

PAC - 138

COMMITTEE ON PUBLIC ACCOUNTS
(2013-2016)

HUNDRED AND THIRTY EIGHTH REPORT



सत्यमेव जयते

(THIRTEENTH ASSEMBLY)

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS,
ASSAM LEGISLATIVE ASSEMBLY ON THE REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA ON
SOCIAL, GENERAL AND ECONOMIC (Non-PSUs) SECTORS
FOR THE YEAR 2012-2013 RELATING TO PUBLIC
WORKS ROADS AND PUBLIC WORKS
BUILDINGS & NH DEPARTMENTS,
GOVERNMENT OF ASSAM.

Presented to the House on 11-12-2015

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT,
DISPUR : GUWAHATI - 781006.

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(i)

COMPOSITION OF THE COMMITTEE

Chairman:

1. Shri Keshab Mahanta

Members:

2. Shri Abdul Muhib Mazumdar
3. Shri Gautam Bora
4. Capt. Robin Bordoloi
5. Shri Binanda Kumar Saikia
6. Shri Aklius Tirkey
7. Shri Kamal Sing Narzary
8. Shri Emmanuel Mosahary
9. Shri Utpal Dutta
10. Hafiz Bashir Ahmed
11. Shri Swapan Kar
12. Shri Prasanta Phukan
13. Shri Jatin Mali

Secretariat:

1. Shri P.K. Das, Principal Secretary
2. Shri Animesh Chaudhury, Deputy Secretary
3. Shri Ananta Baishya, Suptd.

(ii)

PREFATORY REMARKS

I, Shri Keshab Mahanta, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the report on its behalf present this Hundred and Thirty Eighth Report of the Committee on Public Accounts on the Audit paras contained in the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) Sectors for the year 2012-2013 pertaining to Public Works Roads and Public Works Building & NH Departments, Government of Assam.

2. The Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) Sectors for the year 2012-2013 was laid before the House on 4th August, 2014.

3. The Report mentioned above relating to the Public Works Roads Public and Public Works Building & NH Departments was considered by the Committee in their sittings held on 19th February, 2015.

4. The 138th Report of the Committee on Public Accounts was finalized and approved by the Committee in their sitting held on 07-12-2015

5. The Committee has appreciated the valuable assistance rendered by the Accountant General (Audit), Assam and his Junior Officers and staff during the examination of the Department.

6. The Committee thanks to the Departmental witnesses as well as Finance Department for their kind co-operation. The Committee also pleased to offer thanks to the Principal Secretary, Assam Legislative Assembly with his officers and staff of the Committee on Public Accounts Branch for their valuable services rendered to the Committee.

7. The Committee earnestly hopes that the Government would implement the recommendations made in this Report.

Dispur:
The 7th December, 2015.

SHRI KESHAB MAHANTA,
Chairman
Committee on Public Accounts.

CHAPTER I
Public Works Roads Department
Infructuous Expenditure
(Audit para 2.4.2/CAG (SGE(Non-PSUs)S/2012-2013/P/94-96)

1.1 The audit has pointed out that after scrutiny of records (November 2012) of the Executive Engineer, Sivasagar State Road Division, Nazira, revealed that the site was visited in November 2002 by the Superintending Engineer (SE) along with the Executive Engineer (EE). The report submitted (November 2002) by the SE to the Chief Engineer, disclosed that there was an existing Steel bridge constructed by Oil and Natural Gas Corporation (ONGC) on the upstream side of the river, which was opened to traffic in January 2000 and was in good condition with sufficient load bearing capacity. In the existing site there was a stone bridge constructed during Ahom era, about 400 year ago, the foundation of which was damaged beyond repair. Since the ancient monument of some archaeological importance was not allowed to be dismantled by public and the steel bridge constructed by ONGC was serving the purpose, SE suggested (November 2002) to drop the construction of RCC Bridge. CE however did not take into consideration SE's views and issued work order (April 2003) and formal agreement was entered into between the contractor and the Government. The bridge proper was constructed adjacent to the defunct stone bridge. The site plan of the bridge disclosed that due to retention of ancient stone bridge, the site was pushed adjacent to the stream running parallel to the road Dhodar Ali which in turn necessitated construction of retention wall not contemplated in the original estimates. Joint site visit with the JE of the Division during audit (November 2012) revealed that the bridge proper was completed (August 2005) without any approach road on either side of the bridge. In reply to audit enquiry, the EE stated (November 2012) that although the work of the bridge proper was completed by the contractor, it became difficult to execute the earth work for bridge approaches on both Sonari side and Simaluguri side due to presence of a nearby stream flowing parallel to Dhodar Ali. It was felt that if approaches were done without any retaining wall or any protection work towards stream side it would result in blocking the stream threatening flood in the nearby areas and as such the work was left incomplete. A report regarding requirement of retaining wall was sent to the CE (February 2007). The approaches were not completed till date (August 2013). Absence of the provision of retaining wall in the original estimates denotes inadequate survey and investigation leading to defective planning and design by the Engineering authority. Thus, injudicious decision of the Executive Engineer,

Sibsagar State Road Division to construct the bridge proper without any provision to construct approaches resulted in infructuous expenditure of Rs. 1.09 crore on bridge proper.

1.2. The department by their written reply has stated that AA for the Work for construction of R.C.C. Bridge No. 127/1 over river Dorika on Dhodar Ali including approach and protection work was accorded for Rs. 1.47 Crore. The work was awarded to a contractor at a tender value of Rs. 1.47 Crores. In the original DPR the alignment of the bridge No. 127/1 was proposed to be reconstructed the 'SILASAKU STONE BRIDGE' by dismantling the original stone bridge which was constructed during the reign of 'Ahom Kingdom' around 400 years ago. However, later on due to the Public demand, the bridge could not be constructed by dismantling the original bridge. Subsequently, the bridge was constructed at the upstream side of the existing bridge. Therefore the approach could not be constructed in the new alignment as because that provision was not in original sanction estimate as required. However, now sanction has been accorded for construction of the approach and the work is going on and it is targeted to complete the work by June/2015.

1.3 The department by their further written reply has stated that AA for the Work for construction of R.C.C. Bridge No. 127/1 over river Dorika on Dhodar Ali including approach and protection work was accorded for Rs. 1.47 Crore. The work was awarded to a contractor at a tender value of Rs. 1.47 Crores. In the original DPR, the alignment of the bridge No. 127/1 was proposed to be constructed on the existing alignment by dismantling the existing damaged bridge. Therefore the amount for the provision of approach work was very minimal. However, the local public did not allow dismantling the existing bridge stating that the bridge was constructed by Ahom King about 400 years back using stone, as such it should be kept as heritage. Respecting the public sentiment, the existing bridge has not been dismantled and the new bridge has been constructed changing the alignment site of the bridge. Because of the change of alignment, approach road work was required to be constructed but the amount available in the sanctioned estimate was not adequate. In the meantime, the scheme was closed. Therefore, the approach work could not be completed during that time. However, the approach, work is now included in the work "Involvement & up-gradation of Dhodor Ali from Ch. 160.747 K.M.

to Ch. 195.47 K.M. including approaches and protection work of Bridge No. 128/1(Old No. 127/1) under RIDF XIX of NABARD". The cost of approach and protection work is Rs. 1.697 Crore and the work is in progress and it is targeted to complete on December/2015.

OBSERVATION/RECOMMENDATION

1.4 During the course of discussion, the Committee has directed the department to furnish a detailed information to the Committee. Accordingly, the department furnished the detailed report, hence pleased to drop the para.

Undue Financial Aid**(Audit para 2.4.4(B)/CAG (SGE(Non-PSUs)S/2012-2013/P-98-99)**

1.5 The audit has pointed out that after scrutiny of records (May 2013) of the EE, PWD, Kamrup NEC Division revealed that possession of key equipments was also pre-requisite for a bidder (bids invited September 2011). Scrutiny revealed that though as per the affidavit, the 2nd contractor was in possession of pre-requisite equipments with ownership/ lease basis, the contractor was granted (March 2012) equipment advance of Rs. 70 lakh for purchase of key equipments. The amount remained unadjusted till the date of audit (May 2013) although the contractor was already paid Rs. 3.13 crore. Further, in order to protect the interests of the Government, of the equipment purchased by the contractor should have been insured and hypothecated in the name of Government. Even the bonafides of the purchase of equipments remained doubtful as supporting documents e.g. invoices could not be furnished by the EE. In reply, the government stated (July 2013) against the observation at 'A' above that possession of key equipment is a pre-requisite for technical qualification of the bidder and equipment advance was granted according to the provision of standard bidding document. The reply was not tenable being the possession of the equipments was pre-requisite and also an eligibility criterion for the qualification of the bidder and therefore, the bidder (contractor) was not entitled for any equipment advance in respect of these equipments. Thus, providing advance for key equipments, possession of which were pre-requisite for a bidder resulted in extension of undue financial benefit of utilization of public money to the tune of Rs. 3.90 crore (Rs. 1.68 crore + Rs. 1.52 crore against 'A' and Rs. 0.70 crore against 'B' above) irregularly to the contractors by the EE, Guwahati NH Division and EE, Kamrup NEC Division.

1.6 The Department by their written reply has stated that A A for the Work Improvement / upgradation of Jowai Natrang Khanduli- Baithalansu Road (Ch OM to 59.55 KM) was accorded for Rs. 71 crore and TS was accorded for the same amount and observing all due formalities the work was awarded in three groups and till date of audit (April' 2013), an expenditure e of Rs. 25.73 crore was incurred. Equipment advance was granted to M/s. Suman Construction as per Clause No. 32 of Contract date (Section-2) and Clause No. 51.1 & 51.2 of General condition of the Contract agreement against submission of unconditional Bank Guarantee for Rs. 70,00,000 lakh by the

Contractor. However the entire amount was recovered from his bill as per contract agreement Clause no. 51.3 of GCC vide voucher No. 3, dtd. 05-02-2014 although it was not recovered during the period of audit.

1.7 The department by their further written reply has stated that Equipment advance was granted as per Clause No.32 of contract date (Section-4) and Clause No.51.1 & 51.2 of General Conditions of Contract of the contract agreement against submission of unconditional Bank Guarantee by the contractor. Though possession of equipments is a pre-requisite qualification at the time of submission of bid, most of these machineries are used in other projects and are old. Thereby the efficiency of machineries becomes gradually less than desired output. To make expeditious completion of the project and also to enhance the capacity of the contractor, machinery advance was granted and recovery was fully made from the contractor as per Clauses No.51.3 of General Condition of Contractor Agreement vide voucher No.3, dtd. 05-02-2014. As the contract industry in the North-Eastern Region in infant stage till today and to promote the capacity building of the contractor, machinery advances are laid as an incentive to facilitate the cash flow-solvency of the contractor. Moreover, the bidder in his bid declare some of the machineries are beyond his ownership, which will be procured on lease or by purchase as such granting of machinery advance becomes inevitable for smooth running as well as for accelerating good progress of the work. Under such situation, the granting of "Machinery Advance" is not an extended benefit to the contractor beyond the contract condition.

OBSERVATION & RECOMMENDATIONS

1.8 The Committee observes that how the department sanctioned equipment advance for purchasing the equipment, possessed by the contractors. The Committee therefore, recommends that the department should not re-occur such practice in future with this recommendation the Committee decided to drop the para.

Unproductive Expenditure**(Audit para 2.4.5/CAG (SGE(Non-PSUs)S/2012-2013/P-99-101)**

1.9. The audit has pointed out that after scrutiny of records (September 2012) of the Executive Engineer (EE) Nagaon State Road Division revealed that although the contractor commenced the work immediately (March 2005), but it was executed at a very slow pace without adhering to the programme submitted by him towards completion of the work. In view of slow progress of work, the division served (August 2006) show cause notice to the contractor for delay in execution of work. Even after due date of completion (September 2007), the physical progress was only 18 per cent and the contractor did not apply for any extension of time. Ultimately, the work withdrawn (January 2008) from the contractor stating that the balance work would be executed through another contractor at the risk and cost of the defaulting contractor as per agreement by forfeiting the security deposit. It was, however, observed that (i) Validity of performance security of Rs. 9.70 lakh furnished by the contractor in the form of bank guarantee was allowed to expire (28 June 2008) and thus, could not be forfeited. (ii) Payment of Rs. 20.50 lakh was released to the contractor after the work was withdrawn from him due to unsatisfactory performance. (iii) No action was taken by the Division to get the work completed at the risk and cost of the defaulting contractor. The work remained incomplete till the date of Audit (September 2012). On this being pointed out by Audit regarding status of completion of balance work, EE stated (September 2012) that another tender was invited to complete the balance work. But the balance work could not be allotted to any contractor as rates quoted by the contractor exceeded the sanctioned amount. Further, it was stated that new estimates for completion of balance work was submitted (July 2012) to the CE for sanction under RIDF-XVII, but no sanction was accorded till date (September 2012). Thus, failure of the Division to protect the interest of the Government by forfeiting the contractor's Security Deposit and invoking the risk clause as per the Agreement to get the balance work done at the risk and cost, led to unproductive expenditure of Rs. 62.88 lakh even after a lapse of five years from the stipulated date of completion.

1.10 The department by their written reply has stated that the work for construction of R.C.C. Bridge No. 12/1 over river Kapili on Amsoi-Chaparmukh Road including approach and protection work for an amount was sanctioned for Rs. 4.87 crore. The work was awarded to a contractor

observing all necessary formalities. However, the contractor failed to give proportionate progress even after repeat persuasion. Ultimately the work was withdrawn from contractor with penalty of Rs. 4.62 lakh. The penalty amount has already been realized from the contractor's bill. The work was originally sanctioned under RIDF-IX. Now the balance work has been sanctioned under SCA and the work has started and it is targeted to complete by February, 2016.

1.11. The department by their further written reply has stated that the work for Construction of RCC Br. No. 12/1 over river Kapili on Amsoi-Chaparmukh Road including approach and protection work was administratively approved for Rs. 4.87 Cr. under RIDF-IX of NABARD. Accordingly, TS was also accorded for the same amount. The work was awarded to the contractor M/S NEEFS (India) at a tender value of Rs. 4.09 Crores. The stipulated date of completion of the work was September, 2007. Although the contractor had commenced the work in time but he failed to give proportionate progress and even after repeated persuasion to the contractor, he failed to complete the work. Ultimately, the work was withdrawn from the Contractor on 17-01-2008. His last incomplete final bill was amounting to Rs. 26,12,623/- out of which Rs. 14,23,225/- was paid to the contractor by cheque and the remaining amount went to Govt. treasury in terms of Income Tax, F.R. VAT & penalty of Rs.4.62 lakh an amount of Rs.5,84,777.00 is yet to be paid to the contractor which will be paid to the Govt. Treasury as penalty to the contractor when the fund will be released. The contractor was also debarred from participating in the bid of works of PWRD due to his poor performance. Also, the then EE, Sri Gobin Saikia, S.E. PWRD has been asked to show cause why action will not be taken against him for payment amounting to 14,23,225/- to the contractor after withdrawal of contract form NEEFS India. The work was sanctioned under RIDF-IX of NABARD and in the meantime the RIDF-IX of NABARD Loan has been closed. Now, a fresh estimate of the balance work has been taken up under untied SCA for Rs. 6.91 Crores. The work is now awarded to M/S Modern Construction on 28th February/2014 and targeted to complete on 27-02-2016.

OBSERVATION & RECOMMENDATIONS

1.12 The Commissioner & Spl. Secretary to the Government of Assam, Public Works Roads Department in his oral deposition assured the Committee that even though the works has not been completed by September 2007 the same will be completed by February 2016, the Committee therefore decided to drop the para. However, the Committee asked the department to furnish a completion report to the Committee.

Wasteful Expenditure**(Audit para 2.4.6/CAG (SGE (Non-PSUs)S/2012-2013/P/101-102)**

1.13 The audit has pointed out that after scrutiny (January 2013) of records of the Executive Engineer, Guwahati City- I Division revealed that the State Government accorded (February 2011) Administrative Approval (AA) of Rs. 78.61 lakh to the work "Special Repair to M.G. Road (Ch. 0.00m to 3,000.00m) providing Tact Coat (TC), Bituminous Macadam (BM) and Semi-Dense Bituminous Concrete (SDBC) under the head of account 3054- Capital outlay on Roads and bridges- Non- plan for the year 2010-11. Technical Sanction (TS) for the same amount was accorded in September 2011. The work was awarded (September 2011) to a contractor at a tendered value of Rs. 78.59 lakh with the stipulation to complete the work within March 2012. The work was completed on 13 February 2012 after incurring an expenditure of Rs. 78.59 lakh. Further scrutiny revealed that prior to completion of the above " Special repair work" State Government accorded (February 2012) AA for Rs. 140 lakh to the work " Repair & Rehabilitation of M.G. road under the head of account 3054- Non-plan for the year 2011-12" in the same chainages (Ch. 0m to 2,800m) of the same road. In February 2012, TS for the same amount was also accorded. The work was awarded (February 2012) to a contractor at a tendered value of Rs. 118.78 lakh with the stipulation to complete the work by 2 April 2012. The work commenced on 17 February 2012 and got completed in March 2012 at an expenditure of Rs. 93.68 lakh, of which expenditure on TC and SDBC was Rs. 92.32 lakh. Thus, execution of same items of work viz., TC and SDBC in the same chainages of the same road within a month rendered the earlier expenditure of Rs. 78.59 lakh incurred under the work "Special Repair to MG Road" wasteful. On this being pointed out, the Commissioner and Special Secretary, PWD (Roads), Assam in reply stated (November 2013) that the two works were done on the same road contemporarily but these were executed in different stretches with different items of works. The reply was not acceptable as similar items of work i.e., TC and SDBC were executed in both the works on the same stretch of the same road rendering the expenditure of Rs. 78.59 lakh incurred on the earlier work wasteful.

1.14 The department by their written reply has stated that the MG Road starts from Bharalumukh and ends at Latasil field covering at a length of 3.06 km. It is one of the busiest roads with high intensity of traffic. The High Court, DC's office, Brahmaputra Ashok Hotel, ITA Machkhowa, Sukleswar Ghat, Fancy Bazar and the busiest business commercial hub, Fancy Bazar in the North East Region are situated by the side of the road. The road was badly damaged due to occurrence of pot holes, rutting, depression etc. for which thorough repair and rehabilitation of the road was required at that time. But due to paucity of fund, it was decided to take up the work of repairing of pot holes, depression etc. in badly affected stretches. Accordingly, estimate was prepared with the provision of (1) Tact Coat (in stretches), (2) B.M. (in stretches) and (3) SDBC (in stretches) and work was executed and completed on 13.12.2012. As the two sanctioned work cannot be taken up at a time, the work of repair and rehabilitation for the entire length and width of the road was taken up after completion of patch repairing work(Special repair). It is pertinent to mention that the MG Road gets frequently damaged due to leakage of GMC underground water supply pipe line. Several requests were made to GMC to repair the old pipe line, but the leakages are yet to be sealed by the authority. It may be mentioned that the pot holes, depressions noticed at that time of repair, was taken up with BM followed by SDBC, keeping the road surface level same with the surrounding surface (SR estimate). Subsequently, the work with the provision of thorough B.M. and SDBC was taken up under the scheme repair and rehabilitation for the entire length and full width of the road which did not include in the provision of patch repairing profile correction etc.

OBSERVATION & RECOMMENDATIONS

1.15 After threadbare discussion with the departmental representatives, the Committee is satisfied with the submission of the reply and decided to drop the para.

Wasteful Expenditure on bridge work**(Audit para 2.4.7/CAG (SGE(Non-PSUs)S/2012-2013/P-102-104)**

1.16 The audit has pointed out that after scrutiny of records (August-September 2011) of the Executive Engineer (EE), Karimganj Rural Road Division revealed the following (i) work was awarded (January 2005) and its execution commenced (March 2005) by the contractor even before Technical Sanction (TS) was accorded (June 2005) despite the condition (in the AA) that no work should be taken up for execution till a detailed working estimate is prepared and TS for the estimate accorded.(ii) The TS was accorded with inadequate techno-feasibility study including sub-soil investigation as it could not detect the composition of soil strata at the pier well site upto the design depth.(iii) While abutment well on the Kaliganj side was achieved till the designed depth of 21.40 m, depth of abutment well on the Khagail side could be achieved (April 2007) only till 15 m against an approved design depth of 21.40 m. No further progress was noticed thereafter as decision on sinking of pier well was pending.(iv) Pier well sinking could be completed only upto a depth of 14.30 m out of total depth of 25.24 m as per approved design and drawing due to existence of hard clay soil. Efforts of EE to sink the well by the applying compressor and extra load of 200 Ton had also not materialized. As the pier well could not be executed as per design the EE ultimately sought (March 2010) for permission to construct the bridge with single span instead of double span as the pier well could not be executed as per the design. The work was stopped in April 2007, hampering other developmental works beyond the proposed RCC bridge as the existing Semi Permanent Timber (SPT) bridge was in a dilapidated condition and unable to bear heavy loads of construction materials. Meanwhile RIDF-VIII had since been closed by Gol and as the contractor stopped work since April 2007, the work was withdrawn (June 2010) from the contractor after forfeiting security deposit of Rs. 10.30 lakh as per clause of the tender agreement. Thus inadequate techno- feasibility study including sub- soil investigation of the work before according TS resulted in non- execution of balance work after incurring an expenditure of Rs. 62.05 lakh. This resulted in wasteful expenditure of Rs. 51.75 lakh (Rs. 62.05 lakh- Rs. 10.30 lakh) besides forfeiting the intended objective of providing connectivity to the people of the area.

1.17 The Department by their written reply has stated that AA for the Work construction of R.C.C. Bridge No. 1/2 over river Kokra on Kaliganj Khagail Road including approach and protection work was accorded for Rs. 2.06 Crore. The work was awarded to a contractor at a tender value of Rs. 2.06 Crores. Before commencement of work, Sub-Soil investigation was carried out on both abutment and pier location. SSI was carried out by using 150 mm dia wash-bore. On the basis of SSI report, the said bridge was designed and approved by Chief Engineer (Roads) for execution. However, during execution, the contractor faced problem in sinking operation in pier well because of hard strata. As the well diameter is approximately 7.00 M, and SSI was carried out with 150 mm dia wash bore, this phenomenon sometimes happens in rare cases of 1 in 1000. So, the said work was withdrawn from the contractor. However, the proposed bridge has already been re-designed by abandoning the pier well with BUSG super structure and the bridge will be completed soon.

OBSERVATIONS/RECOMMENDATIONS

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

CHAPTER - II**PUBLIC WORKS BUILDING & N.H.DEPARTMENT****Irregular grant of advance****(Audit para 2.4.3/CAG (SGE(Non-PSUs)S/2012-2013/P-96-97)**

2.1. The audit has pointed out that the after scrutiny of records (April 2013) of the Executive Engineer (EE), NH Division, Guwahati revealed that Government of India (Gol) accorded (October 2008) Administrative Approval (AA) for an amount of Rs. 4.616 lakh to the work Construction of 4-lane on existing NH-37 from 134 km to 140 km including construction of Flyover at Lokapriya Gopinath Bordoloi International (LGBI) Airport Junction. Technical Sanction (TS) was accorded (July 2009) for the same amount by the Chief Engineer (CE), PWD, NH Works. The work was allotted (May 2009) to a contractor at a tendered value of Rs. 3,368.63 lakh with the stipulation to complete the work within June 2011. The estimate was further revised to Rs. 5.557.58 lakh due to enhancement of the scope of work, which was administratively approved by Gol in September 2011. Accordingly, the tender was enhanced (December 2011) to Rs. 4,902.09 lakh due to change in scope of work. Till the date of audit (April 2013), an expenditure of Rs. 4,583.15 lakh was incurred on the completed work. A further scrutiny of records of the EE in this regard and information furnished (May 2013) by the division revealed that, the division paid (July 2009) interest-free MA of Rs. 3.37 crore to the contractor as per terms of the agreement. While entering into agreement CVC instructions ibid were however, not observed. On this being pointed out, the Government in reply stated (October 2013) that interest element on MA was not included in the agreement for the reason that the instructions from the Ministry (MoRT &H) in this regard were received only in April 2011. The reply was not tenable as CVC's instructions in this regard were issued way back in October 1997 and further in April 2007 whereas the work order in the instant case was issued in May 2009. Thus, irregular MA of Rs. 3.37 crore was granted to the contractor without observing CVC's instructions. Beside, due to non-inclusion of provision of interest in the agreement towards safeguarding Government interest loss of Rs. 64.68 lakh was also sustained by the Government.

2.2. The Department by their written reply has stated that the work construction of 4-laning of existing NH-37 from km 134.00 to 140.00(T=6.00km) including construction of flyover at LGBI Airport junction under Guwahati NH Division in the State of Assam, Job No. 037-AS-2008-09-061' was administratively approved by the Ministry of Road Transport and Highway vide No.NH-12014/108/nh-10 dt.23.10.08 for Rs. 4616.00L and Technical sanction accorded vide NO.NHC/BR/13/2008/Pt./125 dt.18.07.09. The work allotted to the contractor Sri Bhagya Kalita as per work order No. NHC/BR/13/2007/Pt.1/4 dt. 29.5.09 at a tender value of Rs. 3368.63 lakh vide Tender No.ICE/NHRD/NCB/2009-10 DT.29.05.09. The contractor has proceeded with the immediately by taking the site with man and machineries as well as setting of site camp for keeping the materials and labourers to accelerate the progress of work. Meanwhile, the contractor has submitted an-unconditional Bank Guarantee No. 49/07 dt. 12-06-09 of the Central Bank of India, Guwahati Branch for Rs. 3,36,86,280.00 with validity up to 01-06-11 and made a prayer for payment of Mobilization Advance as provided for this purpose. Accordingly, Mobilization Advance bill for Rs. 3,36,86,280.00 being the 10% of contract price presented by the concerned A.E.E. alongwith unconditional Bank Guarantee for the aforesaid amount and on satisfaction about the advance was to be utilized by the contractor to mobilize the work and hence, payment made for Rs. 3,36,86,280.00 on the strength of Tender Clause 51 9copy enclosed-b) of condition of contract and item No. 32(ii) of contract date as per Voucher No. 341 dt. 21-07-09. The advance paid have already been adjusted in full as per provision of Clause 51.3 of the Tender and details of which are as under:

Voucher No. & Date	Amount of mobilization Advance adjusted in Rs.
95 dt 27-03-10	39,74,879.00
1 dt. 23-07-10	14,79,543.00
60 dt. 31-03-11	90,24,060.00
02 dt. 31-10-12	1,92,07,798.00
	Total= 3,36,86,280.00

The copies (E) of adjustment voucher are enclosed. Meanwhile, revised of Administrative approval was accorded to Rs. 5557.58 lakh due to enhancement of the scope of work and accordingly tender value enhanced to Rs. 4902.09 lakh by drawal of Supplementary Tender vide No. 9CE/NHRD/NCB/2011-12 dt. 08-12-11. As such, the time of completion was extended upto 31-03-13 due to increase in volume of work as per

Supplementary Tender. In the meantime, the contractor had furnished the extension of Bank Guarantee No. 49/07 dt. 12-06-09 for a period upto 31-03-12 with the same terms and conditions of the original Bank Guarantee and the extension of Bank Guarantee. As regard of realization of interest on the amount paid towards Mobilization Advance as pointed out, it may be stated that there was no any provision for realization of interest in the agreement executed between the Chief Engineer and the concerned contractor during that period, except for the SARDP-NE Work as communicated by the MoRT&H vide No.NH-12013/45/2007/Misc/NH-10 dt. 02-04-08. Apart from that, it has been decided to amend Clause 51.1 of SBD-2000 and levy interest of Mobilization Advance payable to the contractor for all future projects as per letter issued by the Ministry of Road Transport & Highways vide No. RW/NH-24035/4/2008-P&M/PIC dt. 01-04-11. Moreover it is pertinent to mention further that (1) State PW(NH) Department is only executing agency to carryout N.H. Works for which contracts are awarded and implemented as per rules of Standard Bid Documents (SBD) and Guide lines of the Ministry (MoRT&H) new Delhi and payment is made by Pay& Accounts office of ministry after verification by Regional Officer of MoRT&H based at Guwahati.(2) State PWD (NH) being the executive agency are bound to follow the Standard Bid Documents (SBD) of Ministry and Guidelines of MoRT&H published from time to time. Under no circumstances PWD is authorized to bring any modification to the Standard Bid Documents. If the provisions of the CPWD manual is to be followed it is to be introduced by the ministry in the Standard Bid Documents. As sfor instance, reference to the Ministry's letter no. NH-12037/37/2009/PQ/SARDP-NE(Pt) dtd. 05.04.2010 may be drawn, wherein the ministry has stated vide Para 2 that, standard bidding document should be strictly followed and no extra condition whatsoever be added. (3) Works were allotted through competitive Bidding process and bidders quoted their rates on the basis of stipulated Clause/ conditions of the bidding documents. While quoting rates, the bidders have taken in to account the stipulated conditions of the bid. Therefore, there is very likelihood of difference of quoted rate based on stipulated conditions. Thus, in the instance case no question of loss of Govt. money or undue advantage to the contractor. However, in the Report of the Comptroller and Auditor General of India for the year ended 2013 in para 2.4.3 and as pointed out, an amount of Rs. 64.68 lakh will be withheld from the work bill of the concern contractor so that if required the same may be recovered from the contractor and deposit to Government account.

2.3 The department by their further written reply has stated that the audit para was raised alleging grant of Mobilization advance amounting to Rs. 3.37 Crore without levying 10% interest on the mobilization advance with an interest loss of Rs. 64.68 lakh. In this regard, it is to be informed that the above mentioned work was awarded in the year 2009. At that stage Ministry's circular No. NH- 12013/45/2007/Misc/NH-10 dated 02.04.2008 on levying of 10% interest on mobilization advance was in vogue only for the SARDP-NE works. As such the clause of levying 10% interest on mobilization advance for the above work under Annual Plan 2008-09 could not be incorporated in the Bidding document. However, the clause of levying of 10% interest on mobilization advance incorporated in the SBD of all NH and centrally sponsored works immediately after the publication of the Ministry's circular No. RW/NH-24035/2008-P7M/PIC dated 01.04.2011. In view of non inclusion of the clause of levying interest on mobilization advance in the SBD for the above mentioned work under Annual Plan, this Department is unable to levy the interest and accordingly granted the mobilization advance amounting to Rs. 3.37 crore without levying any interest. The Accountant General (Audit), Assam during the meeting appreciated Ministry's initiative of levying 10% interest on mobilization advance for SARDP-NE works till 01.04.2011.

OBSERVATION & RECOMMENDATIONS

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

Undue Financial Aid**(Audit para 2.4.4(A)/CAG(SGE(Non-PSUs)S/2012-2013/P-97-98)**

2.5 The audit has pointed out that after scrutiny of records (April 2013) of the Executive Engineer, Guwahati NH Division Guwahati revealed that one of the pre-requisites for consideration as a bidder was to provide the evidence of ownership of key equipments and also to demonstrate the availability of the equipments for the construction work. Thus, the provision for equipment advance in the tender agreement was obviously meant for the purchase of equipments other than the key equipments. Also as per terms of the contract, the contractor was to furnish proof that advance payment had been used to pay for the purchase of equipments. In respect of the work (i) above, the contractor submitted an affidavit against his bid showing the list of equipment owned and possessed by him as on 20 December 2008. Although the equipments were already in contractor's possession according to his own admission in the affidavit, the contractor was granted (July 2009) an equipment advance Rs. 168.43 lakh. Similarly, in respect of the work at (ii) above, in spite of having key equipments in his possession at the time of bidding and also as per affidavit submitted (August 2010), the contractor was granted (January 2011) equipment advance of Rs. 151.85 lakh. Besides, in both the cases invoices of equipments submitted showed pre-requisite equipments were purchased on different dates prior to grant of the equipment advance to the contractors and hypothecation of the equipments to the employer were also not available on record.

2.6. The department by their written reply has stated that the work construction of '4-laning of existing NH-37 from km 134.00 to km.140.00 (T=6.00 km) including construction of flyover at LGBI Airport junction under Guwahati NH Division in the state of Assam. Job No. 037-AS-2008-09-061' was administratively approved by the Ministry of Road Transport and Highways vide No. NH- 12014/108/2008/NH-10 dt. 23.10.2008 and according T.S accorded vide No.nhc/br/13/2008/pt./125 dt. 18.07.09. The work was allotted to Sri Bhagya Kalita, Contractor, as per Work Order No.NHC/BR/13/2007/PT.1/4 dt. 29.05.09 and Agreement No. ICE/NHRD/NCB/2009.10.10 dt. 29.05.09. The contractor has proceeded with the work immediately by taking the site along with man and machineries. Meanwhile, the Contractor has prayed for grant equipment as provided in item No. 32 of contract date and clause No. 51 of the agreement.