

**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2011-2014)**

**THIRTY NINTH REPORT**

(Presented on 28th January, 2013)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2014

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**On**

**Paragraphs relating to Public Works, Personnel and Administrative Reforms,  
Home and Power Departments contained in the Reports of the  
Comptroller and Auditor General of India  
for the years ended 31st March  
2009 & 2010 (Civil)**

328/2014.

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## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Thirty Ninth Report on paragraphs related to Public Works, Personnel and Administrative Reforms, Home and Power Departments contained in the reports of the Comptroller and Auditor General of India for the years ended 31st March, 2009 (Civil) and 31st March, 2010 (Civil).

The Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2009 (Civil) and 31st March, 2010 (Civil) were laid on the Table of the House on 25th March, 2010 and 28th June, 2011 respectively.

The Report was considered and finalised by the Committee at the meeting held on 22nd January, 2014.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit) in the examination of the Audit Report.

Thiruvananthapuram,  
28th January, 2014.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## REPORT

### PUBLIC WORKS, PERSONNEL AND ADMINISTRATIVE REFORMS, HOME AND POWER DEPARTMENTS

#### PUBLIC WORKS DEPARTMENT

##### AUDIT PARAGRAPH

#### **Non-adjustment of security towards risk and cost liability from contractors**

*Failure of the department to obtain valid bank guarantees totalling ₹ 38.32 lakh from contractors as security resulted in non-adjustment of the amount at the time of termination of works.*

As per paragraphs 15.9.2 and 15.9.6 of the Kerala Public Works Department Manual, a contractor has to deposit the required security in the prescribed form before execution of an agreement. Agreement conditions also stipulate that the contractor should furnish to the department, security for works contracted in the form of bank guarantees or any other acceptable form of security. Deviations from these conditions were noticed in the following two cases:

(i) The Superintending Engineer (SE), National Highways, South Circle, Thiruvananthapuram awarded (May 2004) the work of 'Improvement to accident prone area/location in the ghat section between km. 68/00 to 81/250 in the NH 208' in Kollam District to a contractor. The contractor was required to furnish security of ₹ 18.79 lakh\* in the form of a bank guarantee or a certified cheque/demand draft at the time of execution of the agreement. The SE accepted (May 2004) a claim of ₹ 20 lakh, pending settlement, in another work executed by the same contractor in a different NH Division (Thiruvananthapuram) under the same SE as security deposit and performance guarantee for the said work. However, Audit found that the said claim had already been settled in April 2004 before signing of the agreement. This led to execution of the agreement without valid security. As the work was not completed within the scheduled date of completion, i.e., 30th October, 2006, the SE terminated (April 2008) the work at the risk and cost of the contractor. The work has not been rearranged so far (June 2009).

(ii) The SE, Buildings and Local Works, South Circle, Thiruvananthapuram awarded (December 2000) the construction of 'Vikas Bhavan-Additional block C' to a contractor at a cost of ₹ 1.95 crore. At the time of award of the work,

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\* ₹ 10.32 lakh as security deposit and ₹ 8.47 lakh as performance guarantee.

the contractor was to submit a bank guarantee of ₹ 19.53 lakh as security deposit. However, the agreement for the work was executed after obtaining an undertaking from the contractor that a bank guarantee would be produced as and when called for. The bank guarantee was not insisted upon when part payment was made to the contractor in April 2003. Instead, the contractor was directed to produce the same before the next payment. However, the contractor did not produce by bank guarantee. As the contractor did not complete the work within the scheduled date of completion i.e., 7th December, 2005, the SE terminated (November 2007) the work at the risk and cost of the contractor.

Failure of the department to insist on the two bank guarantee totalling ₹ 38.32 lakh in the above two cases towards security for the works resulted in execution of the agreements without valid security. As a result, when the works were terminated, the security amount could not be realised.

The matter was referred to Government in May 2009. Reply had not been received (October 2009).

[Para 2.2.3 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009.]

Notes received from Government on the above Audit Paragraph is included as Appendix II.

With regard to non-adjustment of security towards risk and cost liability from contractors, the Committee understood from the notes furnished that though the department had admitted the lapse and was directed to initiate disciplinary action against the delinquent Executive Engineer on 25-3-2011 itself, no action was taken so far. The Committee observed this as a serious financial lapse and expressed its displeasure over the irresponsible attitude of the officials towards the observations of C&AG.

2. When the Committee enquired about the current status of the disciplinary action, the Principal Secretary, Public Works Department informed that charge memo had not been issued to the concerned person till date. The Committee could not digest the contention of Chief Engineer that the papers relating to disciplinary action were missing from the file and it criticised the lackadaisical attitude of officials in not taking timely action against those erring personnel. At this context, the Principal Secretary, Public Works Department intervened and assured that, the person responsible for this irregularity would be identified and issued with charge memo within one month. He added that even if the person had already been retired, steps would be taken to recover the amount from the pensionary benefits. The Committee urged the department to furnish the report of action taken in this regard.

### Conclusion/Recommendation

3. The Committee observes that the irresponsible approach of the Superintending Engineer caused huge loss to the exchequer. Even though the Department admitted the lapse, no action had been initiated against the delinquent, stating that the papers relating to disciplinary action were missing from the file. The Committee expresses its dismay over the lackadaisical attitude of officials in not taking any disciplinary action against the erring personnel. So it recommends to take action against the person responsible for this irregularity within one month and urges the Secretary, Public Works Department to furnish the report of action taken in this regard.

#### AUDIT PARAGRAPH

#### Payment to a contractor beyond the scope of the contracts

*Revision of rates to include provision for formwork\* and payment made for concrete to support the formwork, which was beyond the scope of the contract, resulted in undue benefit of ₹ 35.39 lakh to a contractor*

The Superintending Engineer, Roads and Bridges, North Circle, Kozhikode awarded (December 2005) the work of construction of the Olassery-Palayangad Road, including a bridge at Palayangad across Chitturpuzha in Palakkad district to a contractor at a contract amount of ₹ 3.60 crore, which was 24.60 per cent over the estimate. The work was completed (June 2008) at a cost of ₹ 5.55 crore. As per an agreement condition, the rates quoted by the contractor were to incorporate all operations contemplated in the specifications and tender schedules as well as all incidental works necessary for such operations like shoring, bailing, formwork, scaffolding etc. The formwork was to be absolutely rigid, preferably of steel, so as to ensure casting of a structure of perfection. The agreement with the contractor included the following items for cement concrete:

*Item No. 11:—Vibrated Reinforced Cement Concrete (VRCC) in a design mix of M 25 for moulding girders, cantilever slabs, cross beams, kerbs etc., including labour charges for mixing, laying, formwork, watering etc., at the rate of ₹ 49 per 10 decimetre cube (dm<sup>3</sup>).*

*Item No. 12:—VRCC in a design mix of M 25 for deck slab at the rate of ₹ 89 per 10 dm<sup>3</sup>.*

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\* A temporary steel or wooden platform to cast a concrete structure.



Audit scrutiny revealed the following:

During execution, items 11 and 12 were shown as clubbed and an extra provision was made for multi-stage formwork\* using additional teak poles for extra support, to withstand the flow of water through the river and the rate of VRCC was revised to ₹ 96.13 per 10 dm<sup>3</sup>.

Analysis of rates of both original items 11 and 12 and those of the revised item are given below:

TABLE 2.2 : ANALYSIS OF RATES

<i>Component</i>	<i>Item No. 11</i>	<i>Item No. 12</i>	<i>Revised Item</i>
Concreting	₹ 30.51 per 10 dm <sup>3</sup>	₹ 30.51 per 10 dm <sup>3</sup>	₹ 30.51 per 10 dm <sup>3</sup>
Formwork	₹ 18.49 per 10 dm <sup>3</sup>	₹ 58.49 per 10 dm <sup>3</sup>	₹ 65.62 per 10 dm <sup>3</sup>
Total	₹ 49 per 10 dm <sup>3</sup>	₹ 89 per 10 dm <sup>3</sup>	₹ 96.13 per 10 dm <sup>3</sup>

*Source* : Data sheet approved by the Chief Engineer

As seen from the above table, the rate was changed because of providing the extra rate for formwork. When compared to the rate provided for formwork in the original items 11 and 12, the rate per 10 dm<sup>3</sup> was increased by ₹ 47.13 and ₹ 7.13 respectively. As the rate quoted by the contractor was inclusive of the cost of formwork, the contractor was not entitled for any extra payment for the multi-stage formwork, if provided by him. The extra expenditure on this account based on the executed quantity of 819332 dm<sup>3</sup> worked out to ₹ 29.03 lakh as shown in Item I in Appendix III.

Concreting of a river bed to place wooden poles for supporting the formwork was executed for a quantity of 182470 dm<sup>3</sup> at ₹ 28 per 10 dm<sup>3</sup>. As the river bed concreting was a part of formwork, the item should not have been measured and paid as the contractor had to provide such concreting works as per the contract condition. The extra expenditure on this account was ₹ 6.36 lakh as shown in item II of Appendix III.

Thus, the unwarranted revision of rates and separate payment for river bed concreting to support the formwork, already included among the contractor's obligations, resulted in extra expenditure of ₹ 35.39<sup>†</sup> lakh. Thus, the revision was against the contract conditions and resulted in undue benefit of ₹ 35.39 lakh to the contractor.

\* Multi-stage formwork is providing an intermediary platform to provide further support to the top stage of platform where the concrete is cast.

† Extra expenditure due to revision of rate consequent on clubbing item nos. 11 and 12: ₹ 29.03 lakh and that due to execution of riverbed concreting works for centering : ₹ 6.36 lakh.

The Chief Engineer, Roads and Bridges, Thiruvananthapuram stated (May 2009) that items 11 and 12 were clubbed to change the mix of M 20 specified in item 12 to a design mix of M 25 and as part of the revision, the data of formwork was also revised. Government endorsed (July 2009) the views of the CE in this matter. The reply is contrary to the stand taken earlier by the department that the rate was revised for providing multi-stage formwork and also not in conformity with the facts as the mix provided for originally against item 12 was the M 25 mix itself and the rate for the concrete mix was also the same. It is obvious that the change in the rate was made to extend undue benefit to the contractor by increasing the rate of formwork.

[Para 2.2.4 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009.]

Notes received from Government on the above Audit Paragraph is included as Appendix II.

4. To a query regarding the revision of rates to include provision for formwork violating the contract which resulted in undue benefit of ₹ 35.39 lakh to a contractor, the witness, Chief Engineer (Roads and Bridges), Public Works Department informed that it was a mistake in the preparation of estimate due to the mistake in the design of the proposed mixed slab. The PWD Manual insisted that scaffolding and centering should not be entered as separate items in the estimate. Hence, these items had to be treated as part of the work and compensated by clubbing the cost of the concrete. Hence, whenever the mix was redesigned or changed, it was mandatory to club the cost of scaffolding, centering etc. with the cost of change in mix. The department decided to review reasonable and strong stable staging, centering and scaffolding to the bridge considering the peculiarity of the site where abrupt flow of water was anticipated consequent on the opening of shutters of Moolathara dam on the upstream side. Then the Committee asked to explain how the formwork was calculated. The official from the Accountant General remarked that the rate of concrete was inclusive of formwork. The contractor needs to be quoted for the work taking into account of all aspects and any hike in the rate for incidental items after finalizing tender would not be permitted. The Committee opined that estimate would had to be prepared only after a detailed technical examination and the department could not wash out their hands by simply saying that it was a mistake in the preparation of the estimate. It expressed its displeasure over the pathetic attitude of the Department in appearing before the Committee without preparation. The Committee opined that there was a grave mistake on the part of the Department in granting unwarranted revision of rates and separate payment for river bed concreting to support the formwork violating the contract conditions and it decided to recommend that responsibility should be fixed and appropriate action should be taken against the delinquent officials and also to black list the contractor.

### Conclusion/Recommendation

5. The Committee observes that regarding payment to the contractor beyond the scope of contract for the Olassery-Palangad Road the Public Works Department had not furnished the Remedial Measures Taken Statement even at the time of meeting. Moreover that the officials presented before the Committee for witness examination appeared without any preparation. The Committee remarks that estimate for works will have to be prepared only after a detailed technical examination and the department cannot wash out their hands by simply saying that it was a mistake in the preparation of the estimate. The Committee expresses its deep dissatisfaction and opines that there was a grave mistake on the part of the department in granting unwarranted revision of rates and separate payment for river bed concreting to support the formwork violating the contract conditions. The Committee recommends to fix responsibility and to take appropriate action against the delinquent officials and also to black list the contractor.

#### AUDIT PARAGRAPH

#### **Avoidable expenditure on award of work before acquisition of land**

*Government incurred avoidable expenditure of ₹ 2.99 crore on arbitration due to delay in handing over land for a road work undertaken by the Kerala State Transport Projects with World Bank assistance*

The Secretary, Public Works Department (Project Director) concluded (November 2002) a contract for upgradation of the Angamali-Muvattupuzha road and the Muvattupuzha-Thodupuzha road under the World Bank aided Kerala State Transport Project at a cost of ₹ 92.89 crore. A World Bank stipulation and Para 15.2.2 of the Kerala Public Works Department Manual did not permit the award of work prior to possession of land. However, the work was awarded without taking possession of the required extent of land. According to the contract conditions, the land was to be handed over by October 2003 but the entire land was handed over only by June 2006. The work was completed by January 2007 at a cost of ₹ 112.78 crore.

Non handing over of the site in time resulted in a dispute with the contractor which was referred to an arbitrator. The arbitrator awarded (October 2007) ₹ 2.86 crore and interest thereon to the contractor. The Project Director paid (October 2007) ₹ 2.99 crore (including interest) towards the award.

Government replied (July 2009) that arbitration was a process for settlement of dispute and was a part of the project agreement and could not be considered to be a loss to Government. However, the fact remains that Government had not handed over the land in time which resulted in the arbitration award.

[Para 2.2.5 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March 2009.]

Notes received from Government on the above Audit Paragraph is included as Appendix II.

6. The Committee observed that the common practice followed by the Public Works Department was that without ensuring acquisition of land required to start a particular work, tender would be invited and entrust the work to a particular contractor. After all these procedures had been completed, if land acquisition could not be carried out as envisaged it delayed the work and the contractor was entitled for compensation, resulting in huge loss to exchequer. That was happened in the case of KSTP also. The Committee enquired whether simultaneous land acquisition and contract bidding could have been effected in any case. The Principal Secretary, PWD apprised that sometimes before completing the entire land acquisition, work would be started with the intention of speedy completion of the project. But in certain cases work may be delayed due to disputes. He also added that steps were now taken to avoid such instances.

7. The Committee opined that work should be tendered only after land acquisition was completed. The witness, Chief Engineer, PWD informed that there had been standing instruction that tender process should be started only after completing the land acquisition and nowadays they stick on to that policy. The Committee appreciated the department for their assurance in this regard.

8. To a query of the Committee, the Principal Secretary, PWD informed that the land acquisition procedure for the KSTP roads upgradation was progressing and it should be completed before the commencement of Phase II. Not satisfied with the reply, the Committee recommended that there should be a permanent mechanism for enhancing the fair value rates. It remarked that in some cases due to non-acquisition of one or two cents of land required for construction of approach road, the bridges remained non-functional for many years after completion. The Committee suggested to prefer negotiable purchase rather than rendering for land acquisition.

9. The Principal Secretary, PWD admitted that the argument of the Committee and remarked that if the bridges built without altering the existing alignment, the additional land required for construction would be less than 10 cents of land, and in such cases negotiated purchase would be the practical solution. Normally negotiated purchase would be more beneficial to the public also. He also apprised that public interference for changing approved alignment in case of bridges should be curtailed as it slows down the progress of work and the expenses exceeds the estimated cost, for which revised estimation should

have to be finalised and got approved from the Finance Department These procedures required considerable time, which again delayed land acquisition.

10. Hearing all this, the Committee arrived at a conclusion that it could not accept the argument in the notes that 'even though there was delay in and acquisition and subsequent payment of ₹ 2.99 crore as arbitration, the amount spent have been compensated through early bidding'. The Committee urged the department to study and submit a report on what steps should be taken for speeding-up the land acquisition process.

#### **Conclusion/Recommendation**

11. **The Committee observes that in many cases works could not be executed due to disputes in land acquisition. In the case of Angamali-Muvattupuzha Road and Muvattupuzha-Thodupuzha Road, the work was awarded to a contractor without handing over the site. This resulted in the payment of ₹ 2.99 crore as arbitration awarded to the contractor. In this regard, the Committee remarks that it is not appreciable to tender the work without ensuring land acquisition. Considering the reluctance among people to yield for land acquisition, the Committee recommends that there should be a permanent mechanism to enhance fair value rate at par with market rate. The Committee disagrees with the arguments put forth in the notes submitted before it that 'even though there was delay in land acquisition and subsequent payment of ₹ 2.99 crore as arbitration, the amount spent have been compensated through early bidding' and urges to delete the remarks. The Committee urges the Public Works Department to study and submit a report as to what steps could be taken for the speeding up of the land acquisition process.**

#### AUDIT PARAGRAPH

#### **Undue benefit to a contractor due to change in specification of concrete mix**

*Instead of reducing the rates for pile construction as a result of change in specification of the concrete mix from M35 to M25, the rates were revised upwards, disregarding the contract conditions, which led to undue benefit of ₹ 1.11 crore to a contractor*

The Chief Engineer (CE), Roads and Bridges, Thiruvananthapuram issued (March 2005) technical sanction for ₹ 7.25 crore for the work of 'Construction of Mitramadom Bridge across Pamba River' in Chengannur-Mannar road. Accordingly, the Superintending Engineer, Roads and Bridges, South Circle, Thiruvananthapuram awarded (May 2005) the work to a contractor at a contract amount of ₹ 7.87 crore (14.04 per cent above the estimate rate).

Reinforced cement concrete piles having a diameter of 1200 mm were proposed for the foundation. The concrete mix proposed for both abutments and

piers was M35 grade as per the Ministry of Surface (MOST) specifications and was shown as a separate item in the agreement, for a length of 1980 metre at the rate of ₹ 5,553 per metre. An estimated quantity of 2407 quintals of steel at ₹ 2,543 per quintal was also included as another item for providing reinforcement for piles. However, in the structural drawing, approved (September 2005) by the Chief Engineer, the design of concrete was revised as M25, a concrete mix with less cement content than M35. This necessitated a change in specification of casting of piles. The Chief Engineer revised (June 2006) the specification to include the changes and also clubbed the item of reinforcement with casting of piles. The revised rates were ₹ 11,437 per metre for abutment piles and ₹ 9,934 per metre for pier piles.

The Superintending Engineer stated (February 2008) that the revision was made to change the specification according to the specification of MOST. The CE also put forth (July 2009) a similar argument that the rate was arrived at as per MOST specifications for M25 graded mix. However, it was found that there was no specification for pile work using M25 concrete mix under MOST specifications. As per MOST specifications, work of pile foundation was to be carried out with M35 mix. In this case, piles were executed using M25 design mix. There are three distinct items of work in pile work, namely, making of bore holes, providing reinforcement and concreting. The contract conditions provided for the revision of rates by adjusting the cost of only the affected components. As the change was in respect of the concrete only, revision was required in the cost of concreting work. As the cement content in the M25 mix was lesser than in the M35 mix, the revised rate should invariably have been lesser. Instead, the CE approved an increased rate for piling work using M25 mix. The resultant undue benefit is discussed below:

According to the supplemental agreements I (August 2006) and IV (September 2007) piles were provided for a length of 1039.87 metres at ₹ 11,437 per metre for abutments and for a length of 1494 metre at ₹ 9,934 per metre for piers. The total cost incurred on these items was ₹ 3.04 crore, including tender premium.

The original data rate prepared by the executing division for one metre pile was based on the cement content (660 kg. per M<sup>3</sup>) in the M35 grade at ₹ 5,553. As the specification of concrete mix had been revised as M25, the revised data rate for one metre pile based on the cement content (380 kg. per M<sup>3</sup>) in the M25 grade would have to be reduced to ₹ 4,403 per metre (₹ 5,553\* — ₹ 1,150<sup>†</sup>).

\* Rate Specified in the agreement schedule.

† Difference in data rate for one metre pile (volume: 1.131M<sup>3</sup>) due to change in specification of concrete mix from M35 to M25 (660 Kg. to 380 Kg.) including contractors profit of 10 per cent = ₹ 1017 per M<sup>3</sup> x 1.131M<sup>3</sup> = ₹ 1,150.

The cost for execution of 2533.87 metre piles based on the above rate excluding reinforcement would work out to ₹ 1.12 crore. In addition, the cost of 2222.49\* quintals of steel for providing reinforcement to the abutment and pier piles at ₹ 2,543 per quintal would work out to ₹ 0.57 crore. Thus, the total expenditure on pile construction including reinforcement would be ₹ 1.93 crore†, whereas the contractor was paid ₹ 3.04 crore. This resulted in extending of undue benefit of ₹ 1.11 crore‡ to the contractor. The matter was referred to Government in May 2009.

Reply had not been received (October 2009).

[Para 2.2.6 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009.]

Notes received from Government on the above Audit Paragraph is included as Appendix II.

12. Regarding the audit observation the Committee was informed that the estimate was prepared before finalizing the structural design and M35 was tentatively proposed for piling work for estimate purpose. Later in the detailed structural design, the mix was changed as M25 to M35 as proposed in the estimate. It was clearly mentioned in the design that MOST specification ought to be followed for the bored piles. When the contractor was asked to execute the work as per the designed mix for M25 and MOST specification including admixture as specified in the mix design, he refused to carry out the original agreed items, due to change in nomenclature of item. Hence addition of extra item was necessitated due to the change from M35 to M25 which was a change in the agreed item. The cost of cement was reduced in the data for extra items as per the mix design, whereas cost of admixture which was not at all an item in the original data but was not compulsory as per mix design. Hence, it was included in the rate for extra item. In the original items, the reinforcement was measured and paid separately and in the actual case the rate was inclusive of cost and labour for reinforcement. The Committee was not convinced with the points put forth by the department and directed the Department to re-investigate the case and fraudulent act if any detected, appropriate action should be taken against the delinquents.

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\* Calculated based on the length of abutment and pier piles executed (2533.87 metre).

† Cost of piles (₹ 1.12 crore) + cost of reinforcement (₹ 0.57 crore) + tender excess of 14.04 per cent (₹ 0.24 crore) = ₹ 1.93 crore.

‡ ₹ 3.04 crore—₹ 1.93 crore.

### Conclusion/Recommendation

13. **The Committee directs the Department to re-investigate the case where rates for pile work were revised upwards disregarding contract conditions. If any fraudulent act is detected, appropriate action should be taken against the delinquents and be informed to the Committee accordingly.**

AUDIT PARAGRAPH

#### **Infructuous expenditure on an abandoned portion of a road**

*Frequent accidents in some stretches of the upgraded Angamali-Thodupuzha road from Muvattupuzha to Thodupuzha necessitated straightening of curves, resulting in abandoning of an upgraded portion of the road and infructuous expenditure of ₹1.36 crore*

The Angamaly-Thodupuzha road was upgraded based on a design, both geometric and structural, prepared by a foreign consultant. One of the main objectives of the upgradation of the road was reduction in accidents by 30 per cent. The work was awarded in November 2002 to a contractor at a contract price of ₹ 92.89 crore and it was completed by January 2007, at a cost of ₹ 112.78 crore. The design speed of the road was 65 km. per hour and according to the Design Project Report of the Kerala State Transport Project, the minimum radius of the horizontal curve was to be 155 metres. However, the radius of curvature provided at chainage 3/700 to 4/200 was only 80 metres.

In the wake of frequent accidents in some of the stretches of upgraded road, an expert study was conducted and it was found that about 3650 metres (km. 3/000 to 4/400 and km. 6/920 to 9/170) of the road from Muvattupuzha to Thodupuzha had unscientific alignments requiring improvement. As part of rectification of the same, the alignment was changed to straighten the curve (500 metres) at one spot at chainage 3/700 to 4/200 of the road portion to increase the radius of curvature from 80 metres to 366 metres.

This resulted in abandonment of the road portion originally constructed and proportionate expenditure of ₹ 1.36 crore\* on its construction becoming infructuous.

Government stated (July 2009) that the curve had to be straightened on public demand consequent to the few fatal accidents which occurred due to speeding of vehicles after completion of the road. The reply does not explain why the curvature was not provided initially as per the specification in the Design Project Report. Government further stated that the expenditure could not

\* 112.78 crore x 500m. + 0.26 crore (land acquisition cost) 51.230 km. (Length of road).



be considered as infructuous as the old road provided access to a large number of houses at that place and local traffic plied through that road. The reply cannot be accepted as the contention was only an after thought and the road existed prior to upgradation could have been utilised for the said purpose.

(Para 2.3.4 contained in the Report of the Comptroller and Auditor General of India for the financial year ended 31st March, 2009.)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

14. The Committee observed the reply as a clear indication that designs were not up to the prescribed standards. The Committee expressed its displeasure over the fact that one third of the alignment of the road had been modified after spending huge amount as consultancy charges and enquired if so what was the significance of designing and whether there was any mechanism for monitoring and verification of designs. The witness, Principal Secretary, Public Works Department informed that the designs approved only after verification.

15. To a query of the Committee whether the Engineers in KSTP were competent for verifying international designs, the Principal Secretary, PWD, replied in the affirmative. He also added that lack of proper supervision was the reason for the failure in the application of the pre-approved designs.

16. The Committee decided to recommend that steps should be taken to avoid this kind of design failures in the second phase and emphasized the necessity of appointing engineers competent enough for analysing the designs of the consultants. The Principal Secretary, PWD assured that pre-audit of the designs should be done in the second phase of KSTP to avoid design faults in future.

#### **Conclusion/Recommendation**

**17. The Committee was surprised to note that one-third of the alignment of the road had been modified as it become essential to straighten curve resulting in abandoning of a road portion originally constructed in Angamaly-Thodupuzha road. It doubts the significance of designing. The Committee recommends that steps should be taken to ensure pre-audit of design/failures in the second phase of KSTP roads and it emphasizes the necessity of appointing engineers competent enough for analysing the designs of the consultants.**

## AUDIT PARAGRAPH

**Idle investment on two bridges**

*Failure of the department in taking timely action to acquire land for construction of approach roads for two bridges resulted in investment of ₹ 5.42 crore remaining idle.*

According to Paragraph 15.2.2 (d) of the Kerala Public Works Department Manual, tenders are not to be invited before making sure that the land required is ready for being handed over to the contractor to start the work in time. However, it was noticed during audit that in the following two cases, though bridges were completed, construction of approach roads had not been started/completed as the required land had not been acquired and made available to the contractors.

*Case 1 : Kothy-Pallikandy bridge*

The Kothy-Pallikandy bridge was completed during the year 2000-01 at a total cost of ₹ 4.21 crore. For construction of the approach road, a length of 1800 metres of land, 1200 metres on the Pallikandy side and 600 metres on the Chakkumkadavu side of the bridge, was required. Government issued an administrative sanction in October 2004 for ₹ 3.65 crore and ordered (December 2004) the acquisition of the land by invoking the urgency clause\*. Out of 806.90 cents of land to be acquired, only 328.76 cents of land had been acquired so far (March 2009). The land acquisition procedure for the balance land was in progress (March 2009). Thus even after five years of the Government's sanction, the required land for the approach road had not been acquired. In the absence of the approach road, the bridge constructed in 2001 at a cost of ₹ 4.21 crore could not be used and the expenditure incurred on it remained as an idle investment for the past eight years.

*Case 2: Anayadi bridge across Pallickal river*

The Superintending Engineer, Roads and Bridges, South Circle awarded a work, viz., 'Reconstruction of Anayadi bridge across Pallickal river connecting Sasthamcotta Thamarakulam road' in August 2004 to a contractor. The bridge

\* Urgency clause under Section 17(3) of Kerala Land Acquisition Act enables the department to take advance possession of land.

was completed by March 2007 at a total cost of ₹ 1.21 crore. For construction of the approach road, 19.03 cents of land was required, out of which 5.44 cents of land was Government land and the balance 13.59 cents of land had to be acquired. Government issued a sanction (March 2008) for acquisition of the land invoking the urgency clause. However, the land had not been acquired so far (October 2009) as necessary funds had not been made available. Thus, due to delay in acquisition of the land, the bridge completed at a cost of ₹ 1.21 crore was idling for the last two years.

Failure of the department in taking timely action to acquire land for the approach roads led to their non-completion and resulted in investment of ₹ 5.42 crore on the two bridges remaining idle for the past eight/two years. Besides, the people are deprived for the benefits to be derived from the bridges.

The matter was referred to Government in June 2009. Reply had not been received (October 2009).

(Para 2.4.5 contained in the Report of the Comptroller and Auditor General of India for the financial year ended 31st March, 2009.)

Notes received from Government on the above paragraph is included as Appendix II.

18. When enquired about the present position of the approach roads, the witness Chief Engineer (Buildings), PWD replied that local inhabitants had encroached the area where the approach road was constructed and they were reluctant to vacate the area. At present a proposal to constitute a committee to allocate land to these people and rehabilitate them with some special package. Discussions were going on and if the proposal was agreed with by the locals, then land acquisition could be completed and approach roads could be constructed as envisaged. The Committee opined that without approach roads, bridges could not be used for public conveyance. It remarked that lack of planning on the part of the department was evident in this case and only after ascertaining whether land could be acquired, such works should be commenced with. It decided recommend that the department should take earnest effort to materialize the land acquisition package at the earliest and to construct the approach roads. The steps taken in this regard should be intimated to the Committee.

### Conclusion/Recommendation

19. The Committee points out that without approach roads, bridges could not be made available for public conveyance. It remarks that lack of proper planning was evident in this case as the work of the two bridges had commenced without ascertaining whether land could be acquired and hence the expenditure of ₹ 5.42 crore remain idle. It recommends that the department should take earnest effort to materialize the land acquisition package in a time bound manner and to construct the approach roads. The steps taken in this regard should be intimated to the Committee.

#### AUDIT PARAGRAPH

#### Extra expenditure due to adoption of higher norms for estimation of unit rate

*Sanction of higher labour component and excessive rates for tile flooring in four building works resulted in and extra expenditure of ₹ 51.50 lakh to Government.*

The labour component for flooring with paving tiles as per Sl. No. 409 of the Standard Data Book for Civil works (SDB) was one brick mason, 0.5 man and 0.5 boy mazdoor. Audit scrutiny of the records in Special Buildings Division, Thiruvananthapuram during April 2009 disclosed the sanction of higher norms for the labour component for flooring with paving tiles in four building construction works (Super Speciality Block in Medical College Hospital, Civil Station Phase I, Civil Station Phase II and Ambedkar Bhavan) arranged by the Superintending Engineer, Building and Local Works, South Circle, Thiruvananthapuram between May 2005 and April 2006 as detailed below:

Supplying and paving the floor using ceramic/rectified/vitrified tiles of good quality was an item of work in all the four contract schedules. The estimated rate of labour component for flooring work as per the SDB and the Schedule of Rates 2004 was ₹ 287.38\* per 10 sq. metre. Against this the rate adopted for the labour component was ₹ 2,238.50† per 10 sq. metre, which was the rate for the work of dadoing‡. This resulted in an excess rate of ₹ 1,951.12 per 10 sq. metre. For an area of 22867.33 sq. metre paved using ceramic/rectified/vitrified tiles in

\* One brick mason: ₹ 165+0.5 man: ₹ 55+0.5 boy : ₹ 41.25+10 per cent Contractors Profit (CP)

† Rate for dadoing walls (Sl. No. 536 of SDB): nine brick masons: ₹ 1,485 + five men mazdoor: ₹ 550+10 per cent CP.

‡ Decorating the lower part of an interior wall.

the four buildings, the extra amount including tender excess (ranging from 8.92 per cent to 23.6 per cent) paid during December 2008 to February 2010 due to adoption of higher norms was ₹ 51.50 lakh).

The Chief Engineer, Buildings, Thiruvananthapuram stated (December 2010) that the data was based on Sl. No. 536 of SDB since a uniform rate for flooring was adopted only in May 2008. The reply is not acceptable as Sl. No. 536 is meant for the work of dadoing walls with tiles and Sl. No. 409 of SDB is applicable for flooring with tiles.

The matter was referred to Government in May 2010, reply had not been received (November 2010).

(Audit Para 2.2.3 contained in the Report of the C&AG of India for the year ended 31st March, 2010).

20. In this regard the witness, Chief Engineer (Buildings), PWD informed that the audit observation was that, rate fixed for paving floor tiles was excess while constructing four buildings in Thiruvananthapuram during the year 2005-2006. As per the Standard Data Book the two types of tiles used for flooring were clay tiles and mosaic tiles. He added that the labour charges for tiling sidewalls were more than that of paving floor. As separate rate for works with glazed tile was not fixed in the Standard Data Book, the labour charges calculated in this work was at the rate for fixing tiles vertically at the sidewall. The Committee remarked that the rate for fixing vitrified tiles at the floor and for fixing the same vertically on the sidewall were different and while calculating the labour charges, the department had considered the same rate for both works. The witness, Chief Engineer (Buildings), PWD defended that it was rectified by issuing a circular instructing that the labour charge for flooring works should be calculated at the rate prescribed for paving with mosaic tiles. The Committee criticized the act of the department and directed the department that rather than going back to the rate for flooring by mosaic tiles, different rates might be specified in the Standard Data Book for the works relating to the fixing of vitrified tiles on floor and sidewalls. The witness agreed to do so.

### Conclusion/Recommendation

21. The Committee was informed that the error was rectified by issuing a circular instructing that the labour charges for flooring works should be calculated at the rate allowed for the works using mosaic tiles. The Committee strongly opposes the act of the department and directs the department that rather going back to the rate for flooring by mosaic tiles different rates must be included in the Standard Data Book, for works relating to the fixing of vitrified tiles on the floor and for fixing the same vertically on the side walls.

#### AUDIT PARAGRAPH

#### **Avoidable expenditure on payment for inadmissible items**

*Inadmissible payment for removal of obstacles found during well sinking in ordinary rock in a bridgework resulted in avoidable expenditure of ₹ 36.67 lakh.*

Government issued (November 2006) administrative sanction for the construction of Sreemoolanagaram Bridge across Periyar river in Ernakulam District with assistance from the National Bank for Agriculture and Rural Development. The Superintending Engineer (SE), Roads and Bridges, Central Circle, Aluva awarded (July 2007) a contract for ₹ 13.49 crore (at 22.44 per cent above the estimated value, to M/s Kerala State Construction Corporation Limited (KSCC), a Government company, with due date of completion of 30th July, 2009. The date of completion was later extended up to 30th August, 2010. The components of the work included sinking of RCC\* well of 10 metres and 6.5 metres outer diameter for abutment and piers respectively. According to the terms of contract, KSCC had to sink wells in all classes of soil<sup>†</sup> other than hard rock. According to Chapter XV of the 'Standard Data Book for Civil Works' (SDB), the rate for well sinking was inclusive of hire and working charges of pumps and air compressors. For obstacles like boulders of size more than 40 decimetre cube (dm<sup>3</sup>) for wooden logs of size more than 100 dm<sup>3</sup> found during sinking wells, extra payment was to be made only for cutting down or breaking the obstacles into small pieces.

While sinking the well, ordinary rock mixed with boulders of size more than 40 dm<sup>3</sup> at different depths and wooden logs of size more than 100 dm<sup>3</sup> were found. To remove these obstacles, the Chief Engineer, PWD sanctioned (July 2008) five extra items<sup>‡</sup>. The SE entered into a supplementary agreement

\* Reinforced Cement Concrete.

† Soil other than hard rock include ordinary soil, hard soil, ordinary rock etc.

‡ Well sinking in ordinary rock, hire charges for 300 CFM air compressor, labour charges for helpers, labour charges for well sinker diver with diving set and labour charges for well sinker without diving set.

with KSCC in August 2009 for execution of these extra items. Three out of these five extra items viz., well sinking in ordinary rock, hire charges for 300 CFM\* air compressor and labour charges for helpers were not admissible, as the rate for well sinking was inclusive of these items. Consequently, payment for the aforesaid items resulted in avoidable expenditure of ₹ 36.67 lakh† to Government.

The Chief Engineer, Public Works Department (Roads and Bridges) stated (August 2010) that the items were beyond the scope of the original agreement and specifications but were inevitably required during execution and therefore, executed as extra items. The reply is not acceptable since (i) the agreement was for sinking well in all classes of soil, other‡ than hard rock and soil other than hard rock include ordinary rock and (ii) the rate§ for sinking well included running expenses of compressor and other appliances and extra amounts were only for cutting down or removing the obstacles into small pieces.

The matter was referred to Government in May 2010; reply had not been received (November 2010).

(Para 2.2.4 contained in the Report of the C&AG of India for the financial year ended 31st March 2010.)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

22. Regarding the audit paragraph relating to the construction of Sreemoolanagaram Bridge across Periyar river in Ernakulam district with the assistance of NABARD, the witness, Chief Engineer (Roads and Bridges), PWD apprised that the extra expenditure which was inevitably required during the execution of work which was beyond the scope of original agreement and specifications. In the estimate, well sinking in ordinary soil except hard rock was given as an item. During actual execution the well curbs met with boulders were above 40 dm<sup>3</sup> and wooden logs were above 100 dm<sup>3</sup> and therefore, sinking well could not carry out by ordinary means. When hardness of the soil varied, the earth movement was done after concreting for about one and half metre height on an iron edge. This required extra labour, equipments, hire charges etc. for which additional expenditure was incurred. Meanwhile the official from the Office of the Accountant General intervened to say that only expenditure for cutting the rock, not for removing the rock need to be paid which was the objection raised during audit. But the witness CE

\* Cubic feet per minute.

† 36.67 lakh=payment for well sinking in ordinary rock (₹ 4.61 lakh) + hire charges for air compressor (₹ 30.46 lakh), labour charges for helpers (₹ 1.60 lakh).

‡ Chapter II of SDB.

§ Chapter XV of SDB.

(Roads and Bridges), Public Works Department defended that without separate rate the work could not be executed. Then, the Committee reiterated the objection raised by the Accountant General and directed the Department to be more cautious in not making such mistakes in future and measures taken to rectify the objection raised by the Audit should be intimated at the earliest.

#### **Conclusion/Recommendation**

**23. The Committee opines that the arguments put forth by the department are not substantiating their intention, so it reiterates the objection raised by the Accountant General and directs the Department to be more cautious in not making such mistakes in future. It urges the Public Works Department that the measures taken to rectify the objection raised by the Audit should be intimated to the Committee at the earliest.**

AUDIT PARAGRAPH

#### **Extra Expenditure on road work**

*Execution of road markings at a higher rate on a road work resulted in an extra expenditure of ₹ 35.93 lakh*

Road markings are defined as lines, patterns, works or other devices except signs set into, applied or attached to the carriageway for control, warning guidance or information of road user. Carriageway markings include *inter alia*, centre lines, border or edge lines and pedestrian crossings. The State Public Works Department (PWD) had no rate for these and hence the rate approved by the Ministry of Road Transport and Highways (MORTH) was adopted in the State. The rate for road marking in 2006 approved by MORTH was 630 per sq. metre (Sq.m.)

The Superintending Engineer, Roads and Bridges, South Circle, Thiruvananthapuram in April 2006 awarded the work of providing bituminous macadam and asphaltic concrete from chainage 0/000 to 25/360 of Cherthala-Arookutty Road to a contractor for a contract amount of ₹ 12.67 crore. The Road marking components included in the work were centre lines with white paint at the rate of ₹ 894 per sq.m., side edges with yellow paint at the rate of ₹ 927 per sq.m. and Pedestrian crossing with white paint at the rate of ₹ 967 per sq.m. for areas of 1200 sq.m., 225 sq.m. and 230 sq.m respectively. In three similar National Highway road works for which agreements were executed during 2005-2006 and 2006-2007, the rates adopted for various components in road marking was ₹ 630 per sq.m. as approved by MORTH. Though the Superintending Engineer (SE) proposed the rate approved by MORTH (i.e., ₹ 630 per sq.m.) for the road markings, the Chief Engineer, Roads and Bridges,



Thiruvananthapuram changed it to the aforesaid rates at the time of approval of the estimate without assigning any reason. The total area of the centre lines and edges was 1425 sq.m. The State Government accorded (February 2007) an administrative sanction for implementation of two projects viz. diversification of artisanal fisheries for deep sea fishing (project cost: ₹ 4.88 crore) and value addition and marketing which was later revised by clubbing the centre line and edges line areas and increased to 9275.60 sq.m. at a uniform rate of ₹ 894 per sq.m. The area of pedestrian crossings was also increased to 685 sq.m. A supplemental agreement for the additional works was executed in March 2009. The contractor executed 9275.60 sq.metre central and edge line markings and 631.88 sq.m. pedestrian crossing markings (total 9907.48 sq.m.) and was paid ₹ 1.20 crore (February 2010) against ₹ 84.26 lakh as per the approved rate of MORTH. Thus adoption of rate higher than the rate approved by MORTH without adequate justification resulted in an extra expenditure of ₹ 35.93 lakh.

The Chief Engineer, Roads and Bridges stated (May 2010) that the rate of road markings was approved by him and that the increase in quantity was due to painting the edge lines of the road for 15 cm. width which was not originally included. However, it was noticed in audit that in three similar road works for which agreements were executed between October 2005 and February 2007 by SE, NH (Central) Circle, Kochi, the width of the edge lines marking was only 10 cm., and the rate adopted was only 630 per sq.m. As such the higher rates and increase in line width allowed by the Chief Engineer were not justifiable.

The matter was referred to Government in July 2010 and reply had not been received so far (November 2010).

(Para 2.2.5 contained in the Report of the C& AG of India for the financial year ended 31st March, 2010.)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

24. Regarding the audit objection related to the work of improvements to Cherthala-Arookutty road where execution of road markings at a higher rate resulted in an extra expenditure of ₹ 35.93 lakh, it was informed that in the agreement schedule, there were provisions for painting road marking lines by applying thermoplastic paint of white colour for centre line and of yellow colour for centre-line at curves. But in actual execution, since road marking with yellow colour was not found necessary, it was not executed. The edge lines with white paint for 15 cms. width and more pedestrian crossing than anticipated at the time of estimate which resulted in extra expenditure. The Committee was not convinced with the points put forth by the Department in this regard and

reiterated the objection raised by the Audit that the width of edge line marking for 15 cm. was irregular where the width of edge lines marking in three similar road works executed by Superintending Engineer, NH (Central) Circle, Kochi at the same period i.e., between October 2005 and February 2007, was only 10 cm. It remarked that the higher rates and increase in line width allowed by the Chief Engineer were not justifiable and decided to recommend to take appropriate disciplinary action against the Chief Engineer.

#### **Conclusion/Recommendation**

**25. The Committee finds that edge line marking at a width of 15 cm., that also at higher rates allowed by the Chief Engineer was not justifiable, since in some other contemporary works edge line marking was only 10 cm. So the Committee recommends to take appropriate disciplinary action against the Chief Engineer concerned and the Committee be informed of the details.**

#### AUDIT PARAGRAPH

#### **Penalty for execution of extra items at higher rates on a National Highway road work**

*Government sustained loss of ₹ 3.55 crore due to imposition and recovery of penalty by the Ministry of Road Transport and Highways for sanctioning higher rates for extra items without getting their prior approval*

Government of India, Ministry of Road Transport and Highways (MORTH) accorded (September 2005 to November 2007) technical approval and financial sanction for the work 'Improvement of riding quality of National Highway (NH) 208 from chainage 45/000 to 81/250' for a length of 36.250 km. for execution in four reaches\* based on four separate estimates prepared by the State NH authorities. All the four works were awarded to the same contractor and agreements were executed with the Superintending Engineer, NH South Circle, Thiruvananthapuram in October 2008. During the course of execution of the works, certain extra items mainly bituminous mecadam, granular sub-base and wet mix mecadam were found necessary and the rates for the extra items were arrived at through negotiations as per the conditions of contract. The aforesaid works were completed in June 2009 incurring an expenditure of ₹ 33.17 crore including cost of extra items amounting to ₹ 12.21 crore.

The conditions for technical approval and financial sanction, *inter alia*, stipulated prior sanction of MORTH for incurring expenditure beyond permissible

\* Reach I-Chainage 54/000 to 52/000 (cost: ₹ 4.79 crore), Reach II-Chainage 52/000 to 66/000 (cost: ₹ 7.19 crore), Reach III-Chainage 66/000 to 76/000 (Cost ₹ 12.94 crore) and Reach IV-Chainage 76/000 to 81/250 (cost ₹ 8.25 crore).

limits. However, the extra items were executed without obtaining MORTH's sanction. During scrutiny of the revised estimate for approval, MORTH found (August 2009) that the rate for extra items finalised through negotiation were higher than the rates accepted by the State Public Works Department for similar works to the same contractor in the adjacent reaches of NH 208. The additional financial implication on account of adopting higher rates on extra/additional items amounted to ₹ 3.55 crore. MORTH, while approving the revised estimates, ordered (August 2009) the recovery of the additional expenditure consequent on execution of extra items at higher rates from the agency charges due to the State as penalty to curb the tendency of State Government/State PWD to get the work done on site without taking prior approval of MORTH. MORTH recovered ₹ 1.87 crore from the four works and ordered recovery of ₹ 1.68 crore from the agency charges of the other projects sanctioned/to be sanctioned for the State of Kerala.

Thus execution of extra items at higher rates without getting prior approval of MORTH resulted in a loss of ₹ 3.55 crore to the State exchequer.

The matter was referred to Government in April 2010; reply had not been received (November 2010).

(Para 2.5.2 contained in the Report of the C&AG of India for the financial year ended 31st March, 2010.)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

27. To a query of the Committee regarding the audit paragraph dealt with the loss incurred by the State towards penalty for making an extra work without getting prior approval of MORTH, the witness, Chief Engineer (National Highways), PWD replied that the road with industrial connectivity was executed in four reaches. Of which only one reach was provided with BM. The estimate for the same was prepared as per the Schedule of rates prevailed in 2006. But the work was executed in 2009. By that time rate for bitumin had been enhanced considerably. Also as there was no quarrying in the adjacent area, the building material had to be made available from distance, which escalated the expenditure. She added that there was a provision for negotiation in the agreement, which was decided at a meeting convened by the Minister, when the RO of the MORTH was also present. Considering the heavy traffic in that Inter State National Highway, it could not be closed indefinitely awaiting for the approval from MORTH. Moreover, there was High Court's direction to complete the work at the earliest. Accepting the explanation furnished by the Department, the Committee remarked that the execution of the work without waiting for

MORTH's approval was justifiable considering the emergency of the situation. At the same time, the failure on the part of the department acted upon at the right time, the loss of ₹ 3.55 crore to the exchequer could have been avoided. The Committee directed the Public Works Department to take necessary steps to avoid lapse in future and also to get the amount refunded.

#### **Conclusion/Recommendation**

**27. The Committee views that though the execution of work without waiting for MORTH's approval was justifiable considering the emergency of the situation, the failure on the part of the department in communicating to MORTH about the urgency in time could not be neglected. The Committee also remarks that had the department acted upon at the right time, the loss of ₹ 3.55 crore to the exchequer could have been avoided. The Committee directs the Public Works Department to take necessary steps to avoid such lapse in future and also to get the amount refunded from MORTH.**

#### PUBLIC WORKS DEPARTMENT AND HOME DEPARTMENT

##### AUDIT PARAGRAPH

#### **Extra expenditure due to short recovery of electricity and water charges from tenants of Government quarters**

*Government incurred extra expenditure of ₹ 83.11 lakh on payment of electricity and water charges of the Government quarters at Thrikkakara and at the Malabar Special Police camp, Malappuram as there were no separate meters for the quarters to determine and recover the actual amounts due from each tenant*

Article 119(1) b and (2) of the Kerala Financial Code (KFC) provides that a tenant occupying a Government building should pay electricity and water charges directly if the building is used solely as a residence.

Scrutiny by Audit revealed that in two cases, in spite of the specific provision in the KFC, the departments\* paid the entire amount towards electricity and water charges and only a nominal amount was recovered from the tenants occupying the quarters. There were no separate meters installed in the individual quarters and hence, the departments were not in a position to calculate the actual share of each tenant. The details are given below:

(i) There were 559 quarters in the non-gazetted officers quarters at Thrikkakara in Ernakulam District, which were occupied by personnel of different department. There were only three common water connections and no individual connections were given to the quarters. The Executive Engineer,

\* Public Works and Home.

Buildings Division, Ernakulam remitted (July 2008) ₹ 46 lakh towards water charges in respect of the above three connections for the period from January 2002 to April 2007. However, only ₹ 20 per mensem was recovered from the salary of each tenant and deposited in 'Public Works Deposits'. The amount so recovered and credited to 'Public Works Deposits' during September 1995 to June 2008 was only ₹ 4.50 lakh. Thus, the department had to incur extra expenditure of ₹ 41.50 lakh from Government funds towards water charges of the tenants of Government quarters.

(ii) In the Malabar Special Police (MSP) Camp, Malappuram there were 110 family quarters but only one electricity connection. The electricity charges payable during the period from April 2006 to December 2008 were ₹ 43.26 lakh and paid by adjustment towards the cost of police guards provided to the Kerala State Electricity Board. However, only ₹ 1.63 lakh was collected during the above period at a nominal amount of ₹ 45 per mensem fixed in 1998 each tenant. Thus the Department had to meet an additional amount of ₹ 41.63 lakh from Government funds towards electricity charges of the tenants of Government quarters.

Had separate electricity or water meters been installed for quarter, Government could have assessed the actual charges payable by each tenant. In the absence of separate meters, Government had to incur additional expenditure of ₹ 83.13 lakh from their own funds.

Government intimated (July 2009) that the Police Department had taken action for installing separate electric meters in the quarters at MSP Camp, Malappuram in 1998 itself and there was laxity on the part of Kerala State Electricity Board and Public Works Department in solving the issue on a timebound basis. However, the fact remains that separate electric meters had not been provided in the quarters even after a decade.

(Para 2.5.4 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

28. Regarding short recovery of electricity and water charges from tenants of Government quarters, the Secretary, Home & Vigilance Department informed that common electricity meters were installed in Malappuram MSP Camp and Government Staff Quarters, Thrikkakara. As there were no separate meters installed in each quarter, the department was not in a position to calculate the actual consumption of each tenant, resulted in the short levy of electricity charges. As a remedial measure, it was decided to install separate electric meters

for every quarter. He also added that separate electric meters would be installed in all the occupied quarters, and for remaining quarters it would be installed after renovation.

29. The Committee enquired about the measures taken to recover the loss incurred. The witness explained that earlier electricity charges at the rate of ₹ 40 was levied from each tenant. The balance would be calculated by taking into account of the total electricity usage of quarters and individual usage and then the previous arrears would be collected.

30. To a query of the Committee, regarding the failure in the installation of separate meters, the witness, Chief Engineer (Buildings), Public Works Department informed that separate meters were installed in all the Flat type quarters. The Committee observed that separate meters were installed in the Flat type quarters only after raising the audit objection and enquired about the present position. The witness replied that steps were not taken to install separate meters to the remaining old type quarters as the land in which the quarters were located was being considered for other Government Projects. He also added that instead of installing separate meters in those quarters, charges were remitted to Government by calculating the average consumption. The Committee urged the department to prepare and submit a statement regarding the Government quarters in which separate meters were installed, not installed and the reasons thereof within two months to the Committee.

#### **Conclusion/Recommendation**

**31. The Committee urges the Public Works Department to submit statement showing details of separate meters installed, not installed and the reason for not installing separate meters if any at the Government quarters at Thrikkakara at the earliest. The Committee urges the Home Department to furnish particulars of measures taken to realise the amount short recovered towards electricity charges from the tenants.**

#### HOME DEPARTMENT

##### AUDIT PARAGRAPH

#### **Unfruitful expenditure on construction of prison blocks**

*Failure of the Prisons Department to provide additional funds in time to the Public Works Department resulted in non-completion of two blocks at the Central Prison, Vyyur, resulting in unfruitful expenditure of ₹ 60 lakh*

The State Government accorded (March 2002) administrative sanction for construction and renovation of A and F Blocks of the Central Prison, Vyyur in Thrissur District at an estimated cost of ₹ 70 lakh as part of the scheme 328/2014.

'Modernisation of Prisons' with the objective of accommodating under trials separately from convicts. Accordingly, the Prisons Department deposited (30 March 2002) ₹ 70 lakh with the Public Works Department (PWD) for arranging the work. PWD requested (July 2002) the Prisons Department to obtain a revised administrative sanction for an estimate of ₹ 1.35 crore based on the 1999 Schedule of Rates and also to deposit the additional funds required for arranging the work. However, the department did not take any action either to obtain the revised sanction or provide additional funds to PWD. However, the PWD awarded (August 2003) the work to a contractor at an agreed amount of ₹ 1.14 crore with the scheduled date of completion as 31st March, 2006. The PWD informed (March 2006) the department that the value of the works executed was more than the original deposit and requested for an additional deposit of ₹ 43.72 lakh to complete the work. In June 2006, the department approached the Government for a revised administrative sanction and additional funds of ₹ 43.72 lakh, which had not been sanctioned by Government as of September 2009. Meanwhile, the contractor stopped the work for want of payment and the PWD terminated (March 2007) the contract. An amount of ₹ 60 lakh was paid to the contractor. The unfinished structure was not in usable condition. Thus, the objective of providing additional space for accommodating under trials and convicts separately remained unfulfilled.

Failure of the department to take timely action to obtain revised sanctions and additional funds resulted in unfruitful expenditure of ₹ 60 lakh.

The Additional Director General of Police (Prisons) stated (September 2009) that a revised estimate of ₹ 87 lakh based on the current Schedule of Rates had been received from the Executive Engineer, PWD, Buildings Division, Thrissur on 20th July, 2009 for completion of the work and action had been taken to obtain the administrative sanction from the Government for taking up the work with funds from the current year's allotment.

The matter was referred to Government in April 2009. Reply had not been received (October 2009).

(Para 2.3.1 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

32. The Audit paragraph dealt with unfruitful expenditure on construction of prison blocks. The witness, Secretary, Home and Vigilance Department informed that the work was taken over by Police Housing Construction

Corporation and it was almost completed. He also added that the accommodation capacity of Viyyur Central Prison was increased from 376 persons to 660. At this context, the ADGP intervened and informed that construction of prison blocks done under the 'Modernisation of Prisons Programme', with the intention of accommodating convicts and under trials separately.

33. The Secretary, Home and Vigilance Department deposed that now convicts and under trials were accommodated separately. He also supplemented that the 23 works which were blocked in 2007, due to revision in PWD rates, resulted in the resumption of ₹ 11,81,00,000. All those 23 works were completed in 2009 as the amount resumed had been recouped and also with the central assistance of ₹ 21 crore. The witness informed that as per law, in Kerala every prisoner was entitled to an area of 3.72 sq.m. for accommodation. Now our State achieved this target.

34. As per Central Government norms prisons having capacity of 500 or more prisoners were considered as central prisons. In Viyyur Central Prison the number of inhabitants were less than 500. So central aid was not allowed for Viyyur Central Prison. Now the Central Government have approved Viyyur as a Central Prison as the number of inhabitants has been enhanced to 660 and released ₹ 30 crore as financial aid and commenced to function accordingly.

#### **Conclusion/Recommendation**

**No comments.**

#### POWER DEPARTMENT

##### AUDIT PARAGRAPH

#### **Overpayment due to irregular fixation of pay**

*Additional Payment of ₹ 22.88 lakh was made to 16 contract employees of Agency for Non-Conventional Energy and Rural Technology up to March 2009, disregarding the provisions of Pay Revision Orders*

Government extended (December 2006) the benefits of General Pay Revision granted to State Government employees with effect from 1 July, 2004 to the staff of the Agency for Non-conventional Energy and Rural Technology (ANERT) and ordered that the rules for fixation of pay in the Pay Revision Orders should be adhered to scrupulously. As per Annexure III of the orders, contract/provisional employees recruited through the employment exchange who were in service on 30th June, 2004 were eligible for the minimum of the revised



scale of pay from 1st July, 2004 and monetary benefits would be payable to them from 1st April, 2005 onwards. Subsequently, the Government clarified (December 2008), following a reference made from ANERT that contract employees on specific scales of pay were not eligible for fitment benefit and weightage and their pay would be fixed at the minimum of the revised scales of pay.

Scrutiny (March 2009) of the records of ANERT revealed that disregarding the provisions in the Pay Revision Orders of March 2006, ANERT fixed the pay of contract employees in the revised scales allowing fitment benefit\* and service weightage. This resulted in overpayment of ₹ 22.88 lakh on pay and dearness allowance to 16 contract employees up to March 2009. The Director, ANERT stated (June 2009) that the above benefits were given to the contract staff before receipt of the Government direction (December 2008). Government accepted (July 2009) the audit observation.

(Para 2.3.3 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

35. Regarding additional payment made to contract employees of ANERT, disregarding the provisions of Pay Revision Orders, the Committee enquired, who is responsible for the irregular pay fixation, violating Pay Revision Orders. The Witness, Additional Secretary, Power Department replied that Pay Revision Orders were implemented in the department vide Government Order No. 376/2006/PD. dated, 20-12-2006 with the consent of Finance Department. Based on the proposal received from the Director, ANERT recommending for the extension of the benefit of Pay Revision Orders to contract employees also, Government accorded sanction for the same with the concurrence of Finance Department.

36. To a query of the Committee whether the Pay Revision Orders were implemented in ANERT as per KSR, the witness, Additional Secretary, Power Department informed that it was an executive order and as per KSR contract employees were not eligible for increment. He added that Finance Department also opined that KSR did not provide to grant pay fixation for contract appointment. But they admitted the contention of the Power Department and hence, a lenient view was taken to protect the pay scale and pay granted to the contract employees in Integrated Rural Energy Programme as they were in

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\* Fitment benefit is the amount equal to six per cent of basic pay which is added to the existing emoluments for fixation of pay in the revised scales of pay.

contract service for a long period of time. He also added that increment was sanctioned with the consent of Finance Department and all other objections raised by the Accountant General were rectified.

37. The witness, Additional Secretary, Power Department also informed that now the revision of pay in respect of the employees of autonomous bodies were being sanctioned by Finance Department instead of the Administrative Departments. Though increment was allowed to contract employees in the earlier Pay Revisions, objections were raised only in the Pay Revision of 2006. When enquired about the method of recruitment of staff in ANERT, the witness replied that appointments in ANERT were not under the purview of Public Service Commission. Out of the three irregularities raised by the Accountant General, the Finance Department recommended to take a lenient view for the first one and recommended for recovery of the amount in the remaining cases.

38. The Committee decided to recommend to take appropriate action based on Accountant General's observations against those responsible for the irregular implementation of Pay Revision Orders in autonomous bodies. The Committee opined that the practice of appointing persons through employment exchanges and on contract basis should be dispensed with. The Committee urged the Power Department to take necessary steps to recruit the staff in all autonomous and semi governmental organizations only through Public Service Commission. The Committee also urged the Finance Department to furnish a detailed report on the implementation of Pay Revision Orders in autonomous and semi-governmental bodies with details of the rules of fixation of pay of the contract employees there, and also the steps taken to prevent such irregularities in future.

#### **Conclusion/Recommendation**

**39. The Committee recommends to take appropriate action based on Accountant General's observations against those responsible for the irregular implementation of Pay Revision Orders in autonomous bodies. The Committee remarks that the practice of appointing persons through employment exchanges and on contract basis should be dispensed with. The Committee urges the Power Department to take necessary steps to recruit the staff in all autonomous and semi governmental organizations under its control only through Public Service Commission. The Committee also urges the Finance Department to furnish a detailed report on the implementation of Pay Revision Orders in autonomous and semi-governmental bodies with details of the rules of fixation of pay of the contract employees there, and also the steps taken to prevent such irregularities in future.**

## PERSONNEL AND ADMINISTRATIVE REFORMS DEPARTMENT

## AUDIT PARAGRAPH

**Non-utilisation of grants released for construction of an executive hostel**

*Delay in locating a suitable site for construction of an executive hostel resulted in blocking of funds of ₹ 1.90 crore for three years*

As part of an executive training complex under construction at the Institute of Management in Government (IMG) campus at Thiruvananthapuram, IMG proposed (January 2006) the construction of a separate executive hostel at a cost of ₹ 1.90 crore for providing accommodation facilities to high level executive trainees. The proposal was to construct the hostel building in the IMG main campus where the seminar hall, lecture hall, library etc., were located.

Government accorded (March 2006) administrative sanction for the construction of the executive hostel and released (March 2006) ₹ 1.90 crore to IMG. The amount was kept in the Treasury Public (TP) account of the Director, IMG. The Governing Body of IMG decided (August 2008) to change the site of the hostel building to the Barton Hill Campus in view of the congestion of the buildings in the main campus. The concept paper regarding the change of site prepared by the consultant architect was discussed in the Governing Body meeting held on 3rd October, 2008. Accordingly, the Chief Engineer was requested to prepare a detailed plan and estimates based on this. However, no plan and estimates had been prepared as of March 2009.

Thus even after three years of release of funds to IMG for the construction of the hostel building, the plan and estimates of the building could not be finalized due to the failure of IMG to find a suitable site, which resulted in blocking of Government funds of ₹ 1.90 crore in the TP account of the Director, IMG.

Government stated (July 2009) that it was decided to change the site considering the congestion of the buildings in the main campus and that the construction would be started during the current financial year. The reply does not explain why the congestion could not be foreseen at the time of submission of the proposal as also the reasons for the delay of about three years in finding a suitable site since the release of the grant.

(Para 2.4.4 contained in the Report of the C&AG of India for the financial year ended 31<sup>st</sup> March, 2009)

Notes received from Government on the above Audit Paragraph is included as Appendix II.

40. Regarding the delay on the part of the Institute of Management in Government in locating a suitable site for the construction of an executive hostel and thereby blocking a fund of ₹ 1.90 crore, the witness, Additional Chief Secretary, Personnel and Administrative Reforms Department informed that it was related to the construction of an executive hostel at the IMG Campus with the intention of providing better accommodation for high level executive trainees. At present, IMG have only a single Hostel with double-bedded rooms. In the year 2006, proposal for the construction of new executive hostel at IMG headquarters was submitted to Government and was sanctioned ₹ 1.90 crore accordingly. The approval for the same was sought for from the Thiruvananthapuram Corporation. But in 2010, it was decided to change the site of executive hostel to Barton Hill Campus considering the congestion in the main campus and also decided to construct a Conference Hall at the main campus.

41. She continued that in 2011, Government sanction was sought for awarding the work to a private consultancy viz., 'Vastu Silpalaya'. The Government rejected the proposal instructing that the work should be done only through open tender system. Later IMG sought for sanction to entrust the work to Government agencies like BSNL, HLL and PWD and accordingly BSNL was short listed. But as BSNL was not interested in the work, the whole procedure repeated again and turned out for tender afresh. This time two agencies viz., Cost Ford and Habitat were short listed. Primary discussions were being held and within a short span of time, the work could have been entrusted with either of the two agencies. She added that now it was decided that the residence of the Speaker of 1920s situated at Barton Hill to be conserved as a heritage building and to construct an executive hostel with two class rooms, a small open air auditorium, a swimming pool, gym, sports complex etc., by utilising the unused land in the Campus. It was also planning to have place at height where people could watch the beauty of sea.

42. To a query of the Committee whether the work could be completed with the proposed ₹ 1.90 crore, the Additional Chief Secretary replied that at present estimate was for ₹ 10.5 crore. Formerly an amount of ₹ 1.90 crore was sanctioned for the construction of the executive hostel. But at present, many additional structures had been incorporated in the design. Accordingly estimate for the project had also escalated. She was optimistic that the construction of the executive hostel could be completed within eighteen months' time.

43. The Committee opined that the Governing Body of IMG had taken a decision without proper planning or vision. It concluded that though it accepted the undertaking of the department that work could be completed within a period

of 18 months, the new construction would be in accordance with the architectural style of the old building.

**Conclusion/Recommendation**

**44. The Committee concludes that the Governing Body of IMG had taken the decision without proper planning or vision. While accepting the undertaking of the department that work could be completed within a period of 18 months, the Committee suggests that the new construction should be in accordance with the architectural style of the old building. It also directs the Personnel and Administrative Reforms Department to intimate the Committee the progress of work relating to the construction of the building.**

Thiruvananthapuram,  
28th January, 2014.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX I

## SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	3	Public Works	The Committee observes that the irresponsible approach of the Superintending Engineer caused huge loss to the exchequer. Even though the Department admitted the lapse, no action had been initiated against the delinquent, stating that the papers relating to disciplinary action were missing from the file. The Committee expresses its dismay over the lackadaisical attitude of officials in not taking any disciplinary action against the erring personnel. So it recommends to take action against the person responsible for this irregularity within one month and urges the Secretary, Public Works Department to furnish the report of action taken in this regard.
2	5	„	The Committee observes that regarding payment to the contractor beyond the scope of contract for the Olassery-Palangad Road the Public Works Department had not furnished the Remedial Measures Taken Statement even at the time of meeting. Moreover that the officials presented before the Committee for witness examination appeared without any preparation. The Committee remarks that estimate for works will have to be prepared only after a detailed technical examination and the department cannot wash out their hands by simply saying that it was a mistake in the preparation of the estimate. The Committee expresses its deep dissatisfaction and opines that there was a grave mistake on the part of the department in granting unwarranted revision of rates and separate payment for

(1)	(2)	(3)	(4)
			river bed concreting to support the formwork violating the contract conditions. The Committee recommends to fix responsibility and to take appropriate action against the delinquent officials and also to black list the contractor.
3	11	Public Works	The Committee observes that in many cases works could not be executed due to disputes in land acquisition. In the case of Angamali-Muvattupuzha Road and Muvattupuzha-Thodupuzha Road, the work was awarded to a contractor without handing over the site. This resulted in the payment of ₹ 2.99 crore as arbitration awarded to the contractor. In this regard, the Committee remarks that it is not appreciable to tender the work without ensuring land acquisition. Considering the reluctance among people to yield for land acquisition, the Committee recommends that there should be a permanent mechanism to enhance fair value rate at par with market rate. The Committee disagrees with the arguments put forth in the notes submitted before it that 'even though there was delay in land acquisition and subsequent payment of ₹ 2.99 crore as arbitration, the amount spent have been compensated through early bidding' and urges to delete the remarks. The Committee urges the Public Works Department to study and submit a report as to what steps could be taken for the speeding up of the land acquisition process.
4	13	”	The Committee directs the Department to re-investigate the case where rates for pile work were revised upwards disregarding contract conditions. If any fraudulent act is detected, appropriate action should be taken against the delinquents and be informed to the Committee accordingly.

(1)	(2)	(3)	(4)
5	17	Public Works	The Committee was surprised to note that one third of the alignment of the road had been modified as it become essential to straighten curve resulting in abandoning of a road portion originally constructed in Angamaly-Thodupuzha road. It doubts the significance of designing. The Committee recommends that steps should be taken to ensure pre-audit of design/failures in the second phase of KSTP roads and it emphasizes the necessity of appointing engineers competent enough for analysing the designs of the consultants.
6	19	”	The Committee points out that without approach roads, bridges could not be made available for public conveyance. It remarks that lack of proper planning was evident in this case as the work of the two bridges had commenced without ascertaining whether land could be acquired and hence the expenditure of ₹ 5.42 crore remain idle. It recommends that the department should take earnest effort to materialize the land acquisition package in a time bound manner and to construct the approach roads. The steps taken in this regard should be intimated to the Committee.
7	21	”	The Committee was informed that the error was rectified by issuing a circular instructing that the labour charges for flooring works should be calculated at the rate allowed for the works using mosaic tiles. The Committee strongly opposes the act of the department and directs the department that rather going back to the rate for flooring by mosaic tiles different rates must be included in the Standard Data Book, for works relating to the fixing of vitrified tiles on the floor and for fixing the same vertically on the side walls.



(1)	(2)	(3)	(4)
8	23	Public Works	The Committee opines that the arguments put forth by the department are not substantiating their intention, so it reiterates the objection raised by the Accountant General and directs the Department to be more cautious in not making such mistakes in future. It urges the Public Works Department that the measures taken to rectify the objection raised by the Audit should be intimated to the Committee at the earliest.
9	25	”	The Committee finds that edge line marking at a width of 15 cm, that also at higher rates allowed by the Chief Engineer was not justifiable, since in some other contemporary works edge line marking was only 10 cm. So the Committee recommends to take appropriate disciplinary action against the Chief Engineer concerned and the Committee be informed of the details.
10	27	”	The Committee views that though the execution of work without waiting for MORTH's approval was justifiable considering the emergency of the situation, the failure on the part of the department in communicating to MORTH about the urgency in time could not be neglected. The Committee also remarks that had the department acted upon at the right time, the loss of ₹ 3.55 crore to the exchequer could have been avoided. The Committee directs the Public Works Department to take necessary steps to avoid such lapse in future and also to get the amount refunded from MORTH.
11	31	Public Works/ Home	The Committee urges the Public Works Department to submit statement showing details of separate meters installed, not installed and the reason for not installing separate meters if any at the Government quarters at Thrikkakara at the earliest. The Committee urges the Home

(1)	(2)	(3)	(4)
			Department to furnish particulars of measures taken to realise the amount short recovered towards electricity charges from the tenants.
12	39	Power/Finance	The Committee recommends to take appropriate action based on Accountant General's observations against those responsible for the irregular implementation of Pay Revision Orders in autonomous bodies. The Committee remarks that the practice of appointing persons through employment exchanges and on contract basis should be dispensed with. The Committee urges the Power Department to take necessary steps to recruit the staff in all autonomous and semi governmental organizations under its control only through Public Service Commission. The Committee also urges the Finance Department to furnish a detailed report on the implementation of Pay Revision Orders in autonomous and semi-governmental bodies with details of the rules of fixation of pay of the contract employees there, and also the steps taken to prevent such irregularities in future.
13	44	P & ARD	The Committee concludes that the Governing Body of IMG had taken the decision without proper planning or vision. While accepting the undertaking of the department that work could be completed within a period of 18 months, the Committee suggests that the new construction should be in accordance with the architectural style of the old building. It also directs the P&ARD to intimate the Committee the progress of work relating to the construction of the building.