by their own arrangements. However, the work was started in December 1998. The contractor claimed enhancement of earlier quoted rate. The department then allow enhancement @ 90% over SOR for 1990-91 with the appl. of Tender Committee which is much lower than the RBI, price index of 1998. In respect of completed items with cement, bricks, stone metal etc. it is to be mentioned that the work was originally allotted out of analysis rate & annexure with the tender agreement over which 90% premium was considered later on as per enhanced tender agreement. As regards excess payment of Rs.78.57 lakhs made to the contractor it is to be mentioned that no payment was made for carriage of boulders, chips or gravel etc. since these are finished items. The lead and lift. Loading & unloading for disposing the muck & spoils were only considered which was needed to be disposed at suitable location, as there were no provision of extra lead for carriage of spoils/debris beyond 100.00 m in the estimate. In view of the fact stated above, perhaps the expenditure was not unjustified.

OBSERVATIONS/RECOMMENDATIONS

- 1.3 After threadbare discussion the Committee decided to drop the para with the stricture so that it should not be recurred in future.

Avoidable excess expenditure due to non-fixation of uniform rates for different bridge works with the same specification.

(Audit Para 4.3.5/C & AG(Civil)/2003-2004/(P-72-73)

1.4 The audit has pointed out that a test-check (May 2003) of records of the EE, Guwahati City I Division revealed that the CE prepared estimates for different bridges on the basis of the rates quoted by the contractors. On scrutiny of tender documents it was noticed that the CE had allowed different rates to different contractors for the same item of bridgework with same specification without any explanation on records. Thus, due to irregular allowance of differential rates to different contractors for identical works without adopting any standard rate by the CE, the Guwahati City Division-I incurred an avoidable excess expenditure of Rs.73.61 lakh compared to the lowest rate quoted for different items by the different contractors.

1.5 The department by their written reply has stated that the construction of 6 nos. of RCC bridges over river Bharalu under Guwahati Metropolitan storm drainage improvement programme was taken up with the HUDCO loan assistance. The project was administratively approved for Rs.4.36.23.000.00 by the GMDA vide their letter No..GMDA/Dev/198/98-99/68 dt. 7.2.2000. Accordingly, tenders were called for six bridges in six groups and for each work, different contractors had offered their rates according to the nature of work of each bridge & its location and the works were allotted to the different contractors at their lowest quoted rate in each group. The estimated value came to Rs.4,29,61,633.00 on the basis the rate quoted by the contractors which is less by Rs.6.61.3367.00 from the AA amount hence question of excess expenditure does not arise.

OBSRVATIONS/RECOMMENDATIONS

1.6 The departmental representatives have intimated the Committee that tenders were called for Six Bridges in six groups and for each work. Different contractors had offered their rates according to the nature of work for each bridges and its location and the works were allotted to the different contractors at their lowest rate in each group. The contractors quoted different rates for different bridges as per the location and facilities. The tender Committee also approved the lowest rate thereby, and no excess expenditure had been occurred. The Committee is satisfied with the reply of departmental representatives and decided to drop the para.

Avoidable expenditure
(Audit Para 4.3.6/C & AG(Civil)/2003-2004/(P-73-74)

1.7 The audit has pointed out that a test-check (January-February 2004) of records of the EE, City Division-II, Guwahati revealed that against the item of work Collection and supply of stone dust at site of work including loading and unloading including excavation in marshy land and removal of muck and materials including bailing out of water and carriage from the site of work to a distance of 5 km including loading and unloading etc., for the entire chainage from 90 metre to 1430 metre, the division paid Rs.331.07 lakh against executed quantity of 3835.14 cubic metres (cum) at the rate Rs.810.17 per cum which was inclusive of Rs.194.55 per cum for a component of work 'removal of muck and mud as per APWD, SOR 2000-01. Scrutiny further revealed that against the item of work 'Excavation of marshy land removal of muck and mud and material including bailing out of water and carriage of muck up to a distance of 100 metres' the division paid Rs.26.67 lakh to the contractor as a separate item for execution of 13710.81 cum of work at the rate of Rs.194.55 for the chainage from 90 metre to 750 metre. As the rate of Rs.810.17 per cum for the entire chainage was inclusive of Rs.194.55 per cum being the cost of removal of muck etc., inclusion of the same item of work for a portion of road as a separate item inflated the estimate and contractor's payment resulting in avoidable extra expenditure of Rs.26.67 lakh. Thus, double payment for the same item of work resulted in extra avoidable expenditure of Rs. 26.67 lakh.

1.8 The department by their written reply has stated that the work "Improvement of Srimanta Sankardev Kalakhetra Road" by widening and strengthening to four (4) lane from ch.0.00 m to ch.1500 m with provision of drainage up to river Bahini on G.S. Road was initially sanctioned by the Govt. for Rs.2.41 crore under head of account 3054 non plan. Subsequently, with some additional provision the original estimate was revised through a revised administrative approval vide No.DA 5R/37/2001/36 dt.24.5.2002. During execution it was observed that due to interference of the existing Punjabari Mosque the existing Road had to be shifted towards right way from 390 to 450 m. As a result a new "S" type curved is to be setup in front of the Mosque. Accordingly the original alignment had to be changed from ch.90 m to 1430 m perceivable a new "S" type curve. As such a separate estimate for an amount of Rs.92.00 lakhs was prepared on the basis of S.O.R. 2000-01 and Govt. had accorded administrative approval vide No.da5r.91/2002/Pt-IX/10 dt. 20-11-2002 for an amount of Rs.92.00 lakhs under head account "5054 Non-Plan". The work was awarded to M/s. R. Construction at a tender value of Rs.91.19 lakhs vide work order No.CE/CW/20/2002/12-A, dt. 16-12-2002. As regard double payment for the same item of work resulted extra expenditure for Rs.26.67 lakhs as objected in the Audit Para it is elucidated here that the different rate shown in the Audit para are found to be separate nature of work. Some portion of the stretches from ch.90 m to 1430 m are

filled up with muck & mud & so deep that a separate item had to be inserted for this portion in the estimate and for the other portion another item was inserted in the estimate. Both the items are considered separately. There was provision in the estimate against item No.6 analysis-1 "collection and supply of stone dust at site of work including loading and unloading and payment of Forest Royalty and Sale Tax including excavation of Marshy land and removal of muck and materials including bailing out of water and carriage of muck obtaining from excavation by truck carriage from site of work to a distance place of 5.00 km including loading and unloading both and complete. Spreading stone dust in layers not more than 20 cm thick including local carriage sprinkling with water ramming and compacting with had reamer not less than ten(10) kg. In weight and falling from a height not less than 30 cm etc. complete directed by the department. "This item is exclusively meant for the deep portion and not for the entire chainage from 90 m to 1430 m as objected in the Audit para. There are provision in the estimate for 3660.90 cum @ Rs.810.17 per cum which is not included in the component of the work removal of muck & mud @ Rs. 194.55 per cum. During execution, the contractor had executed 3835.14 cum for which the Division aid R.31.07 lakhs against executed quantity. Apart from this, there were another item of work i.e. item No.4/2-6 - "Excavation of marshy land and removal of muck and materials including bailing out of water and carriage of muck to a distance of 100 meters @ 194.55 cum which was applied in the portion between ch. 90.00 m to 700.00 m". There was provision in the estimate for a total quantity of 12,553.50 cum for the portion of the stretches which was not included in the forgoing estimated provision. In this portion stone dust was not used. During execution the contractor had executed 13,710.80 cum for which the division paid Rs.26.67 lakhs to the contractor. The portion where two items were used. Thus it is clear that both the works are in separate nature applicable for the separate portion of stretches and incorporated in the estimate. Therefore, the payment made to the contractor can not be termed as avoidable extra expenditure.

OBSERVATIONS/RECOMMENDATIONS

1.9 The Committee heard the deposition of the departmental witnesses and decided to drop the para with a instruction that it should not be occurred in future.

Undue financial benefit to contractor and excess expenditure

(Audit Para 4.3.7/C & AG(Civil)/2003-2004/(P-74-75)

1.10 The audit has pointed out that a test-check (January-February 2004) of the records of the EE, PWD, City Division-II revealed as follows : The division paid advance of Rs.2.15 crore against the works executed but not measured. From the contractor's bill for Rs.2.33 crore measured up to January 2001, the EE paid Rs.0.48 crore to the contractor after adjustment of advance of Rs. 1.85 crore only and thereby allowed undue financial benefit of Rs.30 lakhs to the contractor by way of short recovery of advance. Due to system deficiencies in accounts, the advance payment of Rs.30 lakh in January 2001 escaped detection and deduction from the contractor's bill as of January 2004. The Chief Engineer in a Corrigendum issued (October 2001) on APWD (SOR) for 2000-01, revised and reduced with effect from , October 2001, the rates of labour for Granular Sub Base K(GSB) and Water Bound Macadam (WBM) and also the cost of collection of screening type B at at quarry to site of work. Though the CE floated detailed notice inviting tender for the balance work in May 2002 and issued work order in September 2002, the ACE did not take into account the aspect of reduced rate while analyzing the rates of GSB and WBM. Thus, failure on the part of the ACE to give effect to the "Corrigendum" had resulted in an excess expenditure of Rs.30.92 lakh. Thus, non-exercising of deregulatory checks by the EE and lack of proper planning and estimation of the work by the EE, ACE and the CE led to undue financial benefit of Rs.30 lakh to the contractor and excess expenditure of Rs.30.92 lakh.

1.11 The department by their written reply has stated that the work improvement of Sankardev Road by widening and strengthening to Four lane from ch.0.00 m to ch. 1500.00 m with provision of drainage up to river Bahini on G.S. Road was initially sanctioned by the Govt. for an amount of Rs.2.40 crore under H/A 5054 Non-plan. The scheme remained unimplemented and later on an estimate amounting to Rs.6.08 crore with additional scope of work was submitted. In the mean time Govt. had revoked the earlier sanction by the new administrative approval vide No.CRF/49/99/Pt-IV/2, dt.07-12-2002 under Head of account "3054 Non-plan" for an amount to Rs.2.40 crore. Accordingly, the work was awarded to M/s. Young Construction vide work order No.CE/CW/30/99/11 dt.29-05-2000. Accordingly F.O.C. for Rs.2.57 crore under H/A- "3054 Non-Plan" was issued for the work and expenditure incurred accordingly. Mean while Govt. had decided to improve the road renaming as Srimanta Sankardev Kalakhetyra Road b y widening and strengthening to 4 (four) lane with provisions of both side pucca drain up to river Bahini on G.S. Road. At this

stage the Govt. restricted the value of earlier work order under Head of account "3054 Non-plan" up to Rs. 2.57 crore and revised administrative approval was accorded under H/A "5054-Non-plan" vide No.da5r/37/2001/36 Dt. 24.5.2002 FOR Rs. 5,90,68,2000.00. Accordingly, the work order was issued to the contractor M/S. Young Construction at a tender value of Rs.353.70 lakhs. Earlier work executed by the contractor under Head of account "3054-Non-plan" was within the revised sanctioned limit. It is pointed out here that the whole scheme was under the supervision of Sub-division-I and II of Guwahati City Division No.II. From ch.335.00 m to ch. 664.00 m falls under the jurisdiction of Sub-division No-1. In the 1st phase of the work sanctioned under the Head of account "3054 Non-plan" an amount of Rs. 1.85 crore was paid to the contractor between Nov, 2000 and Jan, 2001 as per recommendation of City Sub-Division No.-II. Simultaneously, another advance for Rs.0.30 crore was also paid to the contractor on Jan, 2001 against the recommendation forwarded by City Sub-Division No.I. As regard advance for Rs.1.85 crore as recommended by City Sub-Division No.II a measured bill for Rs.2,32,60,669.00 has been received from City Sub-Division No.II. After adjustment of advance for Rs.1.85 crore, an amount of Rs.46,73,000.00 was paid vide Hand receipt No.23/84 dt.04-01-2001 leaving balance amount of Rs.87,669.00 lying unpaid. As regards-Advance payment of Rs.0.30 crore as recommended by City Sub-Division No.1 during the time of audit no measured bill was received from City Sub-Division No.1 However, necessary measurement were recorded in the respective M/B No.286 amount in question were objected as undue financial aid to contractor in the proposed Audit para No.4.3.7. However a measured bill of Rs.2.64 crore was received from City Sub-Division No.1. Considering the measurement for both the Sub-Division No.1 & II subsequently, the unadjusted advance adding all previous payment made to the contractor were adjusted vide Bill No.4"RA/in complete Final/304 dt. 3-3.2004. The work done against the advance of Rs.0.30 lakhs was done at site, but measured bill was not received in time though measurement was recorded in due time. Total value of work done by the contractor is actually comes to Rs.2.64 crore as per last measured bill received in this office. From the fact stated above, it is clear that the advance paid to the contractor perhaps may not be treated as undue financial benefit paid to the contractor. Further, it has been elucidated in the forgoing paras that the original estimate for the scheme was prepared on the basis of S.O.R. 1995-96 and administrative approval was also accorded accordingly. The revised estimate was prepared on the basis of S.O.R. 2001-02 as a fragment of original administrative approval accorded under H/A-"3056-Non-Plan" and considering the position the work was awarded at the rate of 6% above the S.O.R. for 2000-01. The later part of the work was part and parced of the first phase of administrative approval and the estimate for 2nd phase was prepared before publication of corrigendum. Hence, the reduced rate could not be considered in this case. Had the reduced

rate been considered after according administrative approval the contractor would not agree to execute the work and consequently re-tendering would have been inevitable which was an expansible task and time consuming. Under the fact stated above, the reduced rate as per corrigendum was not taken in to consideration which may kindly be accepted. However, the work in question has already been completed in all respect of February 2004 and opened for public utility.

OBSERVATIONS/RECOMMENDATIONS

1.12 The department has intimated the Committee that though excess payment have been made to the contractors it had already been recovered during the payment of final bill to the contractors. The Committee satisfied with the reply of departmental witnesses and pleased to drop the para.

Avoidable extra expenditure

(Audit Para 4.3.8/C & AG(Civil)/2003-2004/(P-75-76)

1.13 The audit has pointed out that a test-check (January-February 2004) of records of the Executive Engineer (EE), North Kamrup Road Division, Nalbari revealed that the division with the approval of Chief Engineer (CE), made an additional payment of Rs.223.63 lakh in excess over the tendered cost for the said two bridges. This additional amount was paid according to variation schedule for extra work necessitated due to subsequent change in Lowest Water Level (LWL) resulting in extra sinking of abutment and pier wells as well as extra RCC work towards increased heights of abutments, pier shafts, ect., which were not included in the original design put to tender. The Chief Engineer opined (June 2000) that it had become a normal unhealthy practice of changing important parameters of bridge after finalization of design and tender and asked the EE to explain the reasons for such discrepancies resulting in extra financial involvement. However, CE asked the EE to allow contractors to sink the well upto the modified design founding level to achieve the required progress without delay. Incorrect assessment of important data like LWL and its subsequent change after finalization of design, drawing and tender agreement resulted in an avoidable extra expenditure of Rs.22.63 lakh on the bridges.

1.14 The department by their written reply has stated that the construction of RCC Bridge No.6/1 and 2/2 over river Baradia on Nalbari- Kaithalkuchi Road and Chamata Kaithalkuchi Road were administratively approved under BIDF-IV of NABARD loan assistance. Necessary Technical sanction were also accorded vide No. T/BR/nabard/RIDF-IV/46/99/154, dt. 14-8-2001 & vide No.T/BR/nabard/RIDF-IV/46/99/155, dt. 14-8-01. As per recommendation of the tender committee the bridge No.6/1 was awarded to M/s. Steel Engineering Pvt. Ltd., Guwahati and Bridge No.2/2 was also awarded to M/s. Modern Construction, Guwahati respectively after inviting tenders in pursuance of contract act Bid Evaluation statement. Necessary drawing and estimate were prepared according to the LWL data so far collected during the time of survey. But during the execution of work it is found that the LWL which was considered at the time of preparation of estimate are not at all workable. Surprisingly due to change of the river course of Buradia the existing LWL goes below the earlier one and LBL also lower down due to scouring. As a result the bridge alignment had to be changed. Moreover as and when discrepancies of LWL data were noticed the design & drawing of the bridges were changed. After visiting the site CE (ARIASP/RIDF) ordered for modification of the earlier drawings considering diminished LWL vide No.T/BR/NABARD/RIDF-IV/3/99/15 dt. 30.6.2000 and No. T/BR/NABARD/RIDF-IV/7/99/10, dt. 19-06-2000.

Accordingly, the well cap for abutment well and pier well are considered to be flushed at 2.75 m reduced LWL for bridge No.6/1 and 3.33 m reduced LWL for bridge No.2/2. Due to the fact the execution of the bridges were delayed and the contractor started the works by March/2001 and April/2001 respectively. Had the bridge been erected as per the original approved drawings the safety of the bridge would have been in question. As such, the expenditure incurred perhaps may not be unavoidable. The excess expenditure were incurred from the variation of rate attached with the tender. The alignment had to be changed due to acute necessity created by the natural calamities. However the bridge in question has since been completed in all respect within the sanctioned provision and opened for the vehicular traffic without any obstruction.

OBSERVATIONS/RECOMMENDATIONS

1.15 The Committee observes that due to non completion of approach roads, newly constructed bridges could not be utilized for the purposes. Therefore, the Committee recommends that the approach roads and the bridges should be completed at the same time in future. With this observation the Committee has decided to drop the para.

Unproductive expenditure and undue financial benefit

(Audit Para 4.3.9/C & AG(Civil)/2003-2004/(P-76-77)

1.16 The Audit has pointed out that a test-check (October 2003) of records of the Executive Engineer, Guwahati Division-III (erstwhile Deputy Project Superintendent, Brahmaputra Bridge Approach Construction Division) and information collected subsequently revealed that : The firm 'Y' completed the work of the bridge proper in October 2002, which was after three years from the stipulated date of completion. The division paid Rs. 6.36 crore to the firm 'Y' up to March 2004 till which time the bridge could not be opened to vehicular traffic due to non-completion of its approaches owing to non-payment of land compensation in full against the land acquired for the approaches. Thus, due to taking up the construction of the bridge and its approaches without proper land acquisition and settlement of land compensation the expenditure of Rs.6.70 crore (Rs.0.34 crore + Rs.6.36 crore) on construction of bridge turned unproductive. The department while rescinding work order of firm 'X' in terms of clause 19 © and 68.3.1 © of contract agreement in August 1996, did not impose penalty on it under clause 19 © despite the fact that the court verdict was in favour of the department. Consequently, the department had to unjustifiably bear the burden of additional expenditure of Rs.3.49 crore which provided undue financial benefit of Rs.3.49 crore to the firm 'X'.

1.17 The department by their written reply has stated that the work construction of RCC bridge over river kolong at Kajelimukh was administratively approved vide No.DA5r.25/88/6 dt. 30-6-89 for an amount of Rs. 210.00 lakh and Technically sanctioned vide No.T/BR/CZ/13/88/109 dt. 28-5-98. The formal work order was issued vide No.T/BR/CZ/13/88/35, dt. 5-1-89 to M/s. BBC for an amount of Rs.192.00 lakhs with the stipulation to complete the work within 30th calendar month. At that time only bridge proper was sanctioned and allotted. The estimate for approaches was not prepared at that time on the plea that the same will be submitted on completion of 50% of bridge work. The contractor started the work on Feb/89 but the over all progress was found to be unsatisfactory as was expected and could have executed only 17.58% up to April/92 and the value of works comes to Rs.33.76 lakhs. Due to unsatisfactory progress the contractor had been issued formal notice aiming at recession of contract. Meanwhile the firm obtain injunction against panel action. Though two round of discussions were held to get the work resumed but the firm did not turn up finally. Finally the work had been rescinded from the contractor in August/1996 as per term of arbitration and in anticipation with letter from Govt. pleader. In the meantime the Government had decided to take up the work through NABARD Loan

Assistance under RIDF-III. Accordingly revised administrative approval for bridge and approaches was accorded for an amount of Rs.869.00 lakhs vide No.DA5R/51/97/8, dt. 21-12-97 and subsequently revised for Rs.847.00 lakhs vide No.RBPC.47/98/10 dt. 31-7-99 with inclusion of some new items due to change of alignment and design etc. Revised T.S. was also accorded for an amount of Rs.869.00 lakhs. The main bridge work was allotted to M/s. Hi Tech. Construction vide work order No.T/BR/CZ/13/Pt-II/31 dt. 10-11-97 as per the recommendation of Tender Committee. The approaches were also allotted to three different contractors as per their quoted rates. The bridge proper was completed on Oct./2002 and overall progress of the approaches were almost 80% at the time of Audit. Although the construction of approaches was started on 7-1-2000 the progress of works was slow due to some technical problem as well as land acquisition problem. It is a fact that the bridge approach was not taken up simultaneously with the bridge work. After execution of 50% of bridge work the approaches work were allotted to different contractor. During execution of bridge work land acquisition problem was not arisen. It has been presumed that the land of approaches was free from encroachers. But due to change in alignment the existing location of the bridge had to be changed and the pattader demands for land compensation. As and when land compensation problem arises the process was initiated with the revenue authority through D.C. and S.D.C. concerned in June/98. After adopting procedural system the PWD submitted land acquisition estimate vide No.DA.5R/40/2001/3, dt. 30-7-2001 i.e. prior to completion of bridge proper. Thus due to procedural delay in land acquisition a considerable time has been elapsed. It does not mean that the laxity of department towards acquisition of land in time is not correct. Apparently there are some technical problem for which the construction of the approaches were delayed. During execution of left bank approaches about 200 m of embankment which passes through some swampy land behaved peculiarly by sinking of earth of the embankment, continuously, necessitating extra earth work on the road. As a result the original contractor could not be completed work and demanded for supplementary items. As a result the work was withdrawn from him and completed through other agencies for which another period of considerable time has been elapsed. However, the bridge and the approaches has since been completed in all respect within the sanctioned estimate and opened for public utility. As regards non-imposition of penalty to the first contractor it is worth mentioning here that the work was rescinded from the first contractor inviting Tender clause No. 19© and 68.3.1©. As and when the verdict of the court goes in favour of the department the contractor left the state forever. After vigorous persuasion no address could be traced out vide No.EE.4/CE/BR-15/2178-2214 dt. 20-8-98. Moreover the earnest money amounting to Rs.1.00 lakh deposited by the 1st contractor in a shape of Bank Draft has been forfeited as penalty. Under the fact stated above the expenditure incurred for the purpose are not at all unproductive and the undue financial benefit was not given to the contractor.

OBSERVATIONS/RECOMMENDATIONS

1.18 The Committee observes that this paragraph is of the same nature with the para 4.3.8. The Committee, therefore decided to drop the para with the recommendation to be followed that have been made against the para 4.3.8.

Avoidable extra expenditure in the form of interest

(Audit Para 4.3.10/C & AG(Civil)/2003-2004/(P-77))

1.19 The audit has pointed out that a test-check (October 2003) of the records of the Executive Engineer (EE), Permanent Capital Construction (PCC) Division and further collection of information revealed that against the sanctioned amount of Rs.6.82 crore, the division paid Rs.7.50 crore to Housefed, as of December 2003. As stated by the division, the excess payment of Rs.68 lakh was based on ceilings (authorization) received from Government (GDD). Scrutiny revealed that payment of Rs.7.50 crore included interest of Rs.45 lakh as claimed (Rs.2.21 crore) by Housefed due to delayed (23 days to 1171 days) payment. The delayed payment was attributed by the division to late receipt of ceilings from the Government. The division, however, could not furnish any agreement between Government (GAD/GDD) and Housefed in regard to payment of interest for delayed payment. Thus, irregular fund management with consequential delays in releasing fund by GDD/GAD led to an avoidable payment of Rs.45 lakh towards interest.

1.20 The department by their written reply has stated that as per sanction of Guwahati Development Department GAD. Govt. of Assam, purchase 200 nos. of flats from Housefed and PWD was authorized by declaring D.D.O. for making payment and accordingly as per F.O.C. received from G.D.D. EE, PWD, P.C.C. Division was making payment to the Housefed including the extra amount of Rs.45.00 lakhs as interest. On scrutiny on the objection raised by the A.G. regarding extra payment in the form of interest, it is observed that the interest amount was paid according to the decision taken on the meeting presided by the Chief Secretary to the Govt. of Assam, where the Commissioner and Secretary, G.A. Department, the Secretary, G.D Deptt., the Joint Secretary, Co-operation Department, the Joint Secretary, Finance Department, Managing Director, Housefed were present and as all the concerning Department were present and agreed with the decision taken on the meeting, hence the decision taken on the meeting may perhaps kindly be considered as agreement. However, it is observed that G.D.D. had taken up the matter with A.G. for its settlement vide letter No.GDD.106/95/274 dt. 11-8-2004.

OBSERVATIONS/RECOMMENDATIONS

1.21 The Committee observes that since the matter had been taken up with AG (Audit) for settlement, the Committee has decided to drop the para.

Undue financial benefit and avoidable extra expenditure

(Audit Para 4.3.11/C & AG(Civil)/2003-2004/(P-78)

1.22 The audit has pointed out that a test-check (September 2002) of records of the Executive Engineer (EE), Golaghat Road Division and information collected subsequently revealed that the Chief Engineer(CE) issued a revised work order (September 2000) to the Assam Government Construction Corporation Limited (AGCCL) for construction of 85.65 per cent of balance work for RCC Bridge No.26/1 over River Gelabil at escalated cost of Rs.3.82 crore with stipulation to complete the work within September 2001 and the Government accorded (January 2001) a revised administrative approval for the whole work at Rs.5.03 crore. The AG. CCL completed the work in July, 2001 at a cost of Rs. 3.40 crore through a sub-contractor but preferred (March 2003) a final bill for Rs.3.74 crore which included commission of Rs.34 lakh. Thus, the AGCCL reaped an unauthorized and undue benefit of Rs.34 lakh (Rs.3.74 crore – Rs.3.40 crore). As of June 2004, the division paid Rs.3.71 crore to the AGCCL. Scrutiny revealed further that the Department originally awarded (January 1992) the above work to AGCCL at a lump sum tendered value of Rs.2.37 crore with the stipulation to complete the work within December 1994. The AGCCL after completing 14.35 per cent of the work valued Rs.34 lakh stopped (April 1994) the work. Against the work done, the division paid Rs.37.47 lakh (up to May 1995) to AGCCL resulting in excess payment of Rs.3.47 lakh. For non-completion of the work within the stipulated period, the Department did not invoke Clause 17 of the agreement in levy and realize compensation amounting to Rs.23.70 lakh from AGCCL for delay in execution of the work. The department, by re-allotting the work with an undue extension of time to the same contractor AGCCL which, defaulted in execution of works even after expiry of six years from stipulated date of construction, the department provided financial benefit of Rs.1.74 crore to AGCCL. Thus the department had provided undue financial benefit of Rs.57.70 lakh (Rs.34 lakh+Rs.23.70 lakh) and excess payment of Rs.3.47 lakh to AGCCL besides, undue delay in execution of the work resulted in time and cost over run of over six years and Rs.1.74 crore (73 per cent) respectively for completion of the work.

1.23 The department by their written reply has stated that the construction of RCC bridge (26/1) over river Gelabil was originally administratively approved for an amount of Rs.181.30 lakhs vide Govt. letter No. DA 5R/259/88/10, dt. 30-3-90. However in a rate finalization committee's meeting held on 20-12-91 wherein Deputy Secretary, Finance was also present approved the rate for an amount of Rs.2,36,96,443.00(Rupees Two crore thirty six lakhs ninety six thousand and four hundred forty three) only. Subsequently as per recommendation of the

Govt. vide No. DA5R/2/91/138 dt. 23/12/91 the work was allotted to M/s.AGCCCL for an amount of Rs.2,36,96,443.00 (Rupees two crore thirty six lakhs ninety six thousand and four hundred forty three)only vide formal work order No.T/BR/EE/42/88/88 dt.3-1-92 with the stipulation to complete the work within Dec. 1994. After execution of 14.35% of work the M/s AGCCL ltd. Was pressing hard for making payment and was requested to release 90% advance against the work to be completed within the year as per MOU. But due to paucity of fund the payment was very irregular and amount of Rs.36,67,040.00 was paid to M/s. AGCCL in three installment hardly as was fund received from the Govt. Due to non receipt of payment and required advance the firm M/s. AGCCL had to discontinue with the work. The firms was requested to expedite progress of work several times. But the firm intimated their willingness to resume the balance work only after the enhancement of earlier rate.To bring a solution a meeting of the tender committee was held on 30-8-2000 where the Joint Secretary, Finance was also present. The committee decided to execute the work under RIDF-V through NABARD Loan Assistance. Accordingly a revised estimate was approved for the balance work for an amount of Rs.4,15,21,541.00 and decided to allot the work to the M/s. AGCCL. The original Administrative Approval was revised for an amount of Rs.5,02,99,004.00 vide No.RBPC.84/2000/33, dt.19-01-2001. As per resolution of the Tender Committee the work was allotted to M/s. A.G.C.C. - T/BR/NABARD/RIDF-V/13/2000/51, dt. 29-9-2000 with stipulation to complete the work by sept/2001. However the A.G.C.C. executed the work in full swing and completed in all respect by July/2001. Under the fact stated above no penalty was imposed against M/s. A.G.C.C. Ltd. M/s. A.G.C.C. is a Govt. undertaking one and abide by to complete the work as per Tender Agreement made with Department. It is not known whether they have subletted the work to other agencies or not. The work order was issued with M/s. AGCC and the agreement was made with the AGCC and not with other agency. As such any loss sustain to the Govt. the AGCC will be panelized.

OBSERVATIONS/RECOMMENDATIONS

1.24 The Committee is satisfied with the deposition of departmental representatives and decided to drop the para.

**Locking up of Government funds due to injudicious procurement of
hume pipes**

(Audit Para 4.4.7/C & AG(Civil)/2003-2004/(P-85-86))

1.25 The Audit has pointed out that a test-check (November-December 2003) of records of the Executive Engineer (EE), Kohra Roads Division revealed that between January 2000 and March 2002, EE, received hume pipes (1665 RM, class NP and NP) of 600 mm (50 RM), 900 mm (895 RM) and 1200 mm (720 RM) diameters worth Rs. 81.57 lakh against 12 different works from selected local suppliers against nine supply orders placed (July 1999-February 2002) by the Additional Chief Engineer (ACE), PWD (R & B) Hills. In response to Audit query the EE could not furnish reply showing that he had made any prior assessment of requirement for hume pipes against all the works and submitted indent for the same to the ACE. Scrutiny of records revealed that till October 2003, the EE could utilize only 342.50 running metres (RM) of hume pipes on three different works and issued another 480 RM of hume pipes worth Rs.20.56 lakh to contractors of four more works leaving 842.50 RM of hume pipes valued at Rs.46.08 lakh idle in materials at site accounts. The EE could not furnish details showing the status for execution of remaining five works as well as the four works against which 480 RM of hume pipes were issued (dates not available on records) to the contractors. Scrutiny further revealed that the EE received (February 2001 January 2002) 140metres of 1200 mm diameter hume pipes worth Rs. 8.53 lakh (inclusive of taxes) against one of the above works viz. 'Improvement of Rongbonghat to Upper Dewri Road', the estimated provision of which did not include 1200 mm diameter hume pipes and as such the entire quantity of hume pipes remained unutilized in this work also because of unjustified supply orders issued by the ACE. Thus, arbitrary and injudicious procurement of hume pipes by the ACE without calling for indent/requirement from the EE and assessing the immediate and actual requirement of hume pipes resulted in unnecessary locking up Government funds of Rs.66.64 lakh (Rs.46.08 lakh + Rs.20.56 lakh).

1.26 The department by their written reply has stated that the hume pipe of different diameter worth Rs.81.24 lakhs were supplied by different firms against the supply order of the Additional Chief Engineer, PWD (R & B), Hills, Diphu between January/2000 to March/2003 for construction of hume pipe culvert against sanctioned road scheme under PWD Kohora Road Division. The hume pipes already procured had been being utilized in various works. In a later development; the Karbi Anglong Autonomous Council authority has dropped the schemes under Reserved Fund under Annual Plan 2003-2004 in the meeting held on 6th July, 2003 at Hawraghat

PWD I.B. Hence, huge quantities of hume pipes lying idle. However, the balance quantity of hume pipes of various dia are now being utilized in a phased manner against the other sanctioned works as reported by the Additional Chief Engineer, Hills. The department has instructed not to requisition any further hume pipe till utilization of the quantities already procured.

OBSERVATIONS/RECOMMENDATIONS

1.27 The department intimated the Committee that all the hume pipes had been adjusted which were purchase as per demand of Autonomus council. It was also dissolved not to purchase hume pipe in future. Since all the hume pipes had been adjusted by the department so the Committee is pleased to drop the para.

A.G.P.(Mini)143/08-PAC-350-12-07-08.