

CHAPTER III

This Chapter contains two paragraphs on Irregularities in Tender Process and Incorrect Tender Provisions in Water Resources Department and Incomplete irrigation projects due to non-acquisition of land and seven other individual paragraphs on audit of compliance.

COMPLIANCE AUDIT

NARMADA, WATER RESOURCES, WATER SUPPLY & KALPSAR DEPARTMENT

3.1 Irregularities in Tender Process and Incorrect Tender Provisions in Water Resources Department

3.1.1 Introduction

The Water Resources Department¹ (the Department) undertakes execution of works related to construction, repair and maintenance of dams and appurtenances, excavation and construction of canal structures *etc.* The Department has five regions², each headed by a Chief Engineer having administrative control over the execution of works of 134 divisions in the State.

3.1.2 Tender Procedure

The Department executes all their construction works following tender procedures as governed by various provisions of the Gujarat Public Works (GPW) Manual 1987 (Manual) and instructions issued by the Department from time to time.

As per Paragraph 198 of the Manual, tender should invariably be invited publicly³ for award of all the works with estimated cost of ₹ 5,000 and above. Further, Paragraph 191 (1) of the Manual stipulates that contracts for works estimated to cost ₹ 50,000 and above should be prepared only on regular contract forms. Three types of contract forms⁴ *viz.*, form B-1, B-2 and C, are mainly used for tendering purpose. The forms consist of notice inviting tenders, information and instructions for tenderers, declaration certificate, memorandum and terms & conditions of contracts along with Schedules A (departmental material, if supplied to agency), B (bill of quantities) and C (time schedule of completion). The basic principles⁵ of contract are to be

¹ Forming part of Narmada, Water Resources, Water Supply and Kalpsar Department.

² North Gujarat, South Gujarat, Central Gujarat, Saurashtra and Kutch.

³ Tender notice should be advertised in the Gujarati newspaper published from the concerned district, Gujarati newspaper published from Ahmedabad and in an English newspaper.

⁴ The bidders are asked to quote their bid with reference to estimated cost in percentage (Form B-1 – ₹ 50 lakh or less), in item rate (Form B-2 more than ₹ 50 lakh) and in lump sum (Form C).

⁵ The terms of the contract must be precise and definite. As far as possible, legal/financial advice should be taken in the drafting of the contract. Standard forms of contracts should be adopted. The terms of contract once entered into should not be materially varied.

followed while entering into contracts as provided in paragraph 193 of the Manual.

In order to ensure transparency, save time and resources and shorten the procurement cycle, the State Government introduced (November 2006) an e-procurement system⁶ and the Department started (January 2007) following the e-procurement system for awarding all contracts having a value of ₹ 50 lakh⁷ and above.

3.1.3 Scope and coverage of audit

Audit examined the process of tendering and its compliance to the existing codal provisions as well as to see the efficacy with which Government orders, provisions of the Manual and other general conditions of contract were being implemented by the Department.

The audit was conducted between April 2012 and January 2013 in 16 out of 86 'A' category⁸ divisions. The 16 divisions⁹ were selected on geographical basis. Out of 95 works (estimated cost: ₹ 1,789.94 crore), tender documents and the procedures followed in award of 73 works (estimated cost: ₹ 1,614 crore) including nine Engineering, Procurement and Construction (EPC) contracts (estimated cost: ₹ 1,258.52 crore) executed during the period 2009-10 to 2012-13 by these divisions were test checked.

Audit findings

The audit findings are discussed in two categories (i) Irregularities in tender process and (ii) Incorrect tender provisions. The audit findings were reported to the Narmada, Water Resources, Water Supply and Kalpsar Department in June 2013. The Department stated (August 2013) that it had taken serious note of the audit findings and accordingly called for explanations from the concerned officers. Further, it stated that to prevent the recurrence of such irregularities in the tender process, detailed instructions were also issued to all the field offices.

3.1.4 Irregularities in the process of invitation of tenders

The tender process involves preparation of draft tender papers, invitation of tender notice/e-tendering, evaluation of bids (prequalification/technical/price),

⁶ E-procurement is the process wherein the physical tendering activity is carried out online using the internet and associated technologies.

⁷ Money value of the contract was reduced to ₹ 25 lakhs (May 2007), ₹ 10 lakh (June 2007) and ₹ 5 lakh (July 2011).

⁸ The division whose annual expenditure is more than ₹ one crore.

⁹ (1) Sujalam Sufalam Spreading Canal Division-1, Mehsana, (2) Irrigation Division, Himmatnagar, (3) Watrak Project Canal Division, Modasa, (4) Panam Project Division, Godhra, (5) Tapi Embankment Division, Surat, (6) Ver-II project Division, Vyara, (7) Surat Canal Division, Surat, (8) Sujalam Sufalam Spreading Canal Division-2, Visnagar, (9) Drainage Division, Gandhinagar, (10) Irrigation Construction Division, Bhuj, (11) Irrigation Project Division, Bhavnagar, (12) Irrigation Project Division, Rajkot, (13) Drainage Division, Ankleswar, (14) Ahmedabad Irrigation Division, Ahmedabad, (15) Irrigation Project Division, Modasa, (16) Panam Irrigation Division, Godhra.

acceptance of tender and issuance of work orders. Audit noticed following irregularities:

3.1.4.1 Issue of Notice Inviting Tender before approval of Draft Tender Papers

Paragraph 200 of the Manual stipulated that the tender notice should be issued after the approval of the Draft Tender Papers (DTPs) by competent authority.

Audit observed that 12 divisions had issued tender notices for 21 out of 73 works (28.77 per cent) before approval of the DTPs. These notices were issued (November 2005 to December 2011) between four days and 116 days prior to approval of the DTPs (**Appendix-VI**).

3.1.4.2 Short tendering period

Paragraph 200 of the Manual stipulated that if the estimated cost is more than ₹ 20 lakh, the notice inviting tender (NIT) through advertisement in newspapers should be made with the minimum time period of 45 days prior to the scheduled last date for the receipt of a tender.

Audit observed that there was short period of 9 to 35 days between the date of advertisement of the NIT in newspapers and last date of receipt of tender in eight divisions in respect of 14 works (**Appendix-VII**).

The Government has also fixed (March 2007) time gap between date of issue of blank tender copy (uploaded on website) and the last date of submission of bid (last date of downloading the tender) as 21 days for works valued more than ₹ one crore to ₹ three crore and 30 days for the works valued more than ₹ three crore.

Audit observed that in 18 works¹⁰ out of the 73 works (24.66 per cent), the divisions had provided (April 2008 to February 2012) short period for bidding which ranged between 4 days and 24 days (**Appendix-VIII**).

3.1.5 Irregularities in Pre-Qualification bid

The pre-qualification (PQ) criteria are the yardstick to allow or disallow the firms to participate in the bids. Vaguely defined PQ criteria can result in stalling the process of finalisation of the contract or can lead to the award of the contract in a manner which is not transparent. The PQ criteria should therefore be exhaustive, yet specific and should allow for fair and adequate competition. The Department circulated (August 2002) the guidelines for fixing the PQ criteria for the identification of eligible bidders for works in two bid system. The irregularities observed in this regard are discussed below:

3.1.5.1 PQ conditions altered to favour the contractor

The bid for hiring a third party inspection (TPI) for EPC contract of Kuba-Dhrol Lift Irrigation Project (KDLIP) estimated to cost ₹ 14.90 lakh was

¹⁰ Estimated cost of work more than ₹ one crore and up to ₹ three crore- 5 works (short period 4 to 12 days) and more than ₹ three crore - 13 works (short period 4 to 24 days).

invited by the EE, Himmatnagar Irrigation Division, Himmatnagar (HIDH) in April 2008. A single offer of M/s. SGS India Private Limited, Ahmedabad (Firm S) was received (June 2008) for ₹ 58.27 lakh (391 per cent above estimated cost). The Department rejected (October 2008) the bid on the reason that the rate received was high. The tender was re-invited (October 2008) after revising the estimated cost to ₹ 54.57 lakh¹¹ recalculated based on tender cost of the EPC contract finalised (June 2008) by the Division. In the second tender only the firm S was a participant and the work was awarded (December 2008) to it at a tendered cost of ₹ 52.70 lakh.

Audit noticed that as per the directions of the Department (June 2008), before awarding the contract, the Division had availed the services of firm 'S' for TPI since July 2008 and had paid an amount of ₹ 13.99 lakh till December 2008 as discussed in **Paragraph No. 3.1.7** *infra*. Further, while inviting the tender for the second time, PQ criteria 'minimum experience of working for at least one EPC contract of similar magnitude' was also revised to a 'minimum experience of working for at least an EPC contract of similar magnitude of the contract previously awarded by the Water Resources Department of Gujarat State'. Further, the advertisement for inviting tender was made only in a Gujarati newspaper from Ahmedabad and 7 days was given for submission of bids against the stipulated 15 days. The tender conditions were altered so as to favour the firm 'S', which commenced the TPI work before award of the TPI contract.

3.1.5.2 Inept evaluation of pre-qualification bids

Paragraph 196 of Manual read with Government Resolution of August 2002 and Condition No. 3.5 of PQ bid provided that bidders should give a list of machinery in their possession and proposed to be used on the works. While deciding the eligibility of the contractor at PQ stage, availability and sufficiency of machinery with the contractor is to be a consideration and if the bidder fails to provide proof of assured availability of required machinery, he is to be disqualified for the proposed work.

Audit observed that Irrigation Division, Ahmedabad awarded three works (**Appendix-IX**) (April 2011 to October 2012) to a contractor through tender process at a cost of ₹ 37.97 crore against estimated cost of ₹ 36.80 crore. Though the contractor had not furnished documents¹² in support of the list of machinery/manpower available and proposed to be used in the works with the PQ bids, the Department accepted (March 2011 to September 2012) the tenders instead of disqualifying the contractor. Audit noticed that in respect of two works¹³, against the scheduled dates of completion by September 2012 and January 2013, but was completed only in July 2013 due to lesser deployment of machinery and technical manpower on site. Awarding the contracts without assessing the capacity of the contractor to perform not only

¹¹ Justified as 1.67 per cent of the tendered cost of EPC (₹ 32.00 crore).

¹² Ownership/registration certificate of the machinery, equipment, date of purchase/hire of machinery, last inspection of machinery, present condition of the machinery, etc., qualification certificate of the technical staffs.

¹³ Renovation and improvement of existing canals of Dholka Taluka in Fatewadi Command area, Replacing lining and repairing of structures of Kharicut main canal section-3,4 and various branch canals and distributaries of section-3,4.

defeated the purpose of inviting the PQ bid but also led to the time overrun. But no liquidated damages were levied from the contractor.

3.1.6 Non recovery of Security Deposit as per norms

Paragraph 209 of the Manual and relevant clause¹⁴ in tenders stipulate that the contractor should not be permitted to start work before payment of initial security deposits (SD)¹⁵ *i.e.* 7.5 per cent of the estimated cost of work and remaining 2.5 per cent shall be recovered from running account (RA) bills. The SD consisted of small saving certificate (SSC)/term deposits receipts (TDRs), recovery from RA Bill and BG. But, it is not permissible to convert SSC/TDRs and cash deposits into BG as stipulated in Paragraph 208 A (5) of the Manual.

If the initial SD is not paid within the specified period *i.e.* within a period of 10 days from the date of acceptance of the contract, the tender/contract is to be cancelled and legal action is to be taken against the contractor.

Audit observed that four divisions did not safeguard the interest of the Government by recovery of full SD and non-renewal of Performance Bond (PB)/Bank Guarantee (BG) in respect of ten works (**Appendix-X**) as discussed below:

- In one work (Sl. No.1), the Division accepted ₹ 3.47 crore of SD (15 per cent of the estimated cost) in the form of BG instead of recovering SD of ₹ 2.32 crore (10 per cent of the estimated cost) in the form of BG (₹ 1.16 crore), SSC/TDR (₹ 0.58 crore) and from RA Bills (₹ 0.58 crore).
- In four works (Sl. No. 2, 7, 8 and 9), work orders were issued without obtaining full amount of initial SD. Amount of SD short recovered worked out to ₹ 0.61 crore¹⁶.
- In three works (Sl. No. 2, 4, 5) BGs were not renewed after expiry of their validity, though works were in progress (March 2013). By non-renewal of BG amounting to ₹ 0.50 crore, the divisions had not safeguarded the interest of the Government.
- In six works (Sl. No. 2, 3, 4, 5, 6 and 10), short recovery of SD of ₹ 0.39 crore were made from the RA bills, of which two (Sl. No. 3 and 6) works were completed in March 2011 and March 2012 respectively.

Thus, non-adherence to the conditions of the tender regarding SD, undue financial benefit aggregating to ₹ 2.66 crore were made to the contractors.

¹⁴ Clause 1 of Form B-2 and Clause 21 of Form C.

¹⁵ (i) 2.5 per cent in the form of small saving certificate or term deposits and (ii) 5 per cent shall be taken as performance bond in the form of bank guarantee (BG).

¹⁶ ₹ 0.18 crore (Sl. No. 2) as TDRs/SSCs and ₹ 0.43 crore (Sl. No. 2, 7, 8 and 9) as BG.

3.1.7 Execution of works without tender process

As per Paragraph 191 (1) of Manual, the contracts for works estimated to cost ₹ 50,000 and above should be prepared only on regular contract forms and should be entered into by inviting public tenders.

Contrary to the provisions, in two cases, audit observed that the works were awarded without inviting tenders as discussed below:

- The EPC contract for execution of Kuba-Dhrol Lift Irrigation Project (KDLIP) was awarded by the HID, Himmatnagar Division in June 2008 for ₹ 32.01 crore. As the tender process for the appointment of TPI consultant for KDLIP was in progress, at the instance of the Department (June 2008), the Division appointed the consultant¹⁷ of Sujlam Suflam Scheme¹⁸ to avail his services as TPI for KDLIP (as referred at **Paragraph No. 3.1.5.1** *supra*). The TPI consultant was appointed (July 2008) without invitation of tenders which was contradictory to the provisions of the Manual. The Division paid ₹ 13.99 lakh to the TPI consultant for availing his services during June to December 2008.
- Irrigation Project Division (IPD), Bhavnagar, at the instance of the Department (January 2012) engaged (January 2012) a consultant¹⁹ for preparation of Detailed Project Report and Draft Tender Papers for EPC contract related to providing of pipeline system and pumping arrangement for lifting water from Botad Branch Canal of Narmada Project for existing dam near Botad town. The consultant was issued work order of ₹ 17.50 lakh. Thus, in violation of the GPW Manual the work was awarded to the consultant without invitation of a tender.

3.1.8 Award of contract at unworkable rates

According to a Government circular of December 1987, if rates received for the tender are below or above 10 *per cent* of the estimated cost (EC), SE/EE should ascertain the workability and reasonability of rates through rate analysis process before awarding the work.

Two works of construction of check dams at Pahadpur and Khadoda across river Mazam were awarded (May 2010) by EE, Irrigation Project Division, Modasa to a contractor for ₹ 1.14 crore (26.54 *per cent* below the EC of ₹ 1.55 crore) and ₹ 1.23 crore (26.57 *per cent* below the EC of ₹ 1.67 crore). The stipulated period for completion of the works was April 2011.

Audit noticed that the EE recommended (January 2010) to reject the tender stating the rates received were not workable. The SE, however, directed (February 2010) EE to obtain the rate analysis from the contractor. EE instead of obtaining rate analysis, justified (March 2010) that rates were workable as the contractor was having sufficient machinery and manpower and had no

¹⁷ M/s. SGS India Private Limited, Ahmedabad.

¹⁸ Executed by another division *i.e.* SSSC, Division, Himmatnagar

¹⁹ M/s. Multi Mantech International Private Limited, Ahmedabad

work on hand. The SE also did not insist for rate analysis and the Division office awarded the works to the contractor.

Audit also noticed that the work at Pahadpur was executed only for the value of ₹ 2.13 lakh and the proposal to relieve the contractor was under consideration of the Chief Engineer, North Gujarat (December 2013). The work at Khadoda was executed only for the value of ₹ 45.31 lakh (December 2013). Thus, the decision of awarding the works at unworkable rates²⁰ has resulted into non-completion of the works even after lapse of more than two years from its stipulated date of completion.

3.1.9 Incorrect Tender Provisions

As per Paragraph 193 of Manual, the terms of a contract must be precise and definite and there must be no room for ambiguity. Standard contract documents²¹ are being used for awarding the contract works in the Water Resource Department. Audit noticed that the divisions are not using the standard contract documents and have been including additional provisions/contract clauses. The inclusion of incorrect provisions in the tender led to passing of undue benefits to contractors as discussed in the following paragraphs:

3.1.9.1 Non revision of standard tender forms

The Government of India (GOI) had circulated (May 2005) a standard format of contract document for domestic bidding with request to follow the guidelines for preparing proper contract documents including common parameters intended to bring transparency and equity between the State Government and the contractors. Audit noticed that though GoG had formed a committee in September 2006 to revise the tender forms, no further progress was made (December 2013). In addition, there was a need for revision of standard forms by incorporating certain provisions relating to tender process as per instructions on the subject issued *vide* various Government Resolutions (GRs)/circulars of the Department from time to time. The financial implications due to non-revision of the tender forms uniformly in the tenders are discussed in the succeeding paragraphs:

3.1.9.2 Non-reckoning of the excise duty exemption in the estimates

The GOI²² issued notifications (September 2002/March 2006), granting full exemption from payment of Central Excise Duty (CED) on the pipes needed for water supply plant for delivery of water from its source to the plant and from there to storage facility. The CED exemption is available on the certification (called Project Authority Certificate-PAC) by the

²⁰ As per circular of December 1987 of R&B Department when the quoted rates are below 10 per cent of the estimated cost of the work, the SE should examine the workability of the rate by calling item wise rate analysis and its feasibility of being execution. If item wise rate quoted not found satisfactory, the contract may be rejected.

²¹ Form B-2 (Item rate contract for those works whose estimated cost are more than ₹ 50 lakh) and Form C (Lump sum contract for those works for which lump sum estimates are made).

²² Ministry of Finance and Company Affairs, Department of Revenue, Tax Research Unit.

Collector/District Magistrate /Deputy Commissioner of the district regarding the use of the pipes in the project being executed in his district.

Four divisions²³ floated seven tenders (July 2007 to December 2011) for construction of pumping stations with laying of pipelines under EPC contracts with the estimated cost aggregating ₹ 1,148 crore. Work orders for these works were issued (June 2008 to April 2012) to four different agencies at their tendered cost aggregating to ₹ 943.97 crore as given in **Table 1**. One work (Sl. No. 4 of the table) was completed in August 2011 and remaining six works were in progress (December 2013).

Table 1: Statement showing inflated estimates due to excise duty component

Sl. No.	Name of EPC tender	Estimated cost/ Tendered cost (₹ in crore)	Excise duty @ 10.30 per cent included in estimates (₹ per MT)	Quantity of MS - pipes provided in the estimate (in MT)	Total excise duty taken in estimates (₹ in lakh)	Date of Work order/ Stipulated date of completion
Drainage Division, Gandhinagar						
1	Construction of pumping station and supplying and laying of MS pipeline from NMC near Changa village to SSSC.	171.68/ 140.93	4,306.43	21,661.55	932.84	16.12.2010/ 15.12.2012
2	Pipeline project from Rampura (near SSSC) to Bhadath and construction of pump house at Rampura.	178.19/ 146.47	4,306.43	22,844.19	983.77	16.12.2010/ 15.12.2012
3	Pipeline project from Bhadath to Dantiwada reservoir and construction of pumping house at Bhadath.	92.47/ 79.05	4,306.43	10,710.80	461.25	20.12.2010/ 19.12.2012
Irrigation Division, Himmatnagar						
4	Construction of two pumping stations and laying MS pipeline for KDLIP.	23.16/ 32.01	2,357.55 5,834.93 ²⁴	2,999.87	70.72 175.04 ²⁵	06.06.2008/ 05.05.2009
Irrigation Project Division, Bhavnagar						
5	Construction of pumping station at Botad branch canal and supplying and laying 2350 mm dia MS pipeline from PS to Paliyad.	154.90/ 139.50	3,610.00	19,198.10	693.05	13.04.2012/ 12.04.2013
Watrak Project Canal Division, Modasa						
6	Construction of two pumping station and supplying and laying MS pipeline from Narmada Main Canal to pumping station.	258.71/ 199.52	3,970.00	29,289.69	1,162.80	29.12.2011/ 28.12.2013
7	Construction of two pumping station (at two locations i.e., Jalampur and Saira) and supplying and laying MS pipeline from Jalampur to Watrak dam, Mazam dam and Meshwo dam.	268.89/ 206.49	3,970.00	22,349.68	887.28	29.12.2011/ 28.12.2013
TOTAL		1,148.00/ 943.97		1,29,053.88	5,366.75	

²³ Drainage Division, Gandhinagar, HI Division, Himmatnagar, IP Division, Bhavnagar and WPC Division, Modasa.

²⁴ Weighted rate derived for 1,100 mm dia. pipes of 1,022.41 MT (4,805 rmt)-CED of ₹ 1,427.15 per rmt, for 850 mm dia. pipe of 1319.24 MT (8,750 rmt)-CED of ₹ 1,000.40 per rmt and for 650 mm dia. pipe of 658.23 MT(5,825 rmt)-CED of ₹ 325 per rmt)

²⁵ Unlike in other cases, in this case while preparing the estimate the element of CED was also considered for fabrication of pipes from MS plates

The estimates for the works were prepared by consultants considering the CED payable on the component of items involved and the same were approved by the Department during December 2007 to January 2012. Further, tender condition stipulated that the contractors had to quote their rates inclusive of all statutory taxes and duties.

The approved estimates were inclusive of CED of ₹ 53.67 crore on MS pipes and the tender conditions provided for issue of PAC to avail CED exemption. Audit noticed that during August 2008 to December 2012 the divisions issued PAC to contractors for MS pipes. In the absence of any condition available in the tender for submission of detailed price break up by the contractors, the Department did not ensure that the benefit from issue of PAC was passed on by the contractors in their tendered rates.

On being pointed out, the Government issued instructions (August 2013) to the field offices to prepare the estimates without reckoning the element of CED in those items of work in which CED exemption will be applicable.

3.1.9.3 Irregularities related to price adjustment clause

Audit noticed that in five works due to irregularities in the tender clauses has resulted in excess/avoidable payment or creation of extra liability of price adjustment as given in **Table 2**.

Table 2: Irregularities in price adjustment

Standard Norms/ Government Instructions	Name of division/ Name of work	Irregularities observed	PE/PV		
			Payable as per standard conditions (₹ in lakh)	Paid/ payable due to changes made in the conditions (₹ in lakh)	Excess paid/ payable (₹ in lakh)
Government Resolution of March 1986 stipulated that for the works scheduled to be completed within a period of three years, the payment of price escalation for the works should not exceed the ceiling limit of five per cent of the net estimated cost put to tender ²⁶ .	Kutch Irrigation Construction <u>Division, Bhuj</u> (i) Construction of Bhandreshwar TR across river Mitti	Without giving any justification the division had enhanced the ceiling limit to 21 per cent in the tenders.	17.13	71.97	54.84
	(ii) Construction of Kosakadsar Bandhara ²⁷ across river Mitti.		46.02	54.81	8.79

²⁶ Estimated cost put to the tender less the cost of materials supplied from the Departmental store to the contractor at fixed rate and cost of cement, steel and asphalt valued at input rates on which the sanctioned estimate is based.

²⁷ Bandhara is a solid non-gated wall with crest level above high tide level and constructed at mouth of river.

Standard Norms/ Government Instructions	Name of division/ Name of work	Irregularities observed	PE/PV		
			Payable as per standard conditions (₹ in lakh)	Paid/ payable due to changes made in the conditions (₹ in lakh)	Excess paid/ payable (₹ in lakh)
Clause 59 of tender related to payment of PE on material, labour and POL restrict payment of PE for the works executed in first twelve months from date of issue of work order. While approving (May 2011) the extension of time limit (EOTL) for this work, the Department had put the condition that PE would not be payable for the work done during the extended time period.	Kutch Irrigation Construction <u>Division, Bhuj</u> the work of construction of Bandhara at Kosavadar.	The Division paid ₹ 7.65 lakh as PE for work done in first twelve months. The Division also paid ₹ 23.09 lakh for work done during extended time limit.	0	30.74	30.74
As per the clause 59-A of B-2 forms, PV on cement and steel brought by contractor and consumable in the work shall be adjusted as per the prescribed formula. The base indices of the material shall be linked with the RBI and the base price indices of cement/ steel should be taken for the month in which the DTP is approved.	WPC Division, <u>Modasa</u> Work of inlet pipe drains and head regulator between Ch 27.700 km to 74.000 km of Sujalam Sufalam Spreading Canal	The division had not mentioned the star rate ²⁸ of asphalt in the Clause 59-A of the tender. Hence, possible recovery could not be made.	(-) 7.17 (recoverable)	0	7.17
	IP Division, <u>Rajkot</u> The work of construction of earthwork and Cross Drainage work of main canal and distributory for Bhadar-II Water Resources Project	The division had instead of taking rate prevailing in the month in which DTP approved (June 2005) as star rate i.e. ₹ 17,000 per MT for mild steel/ structural steel and ₹ 2,600 per MT for cement, had incorrectly taken the rate	49.10	66.14	17.04

²⁸ The price of steel/cement per MT prevailing in the month in which draft tender papers (DTP) are approved is specified in the tender as 'base (star) rate' which is to be adopted for calculation and payment of price variation.

Standard Norms/ Government Instructions	Name of division/ Name of work	Irregularities observed	PE/PV		
			Payable as per standard conditions (₹ in lakh)	Paid/ payable due to changes made in the conditions (₹ in lakh)	Excess paid/ payable (₹ in lakh)
		prevailing at the time of re-invitation of tender in February 2006 i.e. ₹ 26,500 per MT for mild steel, ₹ 27,650 per MT for structural steel and ₹ 3,360 per MT for cement.			
The Department accepted (May 2011) the lowest bid with condition that no claim for PE and PV should be preferred by the contractor.	Irrigation Division, <u>Ahmedabad</u> The work of replacing, lining and repairing of structures of Khari Cut main canal section-3 and 4	Division paid ₹ 57.53 lakh to the contractor towards PE (₹ 16.46 lakh) and PV (₹ 41.07 lakh).	0	57.53	57.53
Total					176.11

Thus, due to not adhering to the standard tender clauses and departmental instruction, the contractors got undue financial benefit of ₹ 1.76 crore in the above cases.

3.1.9.4 Excess payment towards Cement Grade Mix

The State Government *vide* circular of December 1986, had fixed standard for design mix of various concrete grades indicating the requirement of cement in kilograms per cubic meter for various items of concrete works. The estimates for the items of the RCC works included in the tender were prepared based on circular *ibid*. This standard forms the basis for specifying the quantity in “Schedule B” (*i.e.* the item of the work to be carried by the contractor), forming part of the tender documents.

Audit observed that in respect of 12 works in seven Divisions, the cement consumption for execution of RCC items of work as per approved design mix for the work was less than the cement consumption approving in the estimates for concrete grades of M-15, M-20, M-25 and M-30. The saving in the consumption of cement which were to be recovered, were not recovered by the Divisions while making payment because of the absence of suitable provisions in the tenders. This resulted in avoidable expenditure of ₹ 2.40 crore (Appendix-XI).

3.1.10 Conclusion

The instances of the various irregularities in the tender process *viz.*, non-adherence to procedures in the invitation of tender, changing of pre-qualification (PQ) criteria, inept evaluation of PQ bids, non-recovery of security deposit and bank guarantee as per the terms of contract, execution of works without tender process, award of work at unworkable rate and also various deficiencies noticed in the tender provisions, especially, related to PE/PV, star rates *etc.* indicated the need for strengthening the existing tender system in the Department.

3.1.11 Recommendations

The GoG may revise the tender forms reckoning various instructions issued by GoG from time to time.

3.2 Incomplete irrigation projects due to non-acquisition of land

3.2.1 Introduction

The Water Resources Department²⁹ (Department) is responsible for effective planning to utilise the available water resources for providing the benefits of irrigation to the farmers of the State. To increase the underground water recharge in the required areas, prevent salinity ingress in the coastal areas and transfer water to the scarcity hit/water deficit areas, the Department constructs and maintains the dams and appurtenances, check dams, canals, etc. The Department has five regions³⁰ each headed by a Chief Engineer having the administrative control over the execution of works through 134 divisions in the State.

Twelve works taken up for execution between January 1996 and March 2011, remained incomplete as of March 2013. The main reasons for the non-completion of the irrigation works were due to award of the works before acquisition of required land or non-obtaining prior permission from the concerned authorities for acquisition of forest land or non-expediting the land acquisition process with Revenue Department etc.

Audit analysed the actions of the divisions/the Department which led to non-completion of the works and consequential non-achievement of the envisaged irrigation benefits.

3.2.2 Land Acquisition procedure

Paragraph 232 of the Gujarat Public Works (GPW) Manual, Volume-I, stipulates that the work having contract period of more than 12 months may be commenced if the possession of the land is obtained for more than 50 *per cent* of the length/area and that the officer concerned is confident of acquiring the remaining land without much difficulty or obstruction during the contract period.

²⁹ Forming part of Narmada, Water Resources, Water Supply and Kalpsar Department.

³⁰ North Gujarat, South Gujarat, Central Gujarat, Kutch and Saurashtra.

As per the prevailing procedures, after according administrative approval for the project based on the detailed project report, the Department identifies the land required for acquisition with the details of survey number. The joint survey of the identified land is carried out with the Revenue Department. Thereafter, based on requisition of the Department, the Revenue Department follows the procedures under the provisions of Land Acquisition Act, 1894 viz. issues the preliminary and final notifications under Section 4 and Section 6 of the Act, respectively for acquisition of land for public purposes, and also declares the land award under Section 11 of the Act.

If project activities are to be undertaken in forest land, necessary prior approvals from the Government of India (GoI), Ministry of Environment and Forest (MoEF) are to be obtained under Forest Conservation Act, 1980.

3.2.3 Scope and coverage of audit

Audit test checked the records between April 2012 and January 2013 in seven³¹ out of 86 'A' category³² divisions planned for audit during the year 2012-13. The seven divisions were selected as 12 works of ₹ 55.24 crore undertaken (January 1996 to March 2011) were stipulated to be completed by May 1999 to February 2012 but were not completed even after a delay of one to 14 years (May 2013).

Audit Findings

In five works discussed at **Paragraphs 3.2.4 and 3.2.5** relating to construction of either dam or canal forming part of the projects to provide irrigation facilities in 5,828 ha to 20 villages. The total expenditure on the projects was ₹ 73.83 crore inclusive of these five works on which expenditure of ₹ 16.35 crore has been incurred. As the works still remained incomplete the expenditure of ₹ 73.83 crore incurred remained unfruitful.

In the other seven works discussed at **Paragraphs 3.2.6 to 3.2.7.2** relating to construction of spreading channels, Link canal, Bandhara and underground pipeline to prevent salinity and provide irrigation benefits to 7,577 ha to 33 villages (awarded between October 2002 and March 2011), remained incomplete after expenditure of ₹ 23.69 crore (May 2013) was incurred on them.

Thus, due to non-completion of works, intended benefit to provide irrigation facilities to 13,405 ha land of 53 villages as shown in **Appendix-XII** were delayed as discussed in succeeding paragraphs:

³¹ (i) Salinity Control Division, Bhavnagar (ii) Irrigation Division, Dahod (iii) Und Irrigation Division, Jamnagar (iv) Irrigation Project Division, Junagadh (v) Salinity Control Division, Porbandar (vi) Project Construction Division-IV, Rajkot and (vii) Damanganga Canal Investigation Division, Valsad.

³² The division whose annual expenditure is more than ₹ one crore.

3.2.4 Incomplete head works

To provide irrigation facilities in 3,410 ha land of nine villages of Panchmahal and Junagadh Districts through Canal network (1,910 ha) and lift irrigation (1,500 ha), Government accorded (June 1994 and January 1998) administrative approval to the Koliyari Water Resources Project, Panchmahal (KWRP) and Bhakharvad Recharging Reservoir Scheme (BRRS), Junagadh as given in **Table 3**:

Table 3: Incomplete headwork of Water Resources Project

Name of work/ Name of Division	Date of work order	Tendered cost	Present status of work
	Stipulated date of completion	Payment made to contractor (₹ in crore)	
Koliyari Water Resources Project, Panchmahals (KWRP) Executive Engineer, Irrigation Division, Dahod (IDD)	6 January 1996	4.63	The Head work of the project was originally awarded in January 1996. However, after execution of the work valued at ₹ 3.36 crore, the Department relieved the contractor from the work in April 2005 due to non-availability of land for the work with Department. Fresh tender for left out work was invited and finalised (February 2008) for ₹ 4.08 crore. However, work order was yet to be issued pending acquisition of land (November 2013). Due to non-completion of the headwork, radial gates fabricated (June 1999) at a cost of ₹ 1.02 crore and the canal network constructed (May 2001) along with distribution system of 9.70 km at a cost of ₹ 1.94 crore could not be utilised.
	5 July 1998	3.36	
Bhakharvad Recharging Reservoir Scheme (BRRS) Executive Engineer, Irrigation Project Division, Junagadh (IPDJ)	7 July 2004	13.70	The Head work was awarded (July 2004) for ₹ 13.70 crore to a contractor. After executing the work valued at ₹12.39 crore, the contractor could not proceed further due to protest from project affected people (PAP). Hence, the contractor was relieved from the work in November 2007. The left out work of ₹ 1.81 crore was awarded (March 2009) but after executing the work for ₹ 1.43 crore, this contractor was also relieved (July 2011) from the work due to the protest from the PAP. Remaining work again awarded (September 2012) for ₹ 1.07 crore to another contractor with a stipulated period of completion by March 2014 which was under progress (December 2013)
	6 July 2006	13.82 ³³	

(Source: Documents furnished by the Divisions)

While issuing the work orders for construction of head works³⁴ in the above two projects, against the total required land of 507 ha³⁵ the Divisions were in possession of 193 ha³⁶ land (38 per cent) only.

Audit observed that in case of KWRP and BRRS, the compensation amount of ₹ 50 lakh and ₹ 2.43 crore respectively were deposited by the Division

³³ ₹ 12.39 crore paid to the original contractor and ₹ 1.43 crore paid to the contractor of the remaining work.

³⁴ Earthen Dam, Spillway and Masonry dam, Head Regulator and Spillway Bridge.

³⁵ 227 ha (101 ha Government land, 19 ha forest land and 107 ha private land) for KWRP and 280 ha (73 ha Government land and 207 ha private land) for BRRS.

³⁶ 174 ha Government land and 19 ha forest land.

(April 2001 and August 2002 to February 2008) with the Revenue Department. Of the amount deposited for BRRS, ₹ 1.81 crore was paid to land owners and as stated by the Division ₹ 0.22 crore remained unpaid due to embezzlement by the Revenue Department staff. Further, the Revenue Department was yet to settle the ownership disputes related to 8.63 ha land (December 2013).

In both the projects, the Project Affected People (PAP) were not willing to move to rehabilitation sites. In case of KWRP, no meeting was held with PAP/ Revenue Department after June 2004 and in case of BRRS, only three meetings were held with PAP/ Revenue Department during the last five years for pursuing the PAP to move to rehabilitation sites. This indicated that the concerned divisions/ the Department did not have the land before execution of the works and the matter remained unresolved with the PAP (December 2013).

Thus, the commencement of the head works without ensuring clear possession of land had not only led to non-completion of head works but also led to incurring of unfruitful expenditure of ₹ 41.89 crore³⁷ on both projects.

The Government stated (September 2013) that the payments of land compensation and also allotment of the rehabilitation sites to the PAP of both projects were made as per the applicable norms and policy of the State Government but the PAP did not vacate their land.

The fact remains that the envisaged irrigation benefits were not realised even after the delay of 7 to 14 years from the dates of completion of head works (December 2013).

3.2.5 Incomplete canal works

The following three works awarded for construction of canals related to various irrigation projects remained incomplete as given in **Table 4**.

Table 4: Statement showing the incomplete canal works

Sl. No.	Name of work	Date of work order	Tendered Cost (₹ in crore)	Work done till extended time limit (₹ in crore)	Irrigation benefits envisaged in hectare (ha)
	Name of the Division	Stipulated date of completion		stop of work	
1	Construction of canal for Sabli Water Resources Project	21 April 2008	0.55	0.21	1,219
	Irrigation Project Division, Junagadh	21 March 2009		July 2009	
2	Construction of canal for Mahadevia Minor Irrigation Scheme	27 August 2010	0.09	0.03	134
	Und Irrigation Division, Jamnagar	26 July 2011		July 2011	
3	Construction of canal for Minsar (Vanavad) Water Resources Project	5 January 2011	1.16	Work not started	1,065 ³⁸
	Und Irrigation Division, Jamnagar	4 December 2011			

(Source: Documents furnished by the divisions)

³⁷ KWRP- Head works ₹ 5.92 crore, Canal ₹ 3.36 crore, land ₹ 2.75 crore, other ₹ 1.74 crore and establishment charges ₹ 7.11 crore. BRRS: Head works ₹ 13.65 crore, C-work ₹ 2.27 crore, land ₹ 4.65 crore and other ₹ 0.44 crore.

³⁸ Lift irrigation 205 ha and Canal irrigation 860 ha.

3.2.5.1 The work 1 envisaged to provide irrigation benefits to five villages³⁹ of Junagadh District. It was observed that against the total land of 21.35 ha (private) required for construction of canal, 16.58 ha of land (78 per cent) was acquired before award of the work in April 2008. However, the remaining 4.77 ha land could not be acquired as some of the landowners belonging to weaker section did not agree to give up their land. Hence, the Social Welfare Department did not issue necessary 'no objection certificate' (NOC) for the acquisition of land. The contractor had stopped (July 2009) the work after executing the work for ₹ 0.21 crore due to non-availability of required land. Further, the Division belatedly approached (April 2010) the Railways Authority to obtain necessary permission for taking up the work of 2nd phase of inserting the piped canal beneath railways line crossing. As a result of inadequate follow up with the railways authority, the permission was not obtained and the contractor was relieved from the work in March 2012. Meanwhile, the head work of the Project was completed at a cost of ₹ 14.67 crore in June 2010. The Division failed to effectively pursue with the landowners and also did not follow up with railways authority for getting the latter's approval. This led to non-completion of canal work after spending ₹ 20.22 crore⁴⁰ in the project and also non realisation irrigation benefits though 58 months had elapsed from the stipulated date of completion (December 2013).

The Government stated (September 2013) that the Division was pursuing with the railway authority for obtaining NOC. Further, for acquisition of land from weaker sections, it was stated that though the matter had been pursued with Social Welfare Department no progress was made due to unwillingness of the land owners to give up their land.

Thus, the expenditure of ₹ 20.22 crore incurred remained unfruitful due to the Department's failure to acquire the land for the work.

3.2.5.2 The work 2 envisaged to provide irrigation benefits to Mahadevia village, Khambhalia taluka of Jamnagar. The related head works for the irrigation scheme was awarded (September 2007) and got completed (August 2008) for ₹ 1.39 crore. Audit noticed that the alignment of canal from chainage 81 to 380 m falls under the forest land and accordingly, in December 2008, the Division had sought permission of Forest Department for transfer of 0.45 ha of forest land. However, due to lack of follow up by the Division, the forest officials had casually examined the proposal and intimated the Division belatedly in June 2012 about the requirement of further documents viz., certificate from the District Collector and the Gramsabha. The certificates were submitted (May 2013) to the Forest Department. Meanwhile, the contractor had completed part of the canal work valued at ₹ 0.03 crore. Thus, the Division's failure to follow up with Forest Department, necessary permission was not obtained leading to non-completion of canal work. Further, the total expenditure of ₹ 1.56 crore⁴¹ incurred for the work remained

³⁹ Angatray, Badodar, Khorasa, Madharvada and Manakvada.

⁴⁰ Head works ₹ 14.67 crore, canal ₹ 0.65 crore, land ₹ 3.65 crore, rehabilitation and others ₹ 1.25 crore.

⁴¹ Head works ₹ 1.39 crore, canal work ₹ 0.03 crore and other expenses ₹ 0.14 crore.

unfruitful as the envisaged irrigation benefits of the scheme were not realised despite a lapse of nearly two years (December 2013).

The Government while reiterating the factual position of the case as brought out above stated (September 2013) that the storage of water at dam led to recharging of water in surroundings areas.

The reply is not acceptable as the Division failed to expedite the follow up process of obtaining the permission from the Forest Department. Further, the primary objective of irrigation benefits in 134 ha was not achieved.

3.2.5.3 The work 3, envisaged to provide irrigation benefits to five villages⁴² of Jamnagar. The related head works of the irrigation project were awarded (July 2001) and got completed (May 2008) at ₹ 5.40 crore. However, for canal works, the land acquisition process was initiated belatedly in 2007 by the Division. At the time of award (January 2011) of the canal work, only 4.44 ha (*i.e.* 26 per cent) out of the required land of 16.90 ha was acquired.

Audit observed that the LAO declared (between December 2008 and June 2010) final land awards for 15.56 ha land. However, 78 out of 96 private landowners did not accept the awards and demanded (February 2010 and September 2010) for laying the underground piped canal instead of open canal. The Department belatedly decided (December 2012) to lay underground piped canal. On finalisation of alignment (March 2013) of canal, the tender was invited in June 2013 and work was awarded (January 2014) at a cost of ₹ 3.60 crore. Thus, due to non-commencement of canal work simultaneously with head works and also awarding of canal work without acquisition of land had led to failure in providing the envisaged irrigation benefits and consequential blocking of investment of ₹ 10.16 crore⁴³.

The Government stated (September 2013) that strong opposition from the farmers against the construction of open canal delayed the execution of the work. This was because the affected farmers were not consulted before deciding the course of canal. As a result, envisaged irrigation benefit in 1,065 ha could not be achieved.

3.2.6 Incomplete spreading channels works

With a view to prevent salinity and provide direct/indirect irrigation benefits to 6,374 ha land⁴⁴ of 27 villages in the Amreli, Junagadh and Porbandar Districts, the five works of construction of spreading channels and link canals were awarded (September 2008 and March 2011) at ₹ 24.86 crore with the stipulated period of completion between January 2010 and February 2012. Against the total requirement of 160.76 ha land⁴⁵, possession of Government land of 120.40 ha was available with the divisions. Possession of 34.64 ha of

⁴² Katkola, Mota Kalavad, Shiva and Vanavad, of Bhanvad Taluka and Jamvadi of Jamjodhpur Taluka.

⁴³ Dam ₹ 5.47 crore (₹ 5.40 paid to contractor and ₹ 0.07 crore up to date expenditure), Canal ₹ 0.07 crore and others ₹ 4.62 crore.

⁴⁴ Work-1: 3480 ha and 11 villages, Work-2: 1029 ha and nine villages, Work-3: 450 ha and one village, work-4: 1100 ha and three villages and work-5: 315 ha and three villages.

⁴⁵ 126.12 ha Government land (inclusive of 5.72 ha forest land) and 34.64 ha private land

private land and 5.72 ha forest land were not however, made available to the contractors (March 2013) which led to non-completion of spreading channels as per the details given in the **Table 5**:

Table 5: Statement showing the incomplete spreading channel works

Work No.	Name of work	Tender cost	Date of work order	Government land acquired	Lapses of the Divisions in getting clear possession of land for the work
		Work done (₹ in crore)	Stipulated date of completion	Land not acquired private (P) and Forest (F) land (in Ha) percentage of not acquired land	
Salinity Control Division, Porbandar					
1	Spreading channel between Pachhatar and Kolikhada villages in Porbandar	21.13	15 September 2008	66.25	The Division submitted (May 2007) proposal to acquire the land to Revenue Department and the joint measurement survey of the land was carried out only in June 2010. However, joint measurement survey as the signature of land owners were not obtained due to which the Revenue Department had deferred (February 2013) the proposal and instructed to conduct fresh survey. Regarding forest land, the Division only in March 2011 submitted a proposal for diversion of forest land, however, permission was not yet received (November 2013). Thus, inadequate follow up/non-compliance/late initiation by the Division for acquisition of private/diversion of forest land (5.72 ha) led to non-acquisition of required land.
		12.00	14 September 2011	(P) 21.78 (F) 5.72 (P) 23 (F) 6	
2	Link canal between Devka and Khari rivers in Veraval Taluka	0.92	19 February 2009	15.50	The Division submitted the proposal for land acquisition in March 2009 and the matter was still under correspondence with Revenue Department. The land was not acquired (September 2013).
		0.91	18 January 2010	(P) 4.30 (P) 22	
3	Tobra and Sati Aiyavari radial canal from Kerly Tidal Regulator-Odedara (Chainage 0 to 2340 mtrs. and 0 to 870 mtrs.)	0.51	15 March 2011	4.80	The clean possession of land in the alignment of the canal at chainage 1,400 to 2,340 m could not be obtained as some of the farmers residing nearby started opposing (December 2011) the excavation of canal by blasting method. As the issue was not yet sorted out, the canal work at the chainages mentioned was not completed (September 2013).
		0.20	15 February 2012	(P) 1.74 (P) 27	
4	Spreading channel joining to river Netravati to Madhuvati River (chainage 0 to 6630 mtrs.)	1.58	22 June 2009	20.85	The Division, based on the verbal consent given (June 2009) by the private land owners had started the work. However, during execution of the work, the land owners did not agree to hand over the possession of land and filed court case. As the matter remained unresolved, the work could not be taken up in the alignment of the canal at chainages 3,790 to 4,100 m and 5,948 to 6,120 m.
		2.26	21 May 2010	(P) 0.18 (P) 0.1	
Salinity Control Division, Bhavnagar					
5	Spreading channel between Visaliya Bhandhara to Samadhiyala Bandhara in Rajula Taluka	0.72	9 December 2009	13.00	Only at the time of the award of the contract, the Division initiated action (December 2009) for acquiring the private land required. The proposal for acquisition of private land remained under correspondence and not finalised by Revenue Authority. As the land was not made available during the period of contract, the contractor stopped (October 2010) the work.
		0.36	8 November 2010	(P) 6.64 (P) 34	
Total		24.86		120.40	
		15.73		(P) 34.64 (F) 5.72	

(Source: Information furnished by the divisions)

The table indicates that the Department failed to complete the projects which led to unfruitful investment of ₹ 15.73 crore. In all the above cases, the

Department commenced works without acquisition of land. Despite this, the Department failed to expedite the issues with Revenue/Forest Department and ensure timely acquisition of land required for the projects which initiated to provide irrigation benefits at 27 villages in the Amreli, Junagadh and Porbandar Districts.

The Government stated (September 2013) that due to long procedures involved in land acquisition, the possession of the land in some portion could not be acquired. It further stated that to the extent the works got completed, the public residing in the surrounding areas started getting the benefits either through irrigation or due to recharging of ground water.

The fact remains that the divisions had commenced the works without having required private/forest land in their possession and also failed to follow up to expedite the land acquisition process which led to incomplete works.

3.2.7 Other incomplete works

3.2.7.1 Umargam Underground Pipeline work

The Umargam Irrigation scheme envisaged for construction of Underground Pipeline (UGPL) at a length of chainage 0 to 17,610 m to provide irrigation facilities to 1,203 ha land of six villages⁴⁶ of Umargam Taluka from Damanganga Reservoir Project. Executive Engineer, Damanganga Canal Investigation Division, Valsad awarded (October 2002) the work of construction of UGPL including aqueduct⁴⁷ to contractor 'A'⁴⁸ for ₹ 5.11 crore with stipulation to complete it by October 2004. 'A' stopped the work in May 2005 after execution of the work for ₹ 1.66 crore mainly due to non-availability of clear possession of land. Finally, the work was terminated by the Department in October 2006.

The left out work of 'A' was awarded (March 2008) to B⁴⁹ for ₹ 5.94 crore with the stipulated period of completion by March 2010. Even 'B' could not complete the work within the stipulated time as the landowners delayed handing over clear possession of land. Further, the non-receipt of permission from the Roads & Buildings (R&B) Department for laying the pipeline through State Highway led to further delay in execution of work. The work was finally completed in May 2012 at ₹ 6.21 crore. However, UGPL was not put to use as seepages at some stretches were noticed during the testing of the pipeline and the repairing work was being taken up (December 2013).

Audit observed that though the Division entrusted the work to 'A' in October 2002, the procedures for acquiring the land required for construction under chainage 9,780 to 17,610 m were initiated only during November 2007 to June 2010. Further, the proposal for obtaining permission was submitted to the R&B Department only in December 2009 and the permission was granted in May 2010.

⁴⁶ Dehli, Gowada, Palgam, Sajam, Tembhi and Umargam.

⁴⁷ Aqueduct is a bridge like structure wherein canal passes over the river or stream.

⁴⁸ M/s. BMS Projects Private Limited, Surat.

⁴⁹ M/s. Niyati Construction Company, Vadodara.

Thus, non-possession of land and the delay in obtaining the statutory permissions led to belated completion of UGPL. Hence, the work planned for completion by October 2004 at a cost of ₹ 5.11 crore could not be utilised even after incurring ₹ 7.87 crore⁵⁰ (May 2013). Though cost overrun of ₹ 2.76 crore and time overrun of more than eight years had occurred in laying UGPL, the envisaged irrigation benefit to 1,203 ha of land in six villages is yet to be achieved pending completion of testing of UGPL (December 2013).

The Government stated (September 2013) that the land acquisition process was delayed due to some discrepancies in revenue records of the land under acquisition. The fact, however, remains that the Division did not take up the matter with the Revenue Department for five years after awarding the work and then failed to follow up to expedite the land acquisition process.

3.2.7.2 Ghantila Bandhara Project

The Project Construction Division No. 4, Rajkot awarded (March 2008) the work of construction of bund (*i.e.* Ghantila Bandhara Project) for ₹ 3.25 crore in forest area to prevent salinity and also to store the rain water. The stipulated period of completion of the work was September 2009.

Audit noticed that the land identified for the work falls under the Wild Ass Sanctuary. However, the Division before commencement of the project had not obtained permission to execute the work in Sanctuary area. Though, the work order was issued in March 2008, the work was held up in April 2008 after incurring ₹ 0.10 crore on excavation work. The permission of the Forest Department was belatedly sought only in June 2008. The Department had carried out (December 2008) a study to confirm that no damage would occur to the Wild Ass Sanctuary due to construction of Bandhara but the Forest Department did not accept the study report and refused (March 2009) to grant the permission. The work was finally withdrawn from the contractor in March 2010. Thus, the award of work without obtaining permission from the Forest Department led to wasteful expenditure of ₹ 0.10 crore.

The Government stated (September 2013) that in February 2008 for acquiring the land, the consent of District Collector, Morbi was obtained in which it was stated that the land was government waste land and was not reserved for any specific purpose. It further stated that the fact that it was being a forest land came to the notice of the Division when the Forest Department stopped the execution of work.

The fact, however, remains that failure of the District Collector, Morbi to verify the title of the land while giving consent to construct the bund led to wasteful expenditure of ₹ 0.10 crore and indicated that due diligence had not been carried out before award of the work.

⁵⁰ Value of work done by A - ₹ 1.66 crore and by B - ₹ 6.21 crore.

3.2.8 Conclusion

The 12 irrigation works estimated to cost ₹ 55.24 crore were started either before the acquisition of land as stipulated in the Manual or adequate action were not taken to acquire the required land during the execution of works. Consequently, even after incurring an expenditure of ₹ 97.40 crore in the projects/works for irrigating 13,405 ha land of 53 villages remained incomplete over a period one to 14 years.

3.2.9 Recommendations

- The Water Resources Department may consider revamping its monitoring mechanism and ensure that the concerned divisions are taking timely action for submission of proposals for acquisition of land/seeking permission from various authorities, pursuing/expediting for the necessary approvals through effective follow up action to achieve for the timely completion of projects.
- The State Government may consider evolving a mechanism whereby coordination among the various Departments is ensured to examine adherence to laid down procedures and granting the required approvals/permissions for the execution of irrigation works.

3.3 Infertuous/wasteful expenditure and overpayment

NARMADA, WATER RESOURCES, WATER SUPPLY & KALPSAR DEPARTMENT

3.3.1 Wasteful expenditure on laying underground pipeline

Failure to conduct geological investigation before the award of work led to incurring of unfruitful expenditure of ₹ 1.02 crore.

The Water Resources Department (the Department) accorded (September 2006) technical sanction for ₹ 1.34 crore for the work of modifications and strengthening of existing system of Jojwa Wadhvana Irrigation Scheme and laying of underground pipeline (UGPL) from Tarsana Extension Canal for providing irrigation facilities to Project Affected People (PAP) of Narmada Project resettled at Thuvavi, Vadodara. The water from Jojwa Wadhvana tank passes through the canal network of Dabhoi Main Canal, Tarsana Canal and Tarsana Extension Canal. The work envisaged modification and strengthening of the above three canals⁵¹, besides laying UGPL for a length of 3.5 km from the off take point at chainage 1,860 m of Tarsana Extension Canal to Thuvavi. The Executive Engineer (EE), Irrigation Division, Vadodara (IDV) was in charge of the execution of the work.

The work was awarded (April 2007) to a contractor⁵² for ₹ 1.31 crore with the stipulated period of completion by August 2007. However, the progress of

⁵¹ Dabhoi Main canal (ch.0 to 2130 mtrs.), Tarsana Main Canal (ch.0 to 6510 mtrs.) and Tarsana Extension canal (ch.0 to 3230 mtrs.).

⁵² M/s. R. V. Kataria & Company, Vadodara.

work was unsatisfactory and the contractor could execute work valuing ₹ 1.02 crore till July 2009. Further, the testing of pipelines carried out between April 2010 and August 2010 indicated repeated occurrence of leakages in the joints of UGPL at various locations. The contractor was unable to rectify the leakages and also failed to complete the work of strengthening of canal structures. The Division had recovered (March 2008 to July 2009) liquidated damages of ₹ 11.58 lakh from the contractor and finally rescinded (December 2010) the contract as per terms of contract.

Audit observed that while according the technical sanction (September 2006) for the work, the Department instructed the Division to carry out geological investigation⁵³ on the alignment of UGPL before finalisation of the tender. However, the tender was finalised in April 2007 without conducting the geological investigations to analyse soil conditions such as stratification, denseness or hardness to determine the suitability of soil for laying UGPL. Only in February 2009, a soil test was conducted⁵⁴ at the site. It was also noticed that while analysing the reasons for the non-completion of work, the Superintending Engineer having jurisdiction over the Division had recorded (July 2012) that the presence of black cotton soil⁵⁵ in the site was the cause for the damage to the UGPL laid. Based on this, the Department abandoned (August 2012) the UGPL work and decided (August 2013) to provide irrigation facilities to PAP through execution of lift irrigation scheme at Thuvavi.

Thus, failure to conduct geological investigation in the area of canal alignment before the award of work led to abandonment of UGPL work executed at a cost of ₹ 0.40 crore due to unsuitable site condition. Consequently, the total expenditure of ₹ 1.02 crore, including ₹ 0.62 crore incurred for the modifications and strengthening of three canals meant to provide free flow of water to UGPL, remained unfruitful. Further, irrigation facility was not provided to beneficiaries even after lapse of six years since the stipulated date of completion of the work.

The Government stated (July 2013) that the owners of the farms through which UGPL was to be laid for providing irrigation to PAP, were not willing to allow the laying of UGPL till harvesting the Rabi crop *i.e.* earliest by February 2007. On the other hand the beneficiaries of UGPL were pressing hard to lay UGPL before monsoon. As conducting of geological investigation and finalisation of tender would take more than two months, the work was awarded without conducting the geological investigation. Regarding the work of modification and strengthening of the canals was concerned, it was stated that the execution of this work had improved the irrigation facilities in the command area.

⁵³ It is performed to obtain information on the physical properties of soil/rock around a site to design earthworks and foundations for proposed structures. It is also used to measure the thermal resistivity of soils or backfill materials required for underground pipelines. The investigation involves surface exploration (*viz.* geologic mapping) and subsurface exploration of a site (*viz.* soil sampling and laboratory tests of the soil samples retrieved through test pits, boring, *etc.*).

⁵⁴ By Soil Mechanics Division, Gujarat Engineering Research Institute, Vadodara.

⁵⁵ Black cotton soil has a high percentage of clay. The soil is very hard when dry but loses its strength completely when in wet condition. This wetting and drying process causes vertical movement in the soil mass leading to crack in the joints of UGPL.

The fact remains that the work was awarded in haste without conducting the stipulated geological investigation which was crucial for successful implementation of the project. Further, the designed capacity of the existing canals were modified and strengthened only with the aim of providing irrigation facility to PAP which was not achieved leading to unfruitful expenditure of ₹ 1.02 crore.

3.4 *Idle investment/idle establishment/blockage of funds*

NARMADA, WATER RESOURCES, WATER SUPPLY & KALPSAR DEPARTMENT

3.4.1 *Idle investment on incomplete bridge work*

Delay in construction of approach road to the bridge due to belated action in acquisition of land led to non-use of the bridge constructed at a cost of ₹ 2.78 crore.

Paragraph 232 of the Gujarat Public Works (GPW) Manual, Volume-I, stipulates that work may commence if the possession of the land is obtained for more than 50 *per cent* of the length/area and that the officer concerned is confident that the remaining 50 *per cent* of length/area can also be acquired without much difficulty/obstruction and the contract period of work is not less than 12 months.

The Department accorded (March 2007) administrative approval for construction of a Bridge across River Bharaj between the village Bar and Satun of Taluka Pavijetpur, Vadodara District. This work was taken up to provide road connectivity to the people affected by the Sukhi Reservoir Project. The work also included construction of asphalt approach roads for a total length of 1,710 m at both ends of the bridge *i.e.* 840 m from Bar village and 870 m from Satun village to the bridge. The Executive Engineer (EE), Irrigation Project Division-II, Bodeli awarded (January 2008) the work at a tendered cost of ₹ 2.50 crore with a stipulated period of completion by July 2009. The contractor executed work valuing ₹ 2.78 crore, excluding the portion of approach roads, till June 2011. As the private land required for approach road on the Satun end of the bridge was not acquired, the contractor was relieved from the remaining work estimated to cost ₹ 14.38 lakh.

Audit observed that while awarding the work, the Division was in possession of 1.76 ha of private land required for the construction of roads on both sides of the bridge for a total length of 1,510 m but had not acquired 0.25 ha private land required for the construction of remaining length of 200 m road at Satun village. After two years of the award of the work, the Division approached (December 2009) the land owners to get their consent for acquiring 0.25 ha but could not obtain the same. The Division then approached (October 2010) the Collector of Bharuch for initiating the land acquisition proceedings under the provisions of Land Acquisition Act, 1894 and progress was awaited (December 2013).

The award of work without ensuring the acquisition of required private land coupled with belated efforts made for its acquisition, led to non-completion of the approach road which is a prime requirement for using the constructed bridge. Consequently, ₹ 2.78 crore incurred for the construction of bridge remained idle (December 2013).

The Government in reply (July 2013) justified that the bridge was in operation for traffic but admitted difficulty in the 200 m length. It further stated that the approach road would be constructed after the acquisition of land.

The bridge though constructed (June 2011) was not linked for 200 m by a road and it was not clear how traffic could be operated on the stretch of private land not acquired by the Government.

3.5 Avoidable/excess/unfruitful expenditure

NARMADA, WATER RESOURCES, WATER SUPPLY & KALPSAR AND ROADS & BUILDINGS DEPARTMENTS

3.5.1 Excess payment of price variation

Incorrect application of wholesale price index in calculation of price variation payments led to passing of undue benefit of ₹ 1.81 crore to the contractors.

The tender conditions for award of construction work provide for the payment of price variation (PV) to the contractor for the work done involving use of cement and steel brought by him. The tender specifies the base rates⁵⁶ for cement and steel of the month in which draft tender papers (DTP) are approved. The base rates are linked with the Reserve Bank of India (RBI) wholesale price index (WPI) and the formula for calculation of PV is also given in the tender. Accordingly, the fluctuations in rates of cement and steel are to be adjusted (*i.e.* by recovery/payment) in the bills payable to the contractor based on the increase/decrease of quarterly average of WPI index of cement and steel corresponding to the quarter under which these materials are consumed.

On 14 September 2010, a new series of WPI with base year 2004-05 was introduced by the RBI replacing the then existing series with base year 1993-94. Further, Ministry of Commerce and Industry (MoC&I), Government of India indicated (12 November 2010) that for the purpose of research and analysis, data of new series of WPI (2004-05) can be used with effect from April 2005 and for other purposes, the new WPI (2004-05) can be used with effect from August 2010.

⁵⁶ The price of steel/cement *per* MT prevailing in the month in which draft tender papers (DTP) are approved is specified in the tender as 'base (star) rate' which is to be adopted for calculation and payment of price variation.

One⁵⁷ Division office of the Roads and Buildings (R&B) Department and two⁵⁸ Division offices of the Water Resources (WR) Department awarded contracts for three construction works for ₹ 52.31 crore in February 2009. As per tender provisions, payment of PV for cement and steel was allowed. The works were completed between March 2011 and June 2011 at a cost of ₹ 51.09 crore.

Audit observed that during the period January 2009 to July 2010, 20,771.752 MTs of cement and 2,345.587 MTs of different types of steel were procured and used for execution of the works by the contractors. The Division offices, however, paid/recovered PV reckoning the new series of WPI even for cement and steel procured and consumed in the works prior to August 2010 instead of calculating it on the old series of WPI. This led to payment of PV on cement and steel of ₹ 0.43 crore instead of recovering the PV aggregating to ₹ 1.38 crore from the contractors. Thus, excess payment of ₹ 1.81 crore was passed on to the contractors as detailed in the **Appendix-XIII**.

The R&B Department stated (July 2013) that in the absence of any regulations made in this regard by the State Government, the payments were made by the concerned Division offices reckoning the new series of WPI and that action was being taken by the Division offices to recover the excess PV payment of ₹ 0.33 crore as pointed in audit. The action on recovery was awaited (December 2013).

The WR Department stated (August 2013) that at the time of finalisation (May/September/October 2008) of DTPs, the series of WPI applicable was on the basis of base year 1993-94. Further, in the absence of clear instructions for regulating the PV for the period up to introduction (August 2010) of new series of WPI based on base year 2004-05, the PV was paid/recovered based on the new WPI series published by the MoC&I even for periods prior to August 2010 in all ongoing works finalised since 2004-05.

The reply of WR Department is not acceptable as based on the instructions of MoC&I, PV was required to be made as per WPI with base year 1993-94 for cement and steel procured and consumed in the work prior to August 2010. The incorrect application of WPI in calculation of PV payments led to passing of undue benefit of ₹ 1.81 crore to the contractors which should be recovered.

⁵⁷ **R&B Department: (i) EE, Roads and Buildings Division, Dahod-** Construction of PTC college and Hostel Building at Devgadhi Bariya.

⁵⁸ **WR Department: (ii) EE, Sujalam Sufalam Division No. 1, Mehsana-** Construction of inlet foot bridge, additional VRBs between chainage 158.970 to 174.500 km and 191.500 to 228.420 km of Sujalam Sufalam Spreading Canal and **(iii) Sujalam Sufalam Division No. 2, Visnagar -** Construction of inlet foot bridge, additional VRBs between chainage 228.42 to 274.345 km of Sujalam Sufalam Spreading Canal.

**NARMADA, WATER RESOURCES, WATER SUPPLY &
KALPSAR DEPARTMENT**

3.5.2 Avoidable payment of interest

Non adherence to Government instructions led to avoidable payment of interest of ₹ 1.56 crore on the land award compensation paid belatedly.

The Government of Gujarat, Revenue Department *vide* its Circular dated 21 June 2004 stipulated that amount of compensation awarded by a Lower Court pertaining to land acquisition cases should be deposited in the Court upon the receipt of award instead of waiting for the decision to be taken on the further course of action on the Lower Court award. If required, funds for the payments would be made available from the Contingency Fund of the State so that payment of interest due to delay in depositing the compensation could be avoided.

The Executive Engineer (EE) Dharoi Canal Division-3 (DCD3), Visnagar (the Division) acquired private land of 65,330 square metre (sqm)⁵⁹ at Village Unjha and 19,772 sqm⁶⁰ at village Biliya, Siddhpur for Dharoi canal works as per the land awards announced in September 1995 and October 2003 respectively. Based on the non-acceptance of the award by the land owners and the references made, the Lower Courts⁶¹ had awarded (August 2003 and August 2008) for payment of additional compensation, including solatium and 12 *per cent* price rise, amounting to ₹ 2.44 crore and ₹ 0.93 crore for the land acquired at Unjha and Biliya, Siddhpur respectively. Interest⁶² as per Section 28 of the Land Acquisition Act, 1894 was also to be paid in the two cases on the total amount payable.

Audit observed that in none of the above cases, the amount of additional compensation along with interest as per Section 28 of the Act, *ibid* were deposited in the Lower Court within a reasonable period of three months from the receipt of awards of the lower Courts. Regarding Lower Court's award for Village Unjha, the Department filed (September 2004) an appeal in the High Court after depositing 40 *per cent* of amount of additional compensation with interest⁶³. The appeal was dismissed by the High Court in July 2007. The concerned Departments⁶⁴, then in January 2010 had given approval for filing an appeal in Supreme Court after a lapse of 29 months (August 2007 to December 2009). In February 2011, the Government reversed its decision to go in appeal in the Supreme Court and the remaining amount of 60 *per cent* of compensation with interest⁶⁵ was deposited in the Lower Court by the Division by July 2011. Had the amount of compensation with interest been deposited in September 2007 *i.e.* within three months from the date of the

⁵⁹ Land Acquisition Reference (LAR) No. 248 to 350/97.

⁶⁰ LAR No. 2853 to 2890/06.

⁶¹ District Judge, Fast Track Court-II, Mehsana; Principal Civil Judge-Patan.

⁶² Interest at the rate of nine *per cent per annum* for a period of one year from the date of taking over possession of land and at 15 *per cent annum* thereafter till the amount was deposited in the court.

⁶³ Additional compensation ₹ 92.87 lakh and interest ₹ 197.00 lakh for the period up to July 2004.

⁶⁴ Water Resources, Revenue and Legal Departments.

⁶⁵ Additional compensation ₹ 151.07 lakh and interest ₹ 484.37 lakh for the period up to January 2011.

dismissal of appeal in July 2007, the payment of interest of ₹ 119.96 lakh⁶⁶ could have been avoided.

Regarding the Lower Court's award for the land at Biliya, Siddhpur, after obtaining (December 2008) legal opinion that the case was not fit for an appeal, the Division sought (January 2009) Government grant for payment of the compensation with the interest. After the allotment of funds (September 2011), the Division deposited ₹ 93.20 lakh for compensation and interest of ₹ 101.30 lakh in January 2012 and September 2012 respectively. If the amount of compensation with interest was deposited in November 2008 *i.e.* within three months from the date of the Court award in August 2008, the payment of interest of ₹ 36.53 lakh⁶⁷ could have been avoided.

The Government stated (June 2013) that it was not possible for the administrative Department or the division to deposit the amount immediately without taking the decision as to whether to accept the judgment or to file appeal in the High Court. Further, in the process of decision making, the consultations were being held with the concerned Departments *viz.* Revenue, Legal and Finance which led to the delay in taking the decision and depositing the amount of compensation. The reply is not acceptable as the Government instructions of June 2004 clearly laying down that the amounts of the Courts should be deposited on receipt of the awards were not followed. This resulted in the payment of interest of ₹ 1.56 crore which could have been totally avoided.

ROADS & BUILDINGS DEPARTMENT

3.5.3 Avoidable expenditure

Failure to decide appropriate specifications and improper assessment of quantum of work before the award of work led to avoidable expenditure of ₹ 1.35 crore due to execution of extra/excess items of work at higher rate

The tender conditions for construction works of Roads and Buildings (R&B) Department stipulate that payments for 'extra items'⁶⁸ for which no Schedule of Rates (SoR) is available shall be made at the rate arrived at on the basis of a detailed rate analysis. Similarly, for the quantities in excess of 30 *per cent* of the tendered quantities of the work, payments shall be made as per the rates entered in the SoR of the year during which the excess quantities were first executed, irrespective of the tendered rates. Further, paragraph 143 (1) of the Gujarat Public Works (GPW) Manual, Volume I and the R&B Department's instructions (June 1998) stipulate that care should be taken while finalising the detailed drawings and estimates of works so as to avoid frequent changes in the works after award on account of excess/extra items of the work leading to an increase in cost and delay in completion of work.

⁶⁶ Interest amount of ₹ 10,013.76 *per day* for the period from October 2007 to January 2011.

⁶⁷ Interest amount of ₹ 3,781.40 *per day* for the period from December 2008 to July 2011.

⁶⁸ The items that are completely new and are in addition to the items contained in the contract awarded.

The Government of Gujarat (GoG) accorded (June 2010) Administrative Approval for the Development work of Central Vista⁶⁹ up to Railway Station in Gandhinagar City. Based on the design and estimates⁷⁰ submitted by the Project Consultant⁷¹, GoG approved (July 2010) the Detailed Tender Papers including estimates of the work for ₹ 35.13 crore. The Executive Engineer (EE), Capital Project (CP) Division-I, Gandhinagar, awarded (August 2010) the work to a contractor⁷² (L1 bidder) for ₹ 32.45 crore with a stipulation for its completion by August 2011. The work was completed in June 2012 at a cost of ₹ 33.42 crore⁷³.

Audit observed that one of the extra item of work executed was “Providing and laying tumbled finish machine cut Raj Green (RG) stone 25 to 35 mm thickness up to 900 mm in flooring on 52,137.08 square metre (sqm)” costing ₹ 7.83 crore. The Department accorded (March 2011) sanction for laying machine cut RG stone in the pavements *in lieu* of manual cut RG and other types of stones originally provided in the tender with a view to get more aesthetic appearance. While fixing (March 2011) the rate of extra better (Machine cut RG stone) at ₹ 1,520.39 *per* sqm., based on rate analysis, the cost of raw RG stone was taken as ₹ 6,000 *per* 100 sqft. Audit found that the tender for the work included a similar item “Providing and laying tumbled finish RG stone (hand cut) 25 to 35 mm thickness up to 900 mm” and for this item, rate of raw RG stone was considered as ₹ 5,090 *per* 100 square feet (sqft). For the extra item the rate of raw RG stone was fixed at ₹ 6,000 *per* 100 sqft which escalated the rate of the extra item to ₹ 1,520.39 *per* sqm instead of ₹ 1,386.60 *per* sqm had the rate of ₹ 5,090 *per* 100 sqft been taken as accepted for other item in this stone work. This extra item of work carried out with higher cost of raw material input, resulted in avoidable expenditure of ₹ 0.69 crore⁷⁴.

It was also observed that in 16 items of civil work the quantity executed at a cost of ₹ 3.24 crore was in excess of 130 *per cent* of tendered quantity. Of which, for two items, the quantity of the work was not properly estimated by the Consultant and in the remaining items, execution of excess items were made due to the decision taken by the R&B Department to include additional works⁷⁵ and also to increase the width of street at Mahatma Mandir after award of the contract. Of these 16 items, in 4 items of work, the SoR rates were 10 to 80 *per cent* above the tendered rates and their cost as per tendered rate was ₹ 0.92 crore. However, these were got executed at ₹ 1.58 crore resulting in avoidable expenditure of ₹ 0.66 crore (**Appendix-XIV**).

⁶⁹ The vista is envisioned as a large public space for people to visit by creating a straight open land between two places with green belt in centre and lanes on both sides. The development work involves streamlining the existing road network, executing an extensive pedestrian network and landscaping based on a variety of land uses on the vista.

⁷⁰ Based on SoR for the year 2008-09.

⁷¹ HPC Design and Project Management Private Limited and ₹ 1.14 crore (including service tax ₹ 0.11 crore) was incurred towards consultancy.

⁷² M/s. Katira Construction, Bhuj.

⁷³ Total cost inclusive of (i) Civil work - ₹ 27.80 crore, (ii) Electrical work – ₹ 5.02 crore, (iii) Other Miscellaneous work – ₹ 0.60 crore.

⁷⁴ ₹ 1,520.39 *per* sqm - ₹ 1,386.30 *per* sqm × 52,137.08 sqm.

⁷⁵ Internal portion of various Government Buildings within the ambit of Central Vista.

The Government stated (July 2013) that due to huge magnitude of the project, it was difficult to envisage and finalise all elements at the time of preparation of estimates which led to execution of extra items of work. The decision to use machine cut RG stone for the entire project was taken for giving a uniform look and to get greater strength and durability to the stone pavement. It was also stated that the excess items of works were executed due to technical and site requirements.

The reply is not acceptable as the fact remains that the rates of extra and excess items were fixed considering higher rate of raw material and adopting current SoR respectively which led to an excess expenditure of ₹ 1.35 crore.

3.5.4 Avoidable payments of additional lease premium

Non adherence to the stipulations of lease agreement led to avoidable payments of additional premium of ₹ 73.04 lakh. Further, investment of ₹ 112.37 lakh made in the leased plots also remained unfruitful for more than a decade

The Government of Gujarat (GoG) accorded (January 1993) Administrative Approval for acquiring two plots⁷⁶ on lease basis from the City and Industrial Development Corporation of Maharashtra Limited (CIDCO) at Navi Mumbai to construct the Gujarat Bhavan consisting of a State Guest House and an Emporium. Accordingly, the GoG paid lease premium of ₹ 112.37 lakh between October 1993 and May 1999 to CIDCO. A lease agreement valid for 90 years was executed with the CIDCO in March 2005 after a delay of nearly six years from the payment of last instalment of the lease premium. No justification was on record for the delay. As per lease agreement, the GoG was to commence the construction work within 12 months from the date of agreement and to complete the construction and obtain Occupancy Certificate from Navi Mumbai Municipal Corporation (NMMC) within five years. In the event of non-completion of construction within the time limit, CIDCO, at its discretion, may fix extended period after charging applicable additional premium from the GoG. The Executive Engineer (EE), Roads & Buildings (R&B), Valsad (the Division) was in charge of execution of the work.

Audit observed that (February 2013) the Division office had not submitted building plan for approval of the NMMC to commence construction works on the plots. As per the system in vogue, the policy decision regarding the type of buildings to be constructed for the Gujarat Bhavan was to be taken by the GoG. The Chief Architect of GoG was to then prepare initial and detailed architectural drawings and specifications. The Division was to prepare initial estimates for obtaining the administrative approval, obtain the approval of NMMC on the building plan, invite tenders, award contract and ensure the commencement and completion of works. The R&B Department was to give technical sanction. However, none of the basic procedures *viz.* deciding the mode/type of building for construction of the Gujarat Bhavan and finalisation of plan/drawings by the Chief Architect of the R&B Department were completed (March 2013). Pending completion of the procedures, the Division,

⁷⁶ Plot No. 26 and 27 at Sector 30-A at Vashi, Navi Mumbai admeasuring 4,485.20 sqm.

got the time limit extended by the CIDCO twice *i.e.* up to March 2012 and later up to March 2014 after the payment of additional premium ₹ 28.09 lakh (March 2010) and ₹ 44.95 lakh (April 2013) respectively as stipulated in the lease agreement.

Thus, delay in construction of Gujarat Bhavan at Mumbai led to the payments of additional premium of ₹ 73.04 lakh and blocking up of investment of ₹ 112.37 lakh for more than a decade without fulfilling the objectives.

The Government stated (August 2013) that the payment of ₹ 73.04 lakh was paid to CIDCO as per the terms and conditions of the lease agreement. The construction could not be taken up due to the reasons beyond control but the Government paid the premium to protect the land worth crores on which new Gujarat Bhavan will be taken up in future.

No specific reply was given as to why the construction of Gujarat Bhavan within the period prescribed in the lease agreement did not commence which led to payment of additional lease premium. The objective of having a State Guest House and an Emporium at Navi Mumbai had not been fulfilled despite ten years having elapsed. Further extension of lease period granted by CIDCO will expire in March 2014 and the possibility of future payments towards additional premium cannot be ruled out.

3.5.5 Avoidable expenditure

Failure to get the energy audit done led to inefficient use of electrical energy and incurring avoidable expenditure of ₹ 56.83 lakh

As per Gujarat Use of Electrical Energy (Regulation) Order, 1999 (1999 order), every consumer to whom electrical energy is supplied for a purpose other than residential or industrial, and whose contracted load is 75 KW or more is required to cause an energy audit to be done at an interval of three years. This is required so that corrective steps can be taken for preventing the leakage, wastage or inefficient use of electrical energy while operating electrical installation/apparatus. Also, as per **Paragraph 3.2.1** of the Electricity Supply Code and Related Matters Regulation 2005, issued by the Gujarat Electricity Regulatory Commission, the consumer with three phase power supply will have to maintain an average power factor (PF) of not less than 90 *per cent*, otherwise PF adjustment charges⁷⁷ are levied. The Executive Engineer, Capital Project Division-3, Gandhinagar, (the Division) has four High Tension (HT) connections⁷⁸ for managing the water supply and drainage system in Gandhinagar.

Audit observed that in all the four HT connections the Division had not got the energy audit done periodically on its electrical installation/apparatus. Consequently, the use of electrical energy due to non-maintenance of specified

⁷⁷ As far as possible, power factor (PF) should be kept close to unity. The low PF would lead to increase in current and consequential additional loss of active power in the power system. To compensate the loss, the power supply companies recover penalty from the consumers.

⁷⁸ Chharodi Water Works (1200 KW), Jashpur Sewage Treatment Plant (750 KVA), Sargasan Pumping Station (400 KW) and Sarita Udyan Water Works (1000KW).

PF also remained undetected. The PF in that installation ranged between 69 and 89 *per cent* for a period ranging from 28 to 47 months and the Division had to pay PF adjustment charges ₹ 56.83 lakh during the period April 2009 to March 2013 (**Appendix-XV**).

During the course of audit, the Division was intimated (February 2010) about the PF remaining persistently low for a long period due to non-installation of the required APFC panel⁷⁹/power capacitors. However, the Division did not take any corrective action.

The Government stated (May 2013) that the steps were being taken for conducting the energy audit of all the four HT connections through government authorised agencies. It is further stated that the existing non-working APFC panels attached to two HT connections⁸⁰ were repaired in January and March 2013 and for the remaining two HT connections⁸¹, action for procurement of APFC panels were being initiated. The payment of ₹ 56.83 lakh was avoidable had the energy audits been carried out as per the 1999 order.

AHMEDABAD
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NEW DELHI
The

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⁷⁹ Active Power Factor Correction, measure power distribution to operate at its maximum efficiency.

⁸⁰ At Jashpur and Sargasan.

⁸¹ At Chharodi and Sarita Udyan.