

TWELFTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2006-2008)**

FOURTEENTH REPORT

(Presented on 18th October, 2006)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2006

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On

**Action taken by Government on the Recommendations contained
in the Eighty Ninth Report of the Committee
on Public Accounts (1998-2000)**

1007/2006.

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COMMITTEE ON PUBLIC ACCOUNTS (2006-2008)

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Legislature Secretariat :

- Dr. M. C. Valson, Secretary
Shri K. Ravikumar, Deputy Secretary
Smt. M. T. Eleykutty, Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf, present the Fourteenth Report on Action Taken by Government on the Recommendations contained in the Eighty Ninth Report of the Committee on Public Accounts (1998-2000)

The Committee considered and finalised this Report at the meeting held on 11th October, 2006.

Thiruvananthapuram,
18th October, 2006.

ARYADAN MUHAMMED,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the action taken by Government on the recommendations contained in the 89th Report of the Committee on Public Accounts (1998-2000).

The 89th Report of the Committee on Public Accounts (1998-2000) was presented to the House on December 23, 1999. The Report contained thirteen recommendations relating to Public Works Department. Government were addressed to furnish the Statements of Action Taken on the recommendations contained in the Report on January 3, 2000 and the final replies were received on September 22, 2004.

The Committee examined the statements at its meetings held on March 21, 2002 and May 24, 2005.

The Committee was not satisfied with the statement of action taken by Government on recommendation Nos. 1, 2, 3, 4, 6 and 9 (Para Nos. 5, 6, 9, 10, 15 and 20) and decided to pursue it further. Such recommendations, replies and the further recommendations are included in Chapter I of this Report.

The Committee decided not to pursue further action for the remaining recommendations in the light of the replies furnished by Government. Such recommendations and their replies are incorporated in Chapter II of this Report.

CHAPTER I

**Recommendations in respect of which the action taken by
Government is not satisfactory and which requires reiteration**

PUBLIC WORKS DEPARTMENT

Recommendation

(Sl. Nos. 1 and 2, Para Nos. 5 and 6)

1.1 The Committee observe that the Administrative and Technical sanctions for the work of construction of a two storied building for Pre-Vocational Training Centre were accorded on 2-9-1989 and 12-10-1990 respectively. The work was put to tender on 13-9-90 and agreement executed on 30-4-1991. It was only on 29-4-1991, i.e., one day before the execution of the agreement that the department thought of writing to the Forest Department for permission to cut down the trees in the proposed site. The Committee find that much delay had occurred in securing permission from Social Forestry Department to cut and remove the trees and by the time site was cleared in 8/91, the Contractor backed out from the contract. The Committee opine that the department had sufficient time from 9/90 onwards to get the site cleared. The Madras Detailed Standard Specifications forming part of the agreement and the Public Works Department Manual clearly stipulate that the site of the work should be made available to the contractor within two months from the date of execution of the agreement failing which the Contractor can withdraw from the contract. The Committee find that the delay that occurred in securing permission for cutting down the trees resulted in an avoidable expenditure of Rs. 6.46 lakhs.

1.2 The Government's contention that the rate would have been revised based on 1992 schedule of Rates, if the work was tendered only after taking possession of the site is not at all tenable. The Committee feel that there was enough time from the date of tender to the date of execution of the agreement to obtain permission from the Social Forestry Department to cut down the trees. The departmental officers who are expected to act with prudence and in a manner which would benefit the Government not only failed to do so but deliberately favoured the Contractor with malafide intention. This view of the Committee is all the more strengthened taking into account of the fact that the Executive Engineer had not even cared to bring the matter to the notice of the higher authorities. The Committee strongly recommend that stringent action should be taken against the officers who favoured the Contractor and caused loss to the Government to the tune of Rs. 6.46 lakhs even though they have retired from service.

Action Taken

1.3 The work of construction of a building for J. T. S., Koratty was proposed to be constructed on Government land under the custody of the Superintendent, J. T. S, Koratty. As the land was vacant, the Social Forestry Department had planted acacia trees under the scheme of planting trees in vacant Government land. These trees had to be cut and removed before handing over the site to the contractor. As observed by the Committee the officers responsible failed to initiate action to hand over the site in time. The following officers are found responsible :

1. Shri P. J. Emmanuel,
Superintending Engineer
(Building and Local Works),
Thrissur.
2. Sri V. Venugopalan,
Executive Engineer,
(Building Division),
Thrissur.

1.4 Show Cause Notice have been issued to the above Officers. Disciplinary proceedings initiated against them are in progress.

Further Recommendation

1.5 The Committee should be informed of the present position within a month of the disciplinary action taken against the officers who had favoured the contractor and caused loss to the exchequer.

Recommendation

(Sl. Nos. 3 and 4, Para Nos. 9 and 10)

1.6 The Committee find serious lapse on the part of departmental officers and view with grave concern the utter failure in initiating timely action in terminating the original contractor.

1.7 The Committee is at a loss to understand why the contractor was given extension of time for a period of three years. The Committee blame the incapability of the departmental officers to get the negotiated quotation accepted by the Contractor within the validity period. The Committee recommend that the loss due to termination of contract should be made good from the Contractor and the result intimated to the Committee.

Action Taken

1.8 The District Collector, Kannur authorised the Tahsildar, Taliparamba in letter No. G. O.2504/98 dated 16-2-1998 to effect revenue recovery against Sri P. M. Sivaji Nair, Contractor of the above work to recover the loss sustained by Government in the Uliyil-Sivapuram road work. Immovable property measuring a little over one acre in Taliparamba Municipality in the name of the defaulter and his wife was attached. Smt. K.N. Nalini Amma, wife of the defaulter filed an O.P in the High Court of Kerala against recovering the amount due, from movable properties and obtained stay order. The Executive Engineer, PWD, Roads Division, Kannur vide his letter dated, 20-5-2000 has requested the Tahsildar, Taliparamba to get the stay order vacated and recover the amount from the defaulter immediately.

Further Recommendation

1.9 The Committee should be informed, whether the stay order in the O.P filed by Smt. K. N. Nalini Amma, wife of Sri P. M. Sivaji Nair. Contractor had been vacated and the loss sustained by Government had been recovered.

Recommendation

(Sl. No. 6, Para No. 15)

1.10 The quotation received in response to the tender call in September 1991, which was 65% above estimate, was reduced to 59% above estimate on negotiation and the validity period extended upto 31st January 1992. Much time was consumed in the Office of the Chief Engineer to process the tender documents and even after processing it took 8 days to place it before the Tender Committee. The Tender Committee accepted the tender only on 5-2-1992 i.e. after the validity period was over. The deposition of the witness that the delay was due to administrative reasons is not at all satisfactory. Since the validity period was extended only upto 31st January 1992 the department should have acted more cautiously and a close watch kept to get the tender documents processed within the particular time limit. Had the departmental officers rose to the occasion and acted with earnestness and enthusiasm, the selection notice could have been issued to the contractor before the expiry of the validity period. The Committee recommend that action should be taken against the officer who inadvertently caused much delay in processing the tender documents and the matter intimated to the Committee.

Action Taken

1.11 As observed by the Committee some delay has occurred at various stages in processing of the tender for the work construction of the quarters for staff ITI, Kattappana. The officers responsible are :

1. Smt. Roselin D'Cruse,
L. D. Clerk.
2. Smt. Lalitha Bai,
Draftsman.

Action initiated against them is in progress. Chief Engineer (Administration) has been asked to apportion the loss amount of Rs. 12.09 lakhs after fixing the liability of above responsible officers.

Further Recommendation

1.12 The Committee should be informed within a month of the reasons for initiating disciplinary action only against the two junior most officers and the criterion adopted for fixing liability.

Recommendations

(Sl. No. 9. Para No. 20)

1.13 The Committee find that the boat purchased by the NH Wing of the PWD was kept idle in a private yard from 12/87 till it was sold in public auction in 10/97. The Committee understand that the Executive Engineer wrote to the SE on several occasions to transfer the boat to some other divisions or to dispose off it in Public Auction. The Committee opine that if prompt measures were taken, the boat could have been transferred or disposed off much earlier. The Committee observe that due to the inordinate delay on the part of the department to dispose off the boat in Public auction it could not even fetch the assessed value.

Action Taken

1.14 The Chief Engineer, PWD (Admn.) has been directed to recover the loss of 7.37 lakhs from the officers responsible for the infructuous expenditure on the idle boat by filing civil suit under Ruling 6 of Rule 116 Part III KSR vide Government letter No. 6359/F2/03/PWD dated, 12-5-2004.

Further Recommendation

1.15 The Committee desires to know whether responsibility has been fixed and the loss made good.

CHAPTER II

**Recommendations which the committee does not desire to pursue
in the light of the replies furnished by Government.**

PUBLIC WORKS DEPARTMENT

Recommendation*(Sl. No. 5, Para No. 11)*

The Committee also recommend that the existing rules should be simplified giving more powers to the Department with regard to acceptance of tenders, so that the interest of Government could be safeguarded in contracts for works.

Action Taken

2.2 The powers of PWD Officers were revised to give more powers, vide G.O. (P) 667/2000/Fin. dated 22-3-2000, Chief Engineer now has power to accept tenders up to 35% above estimate PAC. This has been so decided after extensively reviewing the delegation of powers given to various level of officers.

2.3 For giving administrative sanction for works an inter-departmental Committee chaired by PWD Secretary has been formed. Government are actively considering proposals for revision of the PWD Manual and Code.

Recommendation*(Sl. Nos. 7 and 8, Para Nos. 16 and 17)*

2.4 The Committee also observe that there is clear violation of the provisions of the PWD Code. The Committee suggest that the PWD Code of 1977 shall be amended suitably so that procedural formalities can be simplified and loopholes can be plugged.

2.5 The Committee regret to note that the comprehensive note called for by the committee from the two Chief Engineers (NH&B&R) putting forth suggestions to modify the PWD Code has not yet been submitted to the Committee. The Committee desire that the above note be furnished to the Committee at an early date.

Action Taken

2.6 Revision of Public Works Department Code and Manual is in the final stage. Institutional Strengthening Action Plan (ISAP) is a component under the World Bank assisted Kerala State Transport Project. Under the implementation of ISAP, various codes and procedures of PWD have to be

modified in order to strengthen the department. Government intend to incorporate these aspects in the proposed Code revision. It is expected to complete the code revision by the end of this year.

Recommendation

(Sl. Nos. 10, 11, 12 and 13 Para Nos. 21, 22, 23 and 24)

2.7 The Committee also observe that the infructuous expenditure to the tune of Rs. 5.20 lakhs on account of pay and allowances to the Lascar and Driver could have been avoided had they been redeployed to some other divisions or departments during the period when the boat was kept idle.

2.8 There is serious lapse on the part of the officers who failed to act on the Government Order in 1984 which stipulated that the Drivers having no specific duties shall be posted in the vacant posts elsewhere.

2.9 The Committee therefore recommend that the laxity on the part of the officers who failed to take prompt action for the disposal of the idle boat and for re-deployment of the driver shall be viewed seriously and suitable action taken against them so that such instances will not be repeated in future.

2.10 The Committee would also like to be intimated the date on which the Driver was appointed as Peon and the number of vacancies of Peons existed at that time.

Action Taken

2.11 The service of the Boat Driver was utilised as Peon from the date of confirmation of the auction as on 29-10-1997 in NH(B) Subdivision No.III Ponnuranni where there were vacancies of Peon. The Boat Driver was not appointed as Peon, but his service was utilised as Peon in the existing vacancy.

2.12 One post of Peon was vacant from 6/97 and another from 6/99.

2.13 The concerned boat driver had been deployed to the Forest Department against the vacant post of Boat Driver at Parambikulam range as reported by Chief Conservator of Forest vide G.O (Rt) No. 134/03/PWD dated 18-2-2003.

ARYADAN MOHAMMED,

Thiruvananthapuram,
October 18, 2006.

Chairman,
Committee on Public Accounts.

APPENDIX I

Summary of Main Conclusions/Recommendations

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/Recommendations</i>
1	1.5	Public Works	The Committee should be informed of the present position within a month of the disciplinary action taken against the officers who had favoured the contractor and caused loss to the exchequer.
2	1.9	do.	The Committee should to be informed whether the stay order in the O. P. filed by Smt. K. N. Nalini Amma, wife of Shri P. M. Sivaji Nair, Contractor had been vacated and the loss sustained by Government had been recovered.
3	1.12	do.	The Committee should be informed within a month of the reasons for initiating disciplinary action only against the two junior most officers and the criterion adopted for fixing liability.
4	1.15	do.	The Committee desires to know whether responsibility has been fixed and the loss made good.