



**COMMITTEE ON PUBLIC ACCOUNTS**

**(2009-2011)**

**HUNDRED AND TWENTY FIRST REPORT**

**(TWELFTH ASSEMBLY)**

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS,  
ASSAM LEGISLATIVE ASSEMBLY ON THE REPORTS OF THE  
COMPTROLLER AND AUDITOR GENERAL OF INDIA  
(CIVIL) FOR THE YEARS 2004-05 AND 2005-2006  
RELATING TO PUBLIC WORKS DEPARTMENT,  
GOVERNMENT OF ASSAM.

**Presented to the House on 29-06-2009**

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT  
DISPUR :: GUWAHATI-6.

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COMPOSITION OF THE COMMITTEE

Chairman:

1. Shri Phani Bhusan Chaudhury

Members:

2. Shri Rajendra Prasad Singh
3. Shri Rameswar Dhanowar
4. Shri Gobinda Chandra Langthasa
5. Shri Abdul Khaleque
6. Shri Rajib Lochan Pegu
7. Shri Padma Hazarika
8. Shri Girindra Kumar Barua
9. Smti Kamali Basumatari
10. Shri Ranjit Dutta
11. Shri Jagat Singh Engti
12. Shri Anwarul Hoque
13. Shri Membor Gogoi

Secretariat:

1. Shri G.P.Das, Secretary
2. Shri B. Basumatari, O.S.D.
3. Shri P.K.Hazarika, Deputy Secretary
4. Shri K. Rahman, C.O.

(ii)

## **PREFATORY REMARKS**

1, Shri Phani Bhusan Chaudhury, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the report on its behalf present this Hundred and Twenty First Report of the Committee on Public Accounts on the Audit paras contained in the Reports of the Comptroller and Auditor General of India (Civil) for the years 2004-2005 and 2005-2006 pertaining to the Public Works Department, Government of Assam.

2. The Reports of the Comptroller and Auditor General of India (Civil) for the years 2004-2005 and 2005-2006 was laid before the House on 8<sup>th</sup> March, 2006 and 10<sup>th</sup> March, 2007.

3. The Report mentioned above relating to the Public Works Department were considered by the outgoing Committee as in Annexure-'A' in their sittings held on 4<sup>th</sup> June, 2008 and 17<sup>th</sup> June, 2008 but could not be presented the same before the House owing to expiry of its term.

4. The present Committee on Public Accounts has finalized and approved the 121<sup>st</sup> Report of the Committee in its meeting held on 23-06-2009 for presentation before the House.

5. The Committee wishes thanks to the outgoing Committee for their strenuous works. The Committee has also appreciated the valuable assistance rendered by the Principal Accountant General (Audit), Assam as well as his junior officers and staff during the examination of the Department.

6. The Committee thanks to the departmental witnesses as well as Finance Department 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 service rendered to the Committee.

7. The Committee earnestly hope that the Government would promptly implement the recommendations made in this report.

Dispur:  
The 23rd June, 2009

**PHANI BHUSAN CHAUDHURY**  
Chairman  
Committee on Public Accounts.

## The Report

Public Works Department

Avoidable extra expenditure

(Audit para 4.2.5/C & AG(Civil)/2004-2005/P-77)

1.1 The audit has pointed out that a test-check (November 2003) of records of the Executive Engineer (EE), PWD, Silchar NEC Division and further collection (March 2005) of records revealed that the EE proposed (May 2001) enhancement of rates of balance work of sub-structure and super-structure valued at Rs. 1.81 crore by Rs.1.32 crore for delayed payment of contractors bills owing to delay in release of funds and other lapses attributable to the Department. Accordingly, the CE, with the approval (July 2001) of NEC enhanced the value of balance work of sub-structure and super-structure to Rs.3.13 crore from Rs.1.81 crore and drew up a supplementary tender agreement (July 2001) with the same contractor. Enhancement of Rs.1.32 crore over the agreed rate was not based on any change in the scope of sanctioned work but was solely attributable to departmental lapses such as delay in payment of contractor's bills. Thus, due to non-payment of contractors bills in time and consequential raising of tender value by way of drawing up a supplementary tender without enhancing the scope of sanctioned work, resulted in avoidable extra expenditure of Rs.1.32 crore.

1.2 The department by their written reply has stated that the balance work for construction of Major R.C.C. Bridge over river Barak at Raniferry approved by the N.E.C was awarded to the contractor Sri D.D. Sarma at a lump-sum tender value of Rs.10.00 crore with the stipulation to complete the work within 2/2001. The contractor started the work in March, 1998 and since commencement, the contractor has been working almost non-stop, maintaining satisfactory progress up to March, 2000. Thereafter progress becomes slow due to non-payment of the executed work in time as per clause of tender agreement. It is a fact that during the period the flow of fund was very stringent and the payment of the running accounts bill could not be made in time. The contractor repeatedly requested to enhance the rate for the balance work amounting to Rs.1,80,75,000.00 and finally threatened to abandon the work due to violation of the tender clause and provision of Indian contract/Indian

contact/Indian Arbitration Act. Considering the gravity of the work and due to non-payment of executed work in time as per clause of L/S tender agreement and since the operative period was expired on 2/2001, enhancement in the rate for the balance work was considered drawing supplementary tender for an amount of Rs.1,32,75,000.00 for substructure and superstructure work raising the original tender value. This enhancement was also agreed by the NEC vide No.NEC/TBR/AS-VIII/87, dt. 18-7-2001. In November, 2001, vide letter No.NEC/26/68/Pt.III/57 a revised estimate was submitted to the NEC for the work construction of RCC Bridge over Barak at Raniferry including renovation of existing PWD Guest House at Silchar. The earlier enhancement drawn through supplementary tender was also included in the revised estimate. In the meantime the completion date for the work was extended up to July, 2003. The Secretary, NEC and Adviser (T & C), NEC visited the Bridge site for spot study and after full satisfaction the revised estimate was sanctioned after some modification for Rs.16,35,366.00 lakhs vide No.NEC( T & C) Approval/2002-03/62 dtd. 20-02-2003 wherein the escalation for the amount as was drawn through supplementary tender was also sanctioned. As the supplementary tender has since been approved by the NEC hence the expenditure incurred perhaps may not be termed as Extra avoidable expenditure.

### OBSERVATIONS/RECOMMENDATIONS

1.3. The Committee observes that the Secretary NEC and Adviser (T & C) NEC visited the bridge site for spot study and the NEC authority fully satisfied and sanctioned the revised estimate for the remaining work. Considering the views of the NEC Authority the Committee also satisfied with the deposition of the departmental witnesses and decided to drop the para.

### Excess expenditure on execution beyond the scope of work

(Audit Para 4.2.6/C & AG(Civil)/2004-2005/(P-77-78)

1.4 The audit has pointed out that a test-check (January-February 2004) of records of the Executive Engineer (EE), Guwahati City Division No.-II and further collection of information revealed that as against revised estimate for execution of only 837.54 cubic metre (cum) (original estimated provision 1,218.24 cum) of uncoursed rubble masonry (UCRM) work in the construction of side walls of 22 culverts (1.00 metre clear span) the contractor executed 4,791.69 cum of work worth Rs.59.97 lakh. Thus, the division had incurred excess expenditure of Rs.49.48 lakh on execution of excess quantity of 3,954.15 cum of UCRM work. Similarly, the division paid Rs.20.05 lakh to the contractor for removal of 12,376.10 cum of spoils/debris against the estimate of 1,470.00 cum, resulting in further excess expenditure of Rs.17.67 lakh for clearing of 10,906.10 cum (12,376.10 cum - 1,470 cum) of spoils/debris @ Rs.162 per cum. In reply to an audit query, the EE stated (May 2005) that the execution of excess quantity of UCRM works and labour for removal of spoils/debris not only related to the 22 culverts and specified drains respectively but also to other works like construction of road side drains etc. and removal of excavated earth and spoils from the work site as required during execution of works. The EE contended further that the works were executed on the basis of a working estimate, which was subsequently approved by CE. The reply of the EE is not tenable as the excess quantity of work paid for in the above two cases were not included in the approved and sanctioned revised estimate and the excess executions were beyond the scope of the provisions of the revised estimate. Further, as the revised estimate was prepared and approved on the basis of actual quantities as per site condition after good progress of work, wherein the number of culverts of one metre clear span was reduced to 22 from the original provision of 32. Thus, due to irregular execution of excess quantity of works beyond the scope of execution of the approved and sanctioned estimate, the EE had incurred unauthorized excess expenditure of Rs.67.15 lakh (Rs.49.48 lakh + Rs. 17.67 lakh).

1.5 The department by their written reply has stated that the work improvement of Hatigaon Bhetapara Road for upgradation to 2 lane to 4 lane standard with side drain, footpath, Road divider from ch.0.00 m to c.1550.00 m was administratively approved vide Govt. No.DA5R.9/2000/Pt-I/5, dt.03-08-2000 for an amount of Rs. 2,66,42,000.00. As per recommendation of the tender committee the work was awarded to M/s. Young Construction vide formal work order No.CE/CW/47/2000/8, dt.13-09-01 at 49% above of SOR for 1995-96 with tender value of Rs.2,60,52,054.00. Subsequently due to omission of some vital item in the original estimate a supplementary tender had been drawn for Rs.1,29,18,210.00 which had been accepted by CE@ vide letter No.CE/CW/47/2001/10, dt. 30-12-02. Considering the importance of the work Govt. had decided to revised the original estimate with some modification. Accordingly Govt. had accorded revised administrative approval for an amount of Rs.4,77,60,625.00 vide No.DA5R.9/2000/Pt-I/99, dt. 27-12-02. During execution, one working estimate was also approved. In the working estimate the road side drain was proposed to be extended to 940 m instead of 870 m as was approved earlier to flow out the drain water to the natural channel in the Hatigaon Lakhiminagar area. As regard the excess expenditure on execution beyond the scope of work as objected in the Audit para it may be mentioned that, for uncoarsed rubble masonry work (URMW) and removal of excavated soil, debris, A.G. in their audit report considered on 22 Nos. of culvert work only ignoring the road side drain of 940 m length. The provision of URMW incorporated in the working estimate are shown below as per analysis attached with the estimate.

1. Rubble Masonry works :

A) Road side drain = 940 m x 4.28	=	4023.20 m
B) 1.00 m span slab culvert		
For 22 nos. = 22 x 38.07	=	837.54 m
		-----
	Total	= 4860.74 m

As such execution of 3454.73 m URMW up to 4<sup>th</sup> running account bill is found within the provision of sanctioned working estimate. The removal of excavated earth/spoils from the work site was done as per requirement and necessity during execution of work as per site condition. The execution is required in various scope of works like laying foundation of



road, drain, slab culvert of various spans and soil/debris as incorporated in the sanctioned working estimate as shown below :-

1. Removal of spoils/earth :		
A) In widening portion of road hard crust	=	12,298.65 m
Quantities required		
B) Construction of roadside drain for		
940 m = 940 x 8.28	=	7,783.20 m
C) 1.00 m span culvert 22 No. 32.25 x 22	=	709.50 m
D) 1.50 m span culvert 2 nos. 162.15 x 2	=	324.30 m
E) 3.00 m span culvert 1 No.	=	495.90 m
		-----
Total		= 21,611.55 m

As such the removal of excavated soil for 11,590.70 m in the 4<sup>th</sup> running Account Bill found to be well within the sanctioned working estimate. Under the fact state above it is evident that the item of work were executed within the sanctioned working estimate hence the expenditure incurred for the purpose is not an excess expenditure beyond the scope of work.

#### OBSERVATIONS/RECOMMENDATIONS

1.6 The Committee is satisfied with the reply of the departmental representatives and decided to drop the para.

## Extra avoidable expenditure

(Audit para 4.2.7/C &amp; AG(Civil)/2004-2005/(P-79-80))

1.7 The audit has pointed out that (A) a text-check (June 2003) of records of the Executive Engineer (EE), Tinsukia Road Division revealed that Ministry of Road Transport and Highways (MORT & H) administratively approved (March 2002) the work for Improvement of Metalled Dibrugarh Ranagara Tinsukia Road for Rs.2.04 crore. The Chief Engineer (CE) while according (July 2002) technical sanction for Rs.2.04 crore on the estimate of the work did not consider the revised reduced rate of different items of work and the work was awarded (April 2002) to a contractor at a tendered value of Rs.2.08 crore (5 per cent above the estimated rates) with the stipulation to complete the work by December 2002. The work was completed (May 2003) at a total cost of Rs.2.06 crore of which extra expenditure of Rs.24.28 lakh resulted from non-adoption of the revised rate incorporated in the APWD SOR 2000-01. (B) Further, test-check (January-February 2005) of records of the Executive Engineer, PWD, Dibrugarh Road Division revealed that Ministry of Road Transport and Highways (MORT & H) administratively approved (March 2002) the work for Improvement of Metalled Moran Naharkatia Road for Rs.2.02 crore. The Chief Engineer (CE) accorded (July 2002) technical sanction for Rs.2.02 crore on the estimate without considering the revised/reduced rate applicable for different items of work and the work was awarded (April 2002) to a contractor at a tender value of Rs.2.01 crore (5 per cent above the estimated rate) with the stipulation to complete the work by December 2002. The division had paid (July 2003) Rs.1.47 crore to the contractor against his incomplete final bill of which extra expenditure of Rs.18.29 lakh resulted from non-adoption of the revised rate according to APWD SOR 2000-2001. In both the cases, though the revision of rates according to the corrigendum was effective from October 2001 the Chief Engineer did not take the same into consideration while according technical sanction and entering into agreement. As such, the works were awarded at much higher rate, thereby resulting in avoidable extra expenditure of Rs.42.57 lakh (Rs.24.28 lakh + Rs. 18.29 lakh). The matter was reported to Government in April 2005. In reply, Government stated (August 2005) that the estimates for the works were prepared on the basis of SOR 2000-01 prior to reduction of rate of some items becoming effective from October 2001. The Government added further that had the reduced rate been considered the contractors might have quoted their rate at higher premium than five per cent. The reply furnished by the

Government is not acceptable as the department failed to consider the revised/reduced rate of items of SOR 2000-01 which came into effect from October 2001, while according technical sanction (July 2002) and entering into agreement with the contractors. Moreover, the Government's presumption that the contractors might have quoted higher premium (more than five per cent) is also without any justification.

1.8 The department by their reply has stated that (A) the work improvement of metalled Dibrugarh-Rangagara-Tinsukia Road were taken up from the fund provided by Ministry of Road Transport & Highways, Government of India under Central Road Fund. The work consists of earth work in sub-grade and soulder for widening providing GSD, WBM, PC, Seal coat and construction of hume pipe culvert including gravelling from ch.46.852 m to ch. 52.850 m. The Estt. was prepared on the basis of SOR,2000-01 prior to publication of corrigendum on APWD SOR for 2000-01 regarding reducing of labour rate for GSD and WMB work etc. The corrigendum was published on Oct./01. The tender was called for in advance in anticipation of receipt of sanction from Ministry vide No.CE/DEV/TB/167/2000/1, dt. 29-12-01 so that work could be allotted as soon as receipt of the sanction. In response 5 Nos. of tenders were received on 10-1-2002 and accordingly C/S was prepared. In the meantime A.A. was received for Rs.204.91 lakh vide Ministry's letter No.NH-12031/95/2001/AS CRF/NH-10, dt.30-3-2002 and the work was allotted with the appl. of tender Committees @ 5% above SOR for 2000-01. Accordingly the work order was issued vide No.CE/DEV/TB/167/2001/10, dt.26-4-02. As the estt. was prepared prior to Oct./2001 and sanction from Ministry was also accorded as per rate-incorporated on the basis of SOR 2000-01, the corrigendum for reduced rate was not considered here. The D.N.I.T. was also called for according to the sanctioned estt. had the reduced rate been considered the revision of the estt. and retendering would have been inevitable and a considerable time would have been elapsed. During the period the RBI price index would have raised and therefore obviously the work had to be allotted at higher rate. However, the work has since been completed in all respect within sanctioned amount and the road was opened for public utility. Moreover the guidance of corrigendum has been followed strictly herein after. (B) the work improvement of metalled Moran Naharkatia Road were taken up from the fund provided by Ministry of Road Transport and Highways, Government of India under Central Road Fund. The work consisting of providing WBM built up spray grouting P/C and S/C from

1<sup>st</sup> to 19<sup>th</sup> km.ch.00.00 m to ch. 18.700m. The estt. was prepared on the basis of S.O.R. for 2000-01 prior to publication of corrigendum on APWD S.O.R. for 2000-01 regarding reducing of labour rate for GSD and WBM work etc. The corrigendum was published on Oct.2001. The tender was called for in advance in anticipation of receipt of sanction from Ministry vide No.CE/DEV/TB/166/2000/1 dt. 29-12-01 so that the work could be allotted as soon as receipt of sanction. In response 5 (five) tenders were received on 10-01-02 and accordingly C/S was prepared. In the meantime A.A. was received for Rs.201.55 lakhs vide Ministry's letter No.NH-12031/94/2001/AS/CRF/NH-10 dt. 3-3-02. The tender Committee in its meeting held on 9-4-02 examined every nook and corner & opined to allot the work at 5% above the S.O.R. for 2000-01 attached with the DNIT. Accordingly work order was issued vide No.CE/DEV/TB/166/2001/10, dt. 26-4-02. As the estt. was prepared prior to Oct./01 and sanction from Ministry was also accorded as per rate incorporated on the basis of SOR,2000-01. The corrigendum for reduced rate was not considered here. The DNIT was also called for as per sanctioned estt. had the reduced rate been considered revision of the estt. and re-tendering would have been inevitable and a considerable time would have been elapsed. During that period the RBI price index would have gone up. Obviously, the work had to be allotted at higher rate. From this point of view the reduced rate could not be considered. The work has since been completed within the sanctioned amount. Moreover the guidance of corrigendum has been followed strictly herein after.

#### OBSERVATIONS/RECOMMENDATIONS

1.9 After threadbare discussion the Committee satisfied with the reply of the departmental representatives and decided to drop the para.

## undue financial aid to the contractor

(Audit para 4.2.8/C &amp; AG (Civil)/2004-2005/(P-80-81)

1.10 The audit has pointed out that a test-check (September-October 2004) of the records of the Executive Engineer (EE), PWD, National Highways (NH) Division, Guwahati revealed that the EE paid (February 2003) Rs.76.70 lakh to a firm as secured advance on the basis of lump-sum measurement for 10.800 cubic metres (cum) of stone aggregates for the work 'Strengthening of existing pavement from Km 7/0 to 17/0 and Km 23 and 25 of NH-37. Scrutiny further revealed that against the total utilized quantity of 13,000 cubic metres of stone aggregates, forest permit of only 1000 cubic metres was issued (January 2003) prior to the date of payment of secured advance to the firm and the rest after February 2003. According to the clause of the tender agreement, the firm was to store the bulk materials in measurable stacks, but, instead of stack measurement, lump-sum measurement was recorded, which was contrary to the provision. Further, the firm could not lift full quantity of stone aggregates against the permit of January 2003 and EE sought (April 2003) extension of time from Divisional Forest Officer (DFO), West Kamrup Division upto 30 June 2003. The EE further requested (September 2003) the DFO to extend the validity of the said permit upto 31 March 2004, as the firm did not lift the full quantity of stone materials in time. This indicated that the firm failed to collect and stack even 1000 cubic metres of stone material at site before preparation of the bill of secured advance, which was in violation of the prescribed codal provision. Though the entire amount of secured advance of Rs.76.70 lakh was adjusted in March 2004 (Rs.29.66 lakh) and August 2004 (Rs.47.03 lakh), the payment of secured advance before actual collection and stacking of stone materials and recording of fictitious measurement in the measurement book had led to undue financial aid of Rs.76.70 lakh to the contractor for more than one and a half year. The matter was reported to Government in March 2005. In reply, Government stated (August 2005) that secured advance was paid against 75 per cent of the value of materials brought to site of work and measurement was recorded in the measurement book as stack measurement. The Government added further that the advance was also adjusted subsequently from the contractor's bills. The contention of the Government that the secured advance was paid to the contractor only after stack measurement was recorded in the measurement book is not tenable

as the payment of advance to contractor was made on the basis of lump sum measurement and not based on stack measurement and that too before bringing the stone aggregates at the site of work. Although the entire amount of secured advance was adjusted subsequently from the contractor's bills, the department cannot be absolved of the responsibility of providing undue benefit of Rs.76.70 lakh to contractor for more than one year.

1.11 The department by their written reply has stated that the work strengthening of the existing pavement from 7<sup>th</sup> km to 17<sup>th</sup> km and 23 and 25 km (total 12 km) on NH-37 under Guwahati NH Division Job No.037-AS-2002-03-862 was administratively approved by the Ministry of Road Transport and Highways vide No.NH-12014/24/2002/AS/NH-10, dt. 16-7-2002. Accordingly TS was accorded vide CE's No.NH-R.33/2002/5, dt. 5-10-2002. The work was allotted to M/S. Sweaty Real Estate Pvt. Ltd. vide work order No.NH.R.33/2002/Pt/16, dt.5-12-2002 with stipulated date to complete within 9 months from the date of issue of order. As the contract is for finished work in the first phase, the contractor started collection of required road metals for utilizing in the work. During collection there was valid forest permit for 1000 cum (m) of stone. As the work was huge one and the forest permit for 1000 m are quite insufficient, the forest department had then been moved for subsequent issue of forest permit on the strength of the letter issued to the forest department. The contractor collected road metal to the site and stacking for work. Further there was provision in the office order issued by Forest Department, Government of Assam vide No.FRE/242/88/Pt.I/16, dt. 20-01-93 that the registered contractor of the State P.W. Department had been allowed to collect forest product on Government work on payment of 25% royalty in advance. The remaining 75% will be adjusted at the time of running/final bill in one installment on receipt of the materials at site the AEE in-charge of the work took the profile measurement in the MBNo.1576 page No.141-142 which is brought forwarded to the MB No.1591 page No.5. As the item was for finished work, secured advance to the materials brought to the site in accordance with AFR 274 and APWD code No.328 has been given to the contractor against indemnity bond submitted by him. Out of 10,800 m of collected road metal an amount of Rs.76,69,650.00 was granted as 75% of the total value of the materials collected by the contractor. However the above secured advance was adjusted from the subsequent measured Bill No.RA/IV155(A) dt. 25-2-04 for Rs. 29,66,467.00 and balance amount of Rs. 47,03,183.00 was adjusted vide bill No.FRA/V dt.

17-7-2004. Of late the valid forest permit for 13000 m of stone metal was received on 26-12-2003, wherein the entire quantity of materials had since been collected. The forest Royalty for Rs.1,57,241.00 with sale Tax on forest royalty were deducted vide Bill No.07C dt. 26-7-04 for the quantities for which valid forest permit was not produced by the contractor. Thus it is clear that the secured advance was granted to contractor only after stack measurement recorded in the MB as per provision of the AFR & APWD code as mentioned above. However the work was completed in all respect on 22-6-2004 within extended time by utilizing the materials collected by the contractor for which secured advance was granted.

#### OBSERVATIONS/RECOMMENDATIONS

1.12 The Committee heard the deposition of the departmental representatives and observe that as there was no involvement of additional amount in the work and the work had been duly completed, the Committee, therefore decided to drop the para.

## Undue financial benefit

(Audit Para 4.2.9/C &amp; AG(Civil)/2004-2005/(P-81-82))

1.13 The audit has pointed out that a test-check (February – March 2004) of records of the Executive Engineer (EE), PWD, Mangaldoi Road Division revealed that the AGCC Ltd. had completed works of all the bridges by subletting the works to three different contractors at a total cost of Rs.3.71 crore. According to clause 20 of the standard bridge contract agreement, the constructing firm was prohibited from subletting the contract or any part thereof without the written approval of the EE. The AGCC Ltd. neither obtained any written permission from the EE before subletting the works nor did it forgo 15 per cent price preference for not executing the works themselves. The Government order of December 1986 allowed the AGCC Ltd. to enjoy a monopoly in getting preferential allotment of work orders without competitive bidding but does not provide for subletting the works to different contractors at lower cost. In the instant cases, the AGCC Ltd. reaped an undue financial benefit of Rs.28.75 lakh (Rs.399.84 lakh – Rs.371.09 lakh) by irregular subletting of the works to other contractors. The matter was reported to Government in June 2005. In reply, Government stated (August 2005) that engagement of associate contractors was decided (August 2000) in the high level committee meeting to complete the work within the stipulated time and therefore permission for subletting of the works was not taken up by the firm. The contention of the Government is not tenable because it violated the contractual agreement.

1.14 The department by their written reply has stated that work for 7(seven) nos. of bridges under Mangaldoi Rural Road Division were up through NABARD Loan Assistance. The A.A. was accorded for Rs.5.86 crore. As per recommendation of Tender Committee the work was allotted at an amount of Rs.3,99,82,990.00 (Estimated amount + 8% premium). The work was allotted to M/s. AGCC Ltd. without calling tender at 15% overhead charges as per Govt. correction slip No.263 issued vide letter No.FEG28/81/43 dt. 4-12-86. Also, the govt. allowed M/s. AGCC to get the work done by the contractor of competence & report vide letter No.RBPC.50/99/Pt-1/8 dt.6-7-2000 in view of early completion of the work taken up under NABARD Loan Assistance.



## OBSERVATIONS/RECOMMENDATIONS

1.15 The Committee after threadbare discussion with the departmental witnesses observes that as the Assam Government Construction Corporation Ltd. no longer exists, hence decided to drop the para.

## Diversion of central assistance

(Audit para 4.4.4/C & AG(Civil)/2004-2005/P-92-93)

1.16 The audit has pointed out that a test check (October-November 2003) of records of the Executive Engineer, PWD, Silchar Road Division and further collection (March 2005) of information revealed that according to the instructions (July 2000) of the Chief Engineer, the Executive Engineer prepared (September 2000) an estimate of Rs.1.19 crore for conversion of Semi Permanent Timber (SPT) Bridge to RCC bridge on Haritkar Sadirkhal Road and other appurtenant works in the same district. Government of Assam without obtaining approval of Government of India administratively approved (November 2001) the construction of permanent RCC Bridge on Haritkar Sadirkhal Road with appurtenant works for Rs.1.19 crore by canceling the earlier administrative approval pertaining to the RCC Bridge over river Kinnarkhal. The division without calling for fresh tender for the work drew up a supplementary agreement (December 2001) for Rs. 1.17 crore with the same contractor without canceling the original tender agreement. The work was in progress and the division paid Rs.71.54 lakh to the contractor up to 3<sup>rd</sup> running account bill as of March 2005. Thus, the State Government irregularly retained the amount of ACA of Rs.1.19 crore idle with the state exchequer for more than seven years and thereafter, without obtaining Government of India's approval, diverted the same to another work. Moreover, the Department awarded the subsequent work through supplementary agreement (though the new work has absolutely no connection with the original work) to the same contractor without competitive bidding, which violated the codal provisions and financial norms. The matter was reported to Government in April 2005. In reply, the Government stated (August 2005) the amount was utilized for improvement of Haritkar Sadirkhal road to facilitate the road communication for the people of remote areas as well as for the movement of Border Security Force (BSF) and Army personnel. The reply is not acceptable as the Government had not only failed to obtain Government of India's (GOI) approval before diversion of the amount for execution of another work but also violated the codal provisions as well as financial norms in awarding the work to contractor.

1.17 The department by their written reply has stated that the work construction of permanent RCC Bridge with steel BUG superstructure and with well foundation over river Kinnarkhal on Haritika Sadirkhal Road including improvement of same road for 1994-95 was administratively approved by the Government on March/95. The fund for the work provided by Government of India. Accordingly, work order were issued to M.K. Agarwalla vide No.T.BR/7/97/Pt/71, dt. 6.10.99. The contractor moved for pre-requisit exercise like engaging agency for soil testing, procure of steel, forest materials etc. in site. In the meantime, it has been intimated that the Brahmaputra Board has aimed to erect one sluice gate in the same location and as such the construction of the bridge was felt not necessary at that location. Accordingly a discussion was held between the Brahmaputra Board official and PWD official wherein it has been decided that the sluice gate would be erected at that location with construction of road slab so that vehicles can ply over it. Thus a large expenditure had been avoided. Therefore, the work was withdrawn from the contractor. In the meantime the Hon'ble MP and Chairman of the standing committee on energy (Lok Sabha) Mr. Santosh Mohan Dev. MP send and appeal to state PWD Minister, Assam to initiate step to utilize the savings for improvement of Haritika Sadirkhal Road. Then a fresh estimate has been prepared for construction of RCC Bridge No.7/1 and improvement of Haritika Sadirkhal road and accordingly Government has accorded administrative approval vide No.DA5R/66/99/91, dt. 11-10-01 for Rs. 119.17 lakhs for the new scheme. The T.S. for the work was also accorded vide No.T/BR/58/2000/15 dt. 18-6-02. Sri M.K. Agarwalla, contractor to whom the original work was awarded earlier has appealed for allotment of another work of equal financial provision so as to compensate the loss incurred by him on withdrawal of previous work. To avoid further litigations and to avoid payment of compensation the work was allotted to same contractor drawing supplementary tender treated as a part of original tender. Hence original tender was not cancelled. As the central fund was fully utilized in the same road in the public interest as such the expenditure incurred thereof perhaps may not be a diversion of fund.

## OBSERVATIONS/RECOMMENDATIONS

1.18. The Committee heard the deposition made by the departmental witnesses and observes that the department diverted the fund meant for one specific work to another work without obtaining prior approval from the Government of India. The department also violated codal provision as well as financial norms in awarding the work to the contractor without inviting fresh tender for the new work. The Committee also observes that the department retained idle an amount of Rs. 1.19 crore with the State exchequer for more than 7 years which is a gross irregularity on the part of the department. The Committee, therefore, recommends that the department should be cautious in future in executing scheme approved by the Government of India. The Committee further recommends that diversion of central scheme fund to any other scheme must be stopped in future which is violation of financial norms.

## Unauthorized diversion of Calamity Relief Fund

(Audit Para 4.5.4/C &amp; AG(Civil)/2004-2005/(P-95-96))

1.19 The audit has pointed out that a test-check (August 2004) of records of the Executive Engineer (EE), PWD, City Division No.1, Guwahati revealed that the Government of Assam Revenue (General) Department sanctioned Rs.3.96 crore in March 2004 to the division against 18 ongoing works and directed that the expenditure be debited to CRF. The division deposited (May 2004) the amount to revenue deposit. Up to May 2004, the division incurred an expenditure of Rs.3.01 crore against 16 different works, of which only one work fell under the category of flood damage repair valued at Rupees four lakh. There was nothing on record to show that the remaining 15 works for which the amount was sanctioned were in the nature of immediate restoration/repair of damages caused by natural calamity. Debiting of expenditure on ongoing works to the head Relief on natural calamities was violative of the provisions of the guidelines issued by Government of India and therefore, resulted in unauthorized diversion of Calamity Relief Fund to the tune of Rs.2.97 crore (Rs.3.01 crore –Rs. 0.04 crore) thereby frustrating the basic objective of the scheme. The matter was reported to Government in February 2005. In reply, Government stated (August 2005) that due to non-availability of required funds under the respective head of account special repair works had to be taken up from the funds provided under Calamity Relief Fund considering the urgency of the work. The Government added further that sanction for incurring the expenditure on 15 road works was accorded by the Revenue Department of the Government. The reply furnished by the Government is not tenable because it not only violated the provisions of guidelines issued by the Government of India but also frustrated the objective of providing funds under Calamity Relief Fund.

1.20 The department by their written reply has stated that Government of Assam, Revenue Department vide letter No.RGR.4/2003/PtIV/7 dt. 31-3-2004 accord sanction of Rs.3.96 crore for 18 no. of schematic work against Guwahati City Division No.1. The expenditure is debitable to the head of the A/c. "2245-relief on account of natural calamities-II other state non plan scheme-02-flood & cyclone etc. 106(937 and 983) - repair and restoration of damage roads & bridges belonging to PWD (General)" against the budget for the year 2003-04. The division deposited

the amount (May/04) to revenue deposit. According to guideline contained in the letter the division had executed 18 nos. of selected work with the monitoring and supervision of DC, Kamrup (Metro). After receipt of completion report from DC, the CE vide letter No.T/BR/State/146.03-04/8, dt. 12-4-04 requested Govt. to release fund against the completed works by changing the H/A from SR to FDR (CRF). Accordingly, Government vide letter No.BT.632/2003/40 dt. 12-4-04 accorded sanction against the particular scheme mentioned in the statement under Major head "2245" and payment was made to the contractor. As there was no fund provision in SR H/A, but, the road damaged by flood had to be repaired there was no other alternative but to take up the work under FDR(CRF).

#### OBSERVATIONS/RECOMMENDATIONS

1.21 The departmental witnesses stated in their deposition before the Committee that they had to undertake the repairing of flood damaged roads as there was no alternative, but to take the work under FDR(CRF). For this they had to change the Head of Account from SR to FDR(CRF). The department has no fund for repairing of flood damaged roads of urban areas. The Committee heard the deposition made by the departmental witnesses and observes that the department had to undertake the repairing of flood damaged roads in the greater interest of the general public. The Committee, however felt that diversion of fund without sanction from the competent authority is a financial irregularity. The Committee, therefore, recommends that the department should be cautious to avoid such lapses in future. With this recommendations the Committee decided to drop the para.

## Unauthorized diversion of fund

(Audit para 4.5.5/C &amp; AG(Civil)/2004-2005/(P-96-97)

1.22 The audit has pointed out that a test-check (August-September 2004) of records of the Executive Engineer (EE), PWD, Barpeta Road Division and information collected subsequently revealed that the Chief Engineer (CE) awarded the work (April 2001 to April 2002) to fourteen contractors at a total tendered value of Rs.9.55 crore. The contractors completed the work between March 2002 and March 2004 with actual measurement of 25.36 km. As of March 2005, the division had incurred expenditure of Rs.8.99 crore on account of payment to the contractors (Rs.8.94 crore) against the bill value of Rs.9.59 crore and on purchase of quality control equipment (Rs.4.60 lakh). The expenditure of Rs.4.60 lakh on procurement of quality control equipment was irregular and unauthorized. Further scrutiny revealed that against the estimated provision for construction of 26.80 km of road, actual measurement after execution was 25.36 km and thus Rs.1.49 crore (Rs.11.12 crore - Rs.9.63 crore) stood unutilized due to inflated estimation of 1.44 km (26.80 km-25.36 km) of road. Of this unutilized amount of Rs.1.49 crore, the Chief Engineer with the approval of Government transferred (November 2002) Rs. 1.03 crore to Barpeta Howly portion of the said road (also under RIDF-VI) for construction of a RCC Bridge (No.1/2 at 1<sup>st</sup> km) and unauthorizedly diverted Rs.45.85 lakh for execution of nine different works not included in the sanctioned estimate of RIDF-VI project in the absence of approved estimates and technical sanction. As of February 2005, the division had incurred an expenditure of Rs.30.37 lakh with a committed liability of Rs.15.48 lakh against various works which was irregular and unauthorized. Thus, the Department had incurred unauthorized expenditure of Rs.34.97 lakh (Rs.4.60 lakh + Rs.30.37 lakh) and a further liability of Rs.15.48 lakh outside the scope of sanction accorded by NABARD and Government.

1.23 The department by their written reply has stated that the work improvement of North Guwahati Amingaon-Hajo-Kalitakuchi-Doulasal-Barpeta-Howly Road (Portion from Barpeta to Doulasal 26.80 km length) were administratively approved vide No.RBPC/130/2000/Pt.II/50 dt. 21-6-2002 for an amount of Rs.1112.26 lakh from the NABARD Loan Assistance under RIDF-IV. The Administrative Approval was accorded

against the estimated value of Rs. 12.36 crore. The work was awarded to 14 nos. of contractor at a tender value of Rs.9.55 crore as per recommendation of tender committee. The estimate was prepared considering the total length of the road as 26.80 km. During execution the road length was reduced to 25.36 km due to deletion of approaches portion of the existing bridge, which were constructed earlier separately. Although there was a restriction to incur expenditure over quality control certain equipments which were not available in the division had to be purchased as it was felt necessary during execution to test the quality of the road. Out of the saving of Rs.1.49 crore in the sanctioned project an amount of Rs.103.03 lakhs was expended in the development of some connecting roads to Barpeta, Howly road and construction of RCC Br.No.1/2 on that road ; and to shift one transformer which came in to the edge of the carriageway because of widening of the road and might cause accident ; and to construct a computer room in the division which was needed to install computer system to regulate the PMGSY works ; and for gravelling in the side-berm of road portion in the vicinity of Barpeta town.

#### OBSERVATIONS/RECOMMENDATIONS

1.24 The Committee heard the deposition of the departmental representatives and observes that while the department prepared the estimate for construction of a road which total length was 26.80 KM, but actual execution after measurement was found to be 25.36 KM and thus Rs. 1.49 crore stood unutilized. The department diverted this unutilized fund to other schemes like purchasing quality control equipments, construction of computer room etc. which was irregular and unauthorized. Diversion of fund is a gross irregularity. This should not be reoccurred in future. However, as the excess amount is fully utilized by the department, the Committee decided to drop the para.



**Avoidable excess expenditure**

(Audit Para 4.2.8/C & AG(Civil)/2005-2006)/(P-143-144)

1.25 The audit has pointed out that a test-check of the records (August 2004) of the Executive Engineer (EE), Guwahati City Division No. 1 and Chief Engineer (CE), PWD (Roads), Guwahati (January 2006 and May 2006) revealed that before approval of the estimates, the CE, invited (March 2000) short notice tender for construction of the Flyover on lump sum basis and for construction of service road, RCC drain cum footpath and RCC foot path without drainage on item rate basis against the approximate estimated cost of Rs. 14 crore. Amongst the seven bidders, firm G was the lowest bidder (Rs.10.27 crore) and firm 'A' was the third lowest bidder (Rs.11.61 crore) for lump sum and item rate works. In contravention of codal instructions and CVC guidelines and without recording any reason on file CE negotiated with firms 'G' and 'A' and fixed the bid values at Rs.11.09 crore and Rs.11.07 crore respectively. Evidence on record does not indicate and increase in the scope of work warranting an upward revision of the bid value of firm 'G' and reduction in the bid value of firm 'A'. There was also nothing on record to suggest better work experience or expertise on the part of firm 'A'. Reasons for not inviting second lowest bidder for negotiation were also not on record. The tender committee accordingly recommended (29 July 2000) allotment of the work to firm 'A' at Rs.11.07 crore without any recorded reasons. The CE issued (August 2000) the work order to firm 'A' with a stipulation to complete the work within 16 months (December 2001). The work commenced in August 2000 but could not be completed in time due to bottlenecks such as non-shifting of Assam State Electricity Board (ASEB) power lines, underground pipeline for water supply and delay in land acquisition etc., and the CE extended (March 2004) the time for completion upto July 2004. As of March 2006, an expenditure of Rs.11.02 crore was incurred against the physical progress of 99 per cent of the work. Thus, negotiations with, and award of work to other than the lowest tenderer in contravention of codal provisions and CVC guidelines resulted in avoidable benefit to the third lowest bidder and loss of Rs.80 lakh to the Government.

1.26 The department by their written reply has stated that the work construction of Flyover at Ulubari Chariali was administratively approved by GMDA on Dec. 2001 and Technically sanctioned by the CE@ on January 2002 for Rs.15.42 crore against estimated provision of Rs.17.95 crore. Since the state was under heavy financial crunch then, the construction of flyover became impossible or the part of the state Government. As such, the State Government had managed 70% of the total cost from the HUDCO loan assistance and 10% was borne by the state Government itself. Accordingly, pre-qualification bid was invited vide No.T/BR/27/99 dt. 15-3-2000. In response eleven no of bidders submitted tender for pre qualification. Out of eleven no. of bidders only nine were found pre-qualified. All the pre-qualified tenderers were intimated to collect the tender papers on submission of bank draft fixing last date of submission of tender on 27-6-2000 and subsequently extended the date up to 7/7/2000. Out of 9 nos. of pre-qualified tenderers only eight numbers had purchased tender documents and submitted their tenders. It was being the 1<sup>st</sup> tier tender the proposal and other technical aspects were examined minutely and some observations on proposals and condition having liabilities to the Department were found and clarification and modifications of proposal from eight numbers of qualified tenderers were sought for. Further, they were also requested to accept the interim payment schedule and schedule for variation of quantities prepared by the department with intimation to the financial implication if any for acceptance of schedule and modification of proposal. In response to these, only seven tenderers out of eight numbers submitted reply to the questionnaires along with their financial implications. The price part treating as 2<sup>nd</sup> tier tender excluding one tenderer all the seven tenderers replied the queries. Only M/s. Bhagheerath Engineering Ltd. Cochine, did not respond to this departments questionnaires. After that bid price were verified and found M/s. Amiya Developers Ltd. was the lowest one. Accordingly, C.S. was prepared and forwarded by the CE to the Government for acceptance of the tender committee. After approval of Tender Committee preliminary work order was issued to M/s. Amiya Developers Pvt. Ltd. Pune vide No.T/BR/HUD/8/2000/54, dt. 2-8-2000. As the construction of fly over at Ulubari Chariali was one of the major projects involving huge financial investment and the fund was received from HUDCO Loan Assistance the work had to be allotted scrutinizing every nook and corner and observing all formalities. Hence the tender was called for in two tier basis incorporating financial implication. However,

the work had been allotted to the lowest tenderer as per approval of the tender committee after inserting financial implications. Although the work had to be completed in Dec/2001, but, due to delay in shifting of utility services i.e. existing water supply line, electric HT line, Telephone cable etc. the delay in completion was found unavoidable & time of completion was extended. However the project had since been completed and opened for public utility.

### OBSERVATIONS/RECOMMENDATIONS

1.27 After threadbare discussion the Committee was satisfied with the reply of the departmental representatives and decided to drop the para.

## Avoidable extra expenditure:

(Audit para 4.2.9/C &amp; AG(Civil)/2005-2006/(P-144)

1.28 The audit has pointed out that a test-check (January-February 2004) of records of the Executive Engineer (EE), Kokrajhar Road Division and further information collected revealed that Bodoland Autonomous Council (BAC) administratively approved (September 2001) the work 'Reopening of Phutikibari-Karigaon Road' under BAC for the year 2000-01 for Rs.3.99 crore. The Additional Chief Engineer PWD, Western Zone accorded (September 2001) technical sanction for Rs.3.99 crore SOR (2000-01) and the work was awarded (November 2001 to February 2002) to five contractors after dividing it into six groups at a total tendered value of Rs.3.77 crore. The revised/reduced rate applicable for carriage/transportation of different materials was however not taken into consideration. The work was completed in June 2002 at a total cost of Rs.3.87 crore of which, avoidable extra expenditure of Rs.43.22 lakh resulted from non-adoption of revised rate incorporated in the SOR 2000-01. The matter was reported to the Government in March 2006. In reply, the Government stated (August 2006) that the contractors refused to accept the corrigendum as the contractors had submitted the tender quoting the rates of the estimate and threatened to abandon the work if corrigendum was enforced. The Government added further that had the reduced rate been considered, revision of estimate and retendering would have been inevitable and a considerable time would have elapsed. The reply is not tenable as the division/department after receipt of corrigendum failed to make any attempt to enforce the rates issued under corrigendum before entering into agreement (between November 2001 and February 2002) with the contractors. Moreover, the Government failed to furnish any supporting documents to show that attempt was made to enforce the rates under corrigendum.

1.29 The department by their written reply has stated that the work "Reopening of Phutikibari Karigaon Road" was taken up from the fund allotted by Bodoland Autonomous Council. As a first phase cutting for diversion of river Gaurang & temporary protection with bamboo plasing and sand bag filling etc. were executed well ahead it is worth mentioning here that this road is a State Highway connecting with Kokrajhar as well as link road of Indo-Bhutan Border. Considering the profundity of the

road, the local MLA and MP emphasized top most priority for restoration of road communication. As per instruction of BAC Authority, Kokrajhar Rural Road prepared an estimate for an amount of Rs.3.99 crore in November 2001 with some analysis of rates and forwarded the same or onwards sanction of BAC. After meeting up certain quarries the BAC Authority in its meeting decided to take up the work and accordingly Administrative approval was accorded for an amount of Rs.3.99 crore vide No.BAC/PWD/PKR(R/91/2000/21, dtd. 11-9-2001 with an instruction to execute the work after technical sanction. The T/S was also accorded by Additional Chief Engineer, PWD Western Zone 29-9-2001 for the same amount. The work consisting of 4(four) fragments (i) Protection of embankment (left side diversion bund) (ii) Construction of Rural embankment along with protection work with left bank approaches (iii) Right bank protection embankment and (iv) Sand gravelling etc. According to the gravity of work the scheme was divided in to 6(six) groups and detailed NIT were also called for separately for each group on 01-10-2001 fixing last date for accepting tender on 19-10-01. The work was allotted to 5 nos. of contractors in six groups. The lowest quoted rate was also equal to the estimated provision for six groups. Accordingly work orders were issued. It is pointed out here that estimate was prepared as per SOR 2000-01 and Administrative approval was also accorded accordingly. T.S. and D.N.I.T. were also called for as per provision in the sanctioned estimate prior to publication of corrigendum containing reduced rate of carriage charge of stone materials. While processing was done for enforcing the corrigendum the contractor threatened to abandon the work. As they have quoted rates as per SOR or 2000-01 which were based on current RBI price index they did not agree to accept the corrigendum. As the contractor had submitted tender quoting the rates of sanctioned estimate further enforcement of reduced rate was perhaps not applicable in this particular case. If the department had gone for enforcement of reduced rate the quoted rates would be high. As all the formalities had since been adopted prior to publication of corrigendum of reduced rates for carriage, the deptt. would not go for any confrontation to avoid litigation and elapse of more time by calling retender & further processing. Had the reduced rate been considered the tenderer might quote higher rate. However the work has since been completed in all respect within the estimated amount and the road was opened for public utility.

## OBSERVATIONS/RECOMMENDATIONS

1.30 The departmental witnesses deposed that as the estimate for the work 'Repairing of Phutikibari-Karigaon Road' was prepared as per SOR-2000-2001 and the Administrative Approval was accorded accordingly. TS and DNIT were also called for as per provision in the sanctioned estimate prior to publication of corrigendum containing reduce rates of carriage charge and stone materials. As the contractors quoted rates as per SOR 2000-2001 which were based on current RBI Price Index, they did not agree to accept the corrigendum. The department did not want to go for any confrontation, to avoid litigation and loss more time by calling retender and further processing. The work has since been completed. The Committee after going through the written memorandum and deposition made by the departmental witnesses the Committee observes that the department did not sincerely attempt to enforce the rates issued under corrigendum before entering into agreement with the contractors. The Committee, therefore, recommends that the department should avoid such ill practice in future and with this recommendation, the Committee decided to drop the para.

## Unproductive and extra expenditure

(Audit Para 4.2.10/C & AG (Civil)/2005-2006/(P-145)

1.31 The audit has pointed out that a test-check (April 2005) of records of the Executive Engineer, Rangia NH Division revealed the following. After completion of 30 per cent work as of December 2000, there was no progress in the roadwork. Eight, out of ten contractors executed work worth Rs.27.77 lakh and stopped the work thereafter. The other two contractors did not even start the work and the work order was withdrawn only in March 2005. Administrative approval has not yet been accorded for the balance roadwork revised in August 2000. As of March 2006, against the physical progress of 30 per cent of roadwork and 99 per cent of bridge work, a total amount of Rs.1.25 crore was paid to the contractors against the executed work valued at Rs.1.58 crore. Thus, laxity on the part of the Department to accord timely sanction and also failure to rescind the work orders and re-allot the balance road work to other contractors at the risk and cost of the defaulting contractors rendered the entire expenditure of Rs. 1.25 crore on the work (road work and bridge work) unproductive. Moreover, SAIL contributed only Rs.30.66 lakh against its share of Rs.79 lakh (50 per cent of Rs.1.58 crore) and failed to pay the balance amount of Rs.48.34 lakh till April 2005. The Department had not pursued the matter with SAIL. This resulted in an extra expenditure of Rs.32 lakh towards contractor's payment from State resources.

1.32 The department by their written reply has stated that the Steel Authority of India (SAIL) a Central Govt. undertaking had proposal to set up a galvanized and CI sheet plant at Kamalpur (Dagaon) area. For implementation of the proposed plant multipartite discussion were held in the office chamber of the then Education Minister. In the discussion the representative of Govt. had welcome the SAIL authority for implementation of proposed plant at Dagaon and assured to provided helping hand and fiscal concession in all respect. As a part of the discussion held on June,1997, the road from Kamalpur to Dagaon about 1.5 km stretch needed improvement on priority basis. In the meeting the Commissioner and Special Secretary, PWD agreed to execute the work from August, 1999 and assured to sanction Rs.15.00 lakhs from the earmarked fund for Industrial Development area. As the financial condition of the state was very stringent then, PWD was not in a position

to provide entire fund from state exchequer. The SAIL authority had however expressed their agreeability to share 50% of the cost of the project vide letter No.GMC/CHDGP/10/97 dtd. 07/10/97. Accordingly one estimate for an amount of Rs.1,58,57,415/- was submitted to the Govt. and the Govt. had accorded A.A. vide No.DA5R/170/97/3 dtd. 06/02/98 with a copy to General Manager, SAIL. The road work was awarded to 10 (ten) nos. of contractor at a tender cost of Rs.50.80 lakhs between Oct. & Nov/97. The bridge proper was awarded to Sri Prabhu Agarwalla vide No.TBR/11/97/42 dtd. 31/03/99 at a tender value of Rs.57,80,000/- as per recommendation of the Tender Committee. Due to stringen fund position of the state no fund could be provided then by the PWD. After vigorous persuasion the SAIL contributed only Rs.30.66 lakhs against their share of Rs.79.50 lakhs (Rs. 1,58,57,415 % 2). As a result the progress of work was found to be very slow and upto December 2000, the contractor could be able to execute work valued Rs.56.04 lakhs only due to non availability of fund & there after the work was apparently stand still from up to December 2000, after achieving 30% of progress only. In the discussion held on 20-7-2000 at the office chamber of the Minister of Industries & Commerce the Joint Secretary Ministry of Steel, GOI informed that due to financial constraint SAIL was not in a position to invest in that project. Thereafter due to increase in the scope of work and price rise one revised estimate was framed & submitted to the Govt. for Rs.305 lakhs. Noticing interference on the part of SAIL and getting scope of development from NABARD Loan Assistance, Govt. had accorded A.A. for the balance work of the bridge only keeping aside the revised estimate for the whole project for an amount of Rs.1,08,49,862/- vide No.RBPC.143/2003/15, dtd. 23/11/2004. The T.S. was also accorded vide No.T/BR/11/97/Pt-14 dtd. 27/07/2005. The balance work of the bridge proper was awarded to the original contractor. As on March, 2005 the bridge proper was completed leaving approaches and protection work awaiting contribution of the SAIL's share. As the bridge work was taken up from NARARD Loan Assistance the SAIL was not informed. Till to date total expenditure incurred in this project for an amount of Rs.122.06 lakhs & only Rs.30.66 lakhs had been contributed by the SAIL. However, initiative is being taken up to complete the bridge approach to make the road through. It is agreeable that the expenditure so incurred for the work becoming unproductive as objected by A.G. but not for the laxity of the department. The work could not be completed due to non contributed their share by the



SAIL. The work was abandoned by the contractor due to non receipt of dues in time. The work could have been rescinded from the contractor in time but re-allotment would not have been made for want of fund as the SAIL did not respond even after assurance given by them.

#### OBSERVATIONS/RECOMMENDATIONS

1.33 The Committee observes that the PWD started improvement of the road from Kamalpur to Dagaon about 1.5 KM stretch after getting assurance from the SAIL that 50% of the cost of the project will be borne by them. The PWD has also completed the bridge proper leaving approaches and protection work awaiting contribution of the SAIL's share. The Committee, therefore, recommends that the department should take immediate step to complete the road and also to take up urgent steps to realize the balance amount of Rs. 48.84 lakhs (Rs.79.50 lakhs – Rs.30.66 lakhs) from the SAIL. Action taken by the department may be intimated to the Committee within 30 days from the date of presentation of this report before the House.

## Undue financial benefit to contractor and avoidable extra expenditure

(Audit para 4.2.11/C & AG(Civil)/2005-2006/(P-146-147)

1.34 The audit has pointed out that a test-check (March 2005) of records of the Executive Engineer (EE), Division No.IV revealed the following : (A) According to cost appraisal report, the original length of the bridge proper was 360 running metre (RM) and the cost of the bridge proper was Rs.9 crore (at the rate of Rs.2.50 lakh per RM). The length of the bridge was however, increased to 459 RM and agreement made with the contractor at a tendered cost of Rs.11.40 crore. The reason for such abrupt increase (459 RM-360 RM) i.e. 99 RM in the length of the bridge proper was not on record. Meanwhile, the CE accepted (date not available) the rates of additional items for the extra length of bridge at the rate of Rs.2.20 lakh per RM and rebate for reduction in length of the bridge at the rate of Rs.1.30 lakh per RM according to clause 30.4 of the agreement. Later on during execution (March 2005) length of the bridge proper was reduced to 351 RM and accordingly the original tender value of bridge proper of Rs.11.40 crore was revised to Rs.10.16 crore. Depiction of longer length of the bridge proper in the agreement by 99 RM(459 RM-360 RM) and subsequent reduction of length by 108 RM(459 RM-351 RM) during actual execution resulted in undue financial benefit to the contractor to the tune of Rs.1.00 crore. (B) Scrutiny further revealed that the CE allowed extension of time up to May 2005 at the request of the contractor as against the agreed time schedule of April 2001 and allowed (November 2001) price escalation up to April 2002 in contravention of clause 46.1 of the agreement as the delay was not attributable to change of scope of work. The delay was due to lapse on the part of the Department in handing over of site and late approval of drawing and design. The division paid a sum of Rs.88.67 lakh to the contractor as price escalation up to May 2004 of which Rs.13.25 lakh was related to the operative period i.e. up to April 2001 and Rs.75.42 lakh related to extended period of contract (May 2001 to May 2004). Thus, allowance of price escalation beyond the stipulated date of completion without any change in scope of work in violation of contractual agreement resulted in an avoidable extra expenditure of Rs.75.42 lakh.

1.35 The department by their written reply has stated that the original estimate of Arthgaon R.O.B. was administratively approved for Rs.15.00 crore vide govt. letter No.DA5R/290/95/78 dt. 1.12.98. Initially, a rough estimate was framed on the basis of tentative general arrangement drawing for a length of 360 R.M. which was reviewed afterwards for a length of 459 M considering there would be service roads on its two sides and length of the railway portion might be more. Accordingly, the work was allotted to Sri D.D. Sharma at cost of Rs.11.40 crore for bridge proper on L/S basis on 26-10-99 and the contractor had started execution of work. The site of the Althgaon R.O.B. is highly commercial area with a heavily built up structure, cinema hall etc. The inhabitant of the area did not want to spare a tinch of land and filed case in the court. So, while the work was in progress, the proposal of other ancillary works (service roads, laying of under ground electrical cable etc.) was dropped. By this time detail drawing of Railway portion was also available from their side. Hence the actual length of the R.O.B. became at 351.00 RM instead of 459.00 M. The tender value was also reduced to Rs.10.16 crore from Rs.11.40 crore, by the CE(Rds) on the strength of the tender clause 58.1. The delay in execution of work occurred mainly due to the following reasons : (1) The owner of the built up structures and owner of the commercial establishment appealed before the court to shake up the situation of dismantled area and refused to vacate the land. (2) Delay in shifting of electric high tension cable and G.M.C. services. (3) Delay in execution of spans on either side of railway line due to delay in approval of the same by the railway authority. (4) Delay in approval of design & drawing of the railway portion by the railway authority to keep the regular flow of train. As such, the CE allowed extension of time up to May/05 and escalation was granted up to 24-8-04. The escalation was assessed on the basis of formula incorporated in the tender agreement and as per norms approved by the MORTH.

#### OBSERVATIONS/RECOMMENDATIONS

1.36 The Committee is satisfied with the deposition of the departmental representatives and has been pleased to drop the para.

Diversion of calamity relief fund  
(Audit Para 4.4.1/C & AG(Civil)/2005-2006/(P-154))

1.37 The audit has pointed out that a test-check (March 2005) of records of the Executive Engineer (EE), PWD, City Division No.IV, Guwahati revealed that the Government of Assam Revenue (General) Department sanctioned Rs. 4.12 crore (Rs.1.92 crore in March 2004 and Rs.2.20 crore in June 2004) to the division against nine flood damage repair works and directed that the expenditure be debited to the major head of account 2245-Relief on account of natural calamities. The division drew the sanctioned amount and deposited (May 2004 and August 2004) the same in 8782-Cash remittance and thereafter with the concurrence of the Government (April 2004) spent (May 2004 and August 2004) the whole amount on special repair works by changing the nomenclature irregularly to flood damage repair works. The work orders for special repair works were issued (between December 2002 and May 2004) by the Chief Engineer, PWD (Roads) prior to sanction of expenditure under CRF. There was nothing on record to show that the nine works for which the amount was sanctioned were in the nature of immediate repair/restoration of damages caused by natural calamity. As CRF was exclusively meant to provide immediate relief in the wake of natural calamities, debiting expenditure of special repair works to the head Relief on natural calamities was violative of the guidelines issued by the GOI and therefore, resulted in diversion of central funds to the tune of Rs.4.12 crore (Rs. 1.92 crore + Rs. 2.20 crore).

1.38 The department by their written reply has stated that due to incessant rain during the monsoon period in the year 2003 the river Brahmaputra and its tributaries in high spate. The river Bharalu which flows through the heart of the Guwahati city also inundated a large area of Fancy Bazar, Kumarpara, Santipur etc. due to back flow of the river as the river Brahmaputra flew at a higher level. Because of constant plying of vehicles in the submerged condition in the inundated area of the city the roads were damaged severely, which caused inconvenience to the low of traffic. Observing the situation, the D.C. Kamrup (Metro) was pressing hard for early repair of the damaged roads. Accordingly the PWD has prepared the restoration estimate under CRF with the approval of DC, Kamrup (Metro) and submitted it to the Government for sanction. But due

to scarcity of fund in CRF sanction could not be accorded in time. Considering the urgency, these works were then taken up under "Special Repair" and got completed observing all formalities. But, payment to the contractor could not be made as no fund was available in the S.R., Head of Account also. The contractor had threatened to go to the Court. In the meantime, these works were sanctioned by the Revenue Department vide letter No.RGR.4/2003/Pt-IV/7 dt. 31.3.2004 and No.FGR.4/2003/Pt-IV/17 dt. 28.06.2004 for Rs.192.00 lakh and Rs. 219.67 lakh. The Chief Engineer, PWD (Roads) then approached the Govt. in PWD to provide fund against these works from the CRF which were already sanctioned under this particulars H/A vide his letter No.T/BR/State/146/304/8 dt.12-4-2004. The Govt. in PWD then allowed to make payment against these works changing the H/A vide letter No.BT.632/2003/40 dt.12.4.2004 and accordingly, payment was made to the contractor.

### OBSERVATIONS/RECOMMENDATIONS

1.39 The Committee observes that the department has deposed that they had to undertake the repairing work of the roads of the inundated areas of Guwahati as the roads were damaged severly due to constant plying of vehicles on the submerged roads and the Deputy Commissioner, Kamrup (Metro) was pressing hard for early repair of the damaged roads. The PWD at first prepared the estimate under CRF with the approval of D.C.,Kamrup (Metro). But as there was scarcity of fund in CRF the department diverted the work under 'Special Repair' and got the works completed. But as payment to the contractor could not be made as there was no fund available in the SR. In the mean time Revenue department sanctioned Rs. 4.12 crore (Rs.1.92 crore + Rs. 2.20 crore) under the Head relief and Natural Calamities. The department again changed the Head of Account to CRF and made payment to the contractor. The A.G., Assam in their objection has pointed out that there was nothing on record to show that the work for which the amount was sanctioned were in the nature of immediate repair/restoration of damages caused by natural calamity. As CRF was exclusively meant to provide immediate relief in the wake of natural calamities, debiting expenditure of special repair works to the head of relief on natural calamities was violative of the guideline issued by the Government of India. The Committee, therefore, directs the department to be careful in future and avoid making diversion of fund. However as the work has already been completed, hence the Committee decided to drop the para.

## Substandard work

(Audit Para 4.5.6/C & AG(Civil)/2005-2006/(P-162-163)

1.40 The audit has pointed out that a test-check (January-February 2006) of records of the Executive Engineer (EE), Barpeta Rural Road Division revealed that in some stretches of five groups, cracks had developed soon after the completion of bituminous works due to defective execution as stated (2003) by the Assistant Executive Engineer (AEE). The General Manager, NABARD visited the site of one group (chainage 7,000 metre to chainage 10,600 metre) in January 2003 and expressed dissatisfaction at this defective portion of roadwork. Scrutiny further revealed that in all the five groups the works of Water Bound Macadam (WBM) Grade (Gr)-II worth Rs.26.08 lakh were executed with thickness ranging from 24 mm to 35 mm against the Ministry of Surface Transport (MOST's specification of 75 mm. The reduction of thickness in WBM Gr-II in violation of MOST's specification had resulted in failure of base course and disintegration of hard crust, which finally led to cracks on the bituminous surface. The defective execution of WBM works worth Rs.26.08 lakh had rendered the entire work worth Rs.2.22 crore (from base course to bituminous layer) substandard. Thus, the casual approach by the concerned officials resulted in substandard execution of work. In reply, the division stated (February 2006) that the matter would be investigated under intimation to audit.

1.41 The department by their written reply has stated that the improvement of North Guwahati Amingaon-Hazo-Kalitakuchi-Barpeta-Howly Road portion from Barpeta to Doulasal for the 26.80 km length was administratively approved for an amounting to Rs.11.12 crore vide Govt. letter No.RBPC.130/2000/Pt-II/50, dtd. 21/6/2002 against estimated cost of Rs.12.36 crore. The work was allotted to 14 nos. of contractors against seven groups at a tender value of Rs.9.55 crore as per recommendation of tender committee. During execution one working estimate for an amount of Rs.11.96 crore was prepared considering the actual measurement and actual necessity at site. The contractors completed the work in all respect at a cost of Rs.9.58 crore. As per objection containing in the audit para it is fact that in some stretches of the five groups some hair line cracks were developed immediately after lying of premix carpeting. This hair cracks perhaps does not mean the defective

execution of work below the bituminous layer. However, during spot verification by the GM(NABARD) expresses satisfaction over the whole execution except some nominal items for which they had advised for minor rectification. They had advised to look in to the matter related to proper draining of run-off water so that there should not be any cut of the embankment. The formation width of the road had to be increased to 9.00 m and hard crust width to 5.5m from the existing road and also advised to improve the quality of blacktopping; otherwise no adverse remarks were given. However, responding to the objection raised by the A.G., S.E. Nalbari Road Circle has been requested to make an enquiry about the execution of the work to prove its justification whether the work executed so far was found to be substandard. As per report of the SE the work was executed as per sanctioned estimate. The improvement of the road was executed with GR-II metal on widening portion of the road only with a thickness of 75 mm and two overlaying layer of Gr-111 metal of thickness 75 mm each. The total thickness of WBM layer in widening portion of the road was 225 mm. In the existing portion of the road the total thickness was 150 mm. One cross section of the work done as per estimate. So the works were executed as per estimated provision and cracks developed in some stretches were not due to reduction in thickness of substructure. However, the cracks in the bituminous layer wherever appeared had since been rectified.

### OBSERVATIONS/RECOMMENDATIONS

1.42 The Committee heard the deposition of the departmental representatives and directed the department to furnish a copy of the Enquiry Report of S.E., Nalbari Road Circle to the A.G.(Audit), Assam for verification, so that the A.G. (Audit), Assam is able to submit their views to the Committee after verification of the report.

**Annexure-‘A’**

**COMPOSITION OF THE OUT GOING COMMITTEE**

**(2006-2008)**

**Chairman:**

**1. Shri Brindaban Goswami**

**Members:**

- 2. Shri Sarat Borkotoky**
- 3. Shri Rameswar Dhanowar**
- 4. Shri Gobinda Chandra Langthasa**
- 5. Shri Abdul Khaleque**
- 6. Shri Rajib Lochan Pegu**
- 7. Shri Padma Hazarika**
- 8. Shri Phani Bhusan Choudhury**
- 9. Smti Kamali Basumatari**
- 10. Shri Parimal Sukla Baidya**
- 11. Shri Jagat Singh Engti**
- 12. Shri Anwarul Hoque**