

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

ONE HUNDRED AND THIRD REPORT

(Presented on 15th December, 2015)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2015

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**COMMITTEE
ON
PUBLIC ACCOUNTS
(2014-2016)**

ONE HUNDRED AND THIRD REPORT

on

**Action Taken by Government on the Recommendations
contained in the 13th Report of the Committee on
Public Accounts (2001-2004)**

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CHAPTER I

RECOMMENDATIONS IN RESPECT OF WHICH ACTION TAKEN BY
GOVERNMENT ARE NOT SATISFACTORY AND WHICH
REQUIRE REITERATION

PUBLIC WORKS DEPARTMENT

Recommendation

(Sl. No. 2, Para No. 6)

1.1 The Committee feels that the present set-up of the Investigation and Design Wing of Public Works Department is quite inadequate to meet the modern requirements. The Committee is of the view that it is high time that the entire set-up of this wing of Public Works Department is revamped adopting advanced and sophisticated techniques and machinery in the light of practical difficulties being experienced at present. During evidence, the Committee came to understand that Government have ordered for an institutional study with regard to this wing and the study report had been submitted to Government. The Committee also note that an empowered Committee had been constituted under the Chairmanship of Secretary, Public Works Department for its implementation. The Committee desires that a copy of the study report and the present position with regard to the implementation of the recommendations in the Report should be furnished to the Committee.

Action Taken

1.2 A Work Study Report on the Buildings and District Panchayat Wings of the Public Works Department was conducted by the Personnel & Administrative Reforms Department during 1998 consequent on the introduction of Panchayat and Nagarapalika Act. A relevant extract of the report relating to Public Works Department is enclosed.

“As per G.O.(Ms.) No. 25/2002/PWD dated 30-5-2002, Government have approved a project preparation unit in the DRIQ Board. For facilitating expeditious decision making, formation of two Executive Committees of the DRIQ Board was approved—One for Roads & Bridges Projects and the other for Building Projects.

The Executive Committee for Roads & Bridges Projects will have as its members, Principal Secretary, Public Works Department who will be the Chairman, Secretary (PWD), Chief Engineer (Roads & Bridges), Chief Engineer (National Highways), Chief Engineer (DRIQ Board), Regional Officer, Ministry of Road Transport and Highways and other members/persons to be co-opted by the Chairman.

The Executive Committee for Building Projects will consist of Principal Secretary, Public Works Department, who will be the Chairman, Secretary, Public Works Department, Chief Engineer (Building & Local Works), Chief Engineer (DRIQ Board), Chief Architect, Superintending Engineer, Electrical and other members/persons to be co-opted by the Chairman.

Director, Project preparation Unit will be the Convenor of the two Committees.”

However, the soil investigation wing of Public Works Department is now being done by experts like Engineering Colleges and L.B.S. Centre (Government Institution). The design wing is now able to handle most of the design with satisfaction of all concerned.

Further Recommendation

1.3 The Committee opines that DRIQ Board is not doing the design and investigation works properly. So, the Committee suggests that the work including investigation and design has to be handed over to LBS Centre for Science and Technology or any other Engineering Colleges.

Recommendation

(Sl. No. 3, Para No. 7)

1.4 The Committee note that a liability of 1,53,395 fixed against Kerala State Construction Corporation Ltd., has not yet been adjusted/recovered from them for want of specific orders from Government. The Committee urge the department to take immediate steps to recover the loss sustained to Government and report the result thereof to the Committee.

Action Taken

1.5 Kerala State Construction Corporation Ltd., Thiruvananthapuram is doing several works of buildings even now and amounts are payable to them from Public Works Department (Building & Local Works). The liability incurred on one particular work could not be adjusted against the amount payable to the KSSC in another work because of specific direction from Government vide letter 17922/G2/95/PW&T dated 3-8-1995 to treat each contract of the KSSC Ltd. as separate and distinct one and not to club payables and receivables of different works.

Further Recommendation

1.6 Dissatisfied over the reply from Government, the Committee opines that the department had not taken any steps to recover the loss sustained to

Government. The Committee recommends that the department should take urgent steps to recover the amount from Kerala State Construction Corporation Ltd.

Recommendation

(Sl. No. 4, Para No. 11)

1.7 It is alarming to note that the work of road between Vallarpadom and Panambukad awarded to the Contractor during March 1990 stipulating completion by October 1991 has not yet been completed. The Committee is convinced that the work was sanctioned without proper investigation of feasibility study regarding its accessibility to mainland. The Committee is distressed to note that the department has not anticipated the extra expenses for reconstruction of two culverts for bringing the road roller to the island and additional quantity of earthwork and rubble work involved. The construction of a pucca road without access to the mainland especially when there are no vehicles plying within the island anticipating the commissioning of Goshree Project is the root cause for the subsequent development which resulted in unnecessary and unfruitful investment. The Committee desires that the officers who lead Government into such unnecessary expenditure should be taken to task so that such instances are not repeated.

Action Taken

1.8 The Work was taken up under MLA Scheme and estimate was prepared in three appendixes:(1) Formation of road, (2) Construction of retaining wall, and (3) Construction of pipe culvert.

During the execution of work, it was found that the present jetty was not strong enough for taking power roller to the island and hence a special jetty had to be constructed to facilitate the work. For this an additional proposal amounting to ₹ 27 lakh had been submitted by Executive Engineer.

The contractor had carried out the road formation. Metalling and tarring could be carried out only after the reconstruction of 2 culverts and construction of a special jetty for bringing the roller to the island. As the proposal for the additional works was not accepted, the Department had closed the work after abandoning metalling and tarring. The Department had taken up the work with the bona fide intention of facilitating the development of the area, but the work could not be completed due to non-receipt of approval for the additional work. Almost all the officials involved in the preparation of estimate and execution of the work have already been retired from service.

Further Recommendation

1.9 The Committee is distressed to note that the road work was sanctioned without proper investigation, Lack of proper investigation necessitated additional work and non-sanctioning of additional work finally resulted in abandoning the work. The Committee opines that the unnecessary and unfruitful investment on road formation was due to the wilful negligence on the part of the department.

Recommendation

(Sl. No. 6, Para No. 16)

1.10 The Committee feels that the action of the Chief Engineer in having disregarded his own directives on adoption of average conveyance system issued on 6-11-1991, while approving the estimates for the work of improvements to Edakzhiyoor-Veliyamkodu road was highly irregular. The Committee note that the public exchequer has lost a sum of ₹ 3.44 lakh on account of allowing inadmissible lorry lead overlooking circular instructions. The Committee urges that strict instruction should be given to all concerned to adhere to the codal provisions as well as Circular instructions while approving estimates so as to avoid such losses to Government in future.

Action Taken

1.11 Deviation from standing directions was necessitated due to site conditions. Since the work was arranged on competitive tender basis, the contractors have quoted the rate, considering the departmental rate for conveyance also. Hence the projected additional expenditure on conveyance may not be treated as a loss to Government. However, a technical circular has already been issued by the Chief Engineer for strict compliance by subordinate officials (copy enclosed as Appendix II).

Further Recommendation

1.12 The Committee opines that the reply from the Government is not satisfactory. The site conditions could have been looked into during investigation. The Committee wants to know whether the department had violated the codal provisions and if so action should be taken against the responsible officers.

CHAPTER II

**RECOMMENDATION IN RESPECT OF WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE FURTHER ACTION IN THE LIGHT OF
THE REPLIES FURNISHED BY GOVERNMENT****Recommendation**

(Sl. No. 1, Para No. 5)

2.1 The Committee observes that lack of proper planning and delay in approving the structural design of the Auditorium-cum-Examination Hall at Medical College, Thiruvananthapuram led to the contractor demanding increased rates. This further resulted in blocking up ₹ 37.71 lakh for years. It has come to the notice of the Committee that in many cases the department awards the work before finalising the design in the pretext of urgency or pressure from different quarters. The Committee desires that such a practice should be stopped forthwith.

Action Taken

2.2 Construction work of an Auditorium-cum-Examination Hall at Medical College, Thiruvananthapuram was entrusted to the KSCC Ltd. at 75% above estimated rate as per G.O. (Rt.) No. 640/84/H.D. dated 28-2-1984, with time of completion as on 1-4-1986. During the course of execution certain changes such as providing Varandha, increase in the floor area, etc. were proposed by the Department and the design incorporating the above changes was forwarded to the Kerala State Construction Corporation during 6/86. During January 1987, the corporation demanded rate revision and the work was held up. Hence the contract was terminated on 13-12-1994 at the risk and cost of KSCC and retendered to Shri G. Sasidharan, Contractor at quoted rate of 75% above estimate on 31-1-1995 with 12 months of completion. The work was completed and building handed over to the Home Department on 14-7-1996.

Necessary instruction has been issued to Chief Engineer (Buildings) to avoid alterations in the design of the building after awarding the work.

Recommendation

(Sl. No. 5, Para No. 14)

2.3 The Committee notices that there has been unpardonable delay on the part of PWD in handing over the site and supply of the department materials to the contractor within the stipulated period. The Committee feels that the delay could very well have been avoided if the officers were earnest. The Committee take exception to the callous approach of the Public Works Department leading

to inordinate delay in the construction of the bridge and its approaches, which in turn resulted in prolonged inconvenience to the public and huge loss to the public exchequer. The Committee strongly urges the department to ensure that such instance do not recur.

Action Taken

2.4 The observation of the PAC has been noted for future guidance. Strict instructions have already been given to all the officials concerned in this regard so as to avoid recurrence of such instance in future vide Circular No. CE(R&B)PL-37682/03 of 15-11-2003 (copy enclosed).

Recommendation

(Sl. No. 7, Para No. 18)

2.5 The Committee notices that the incorrect computation of rate for earth filling reckoning of seigniorage Charges on ordinary earth also for forming embankment resulted in an excess expenditure of ₹ 1.70 lakh relating to the work of construction of combined bypass for Thiruvallom to Vazhamuttom portion of NH 47. The Committee do not find any justification for this unauthorized payment to the contractor and hence recommended that action should be taken against the officers responsible for the loss of Public money and strict enforcement of rules to avoid the tendency among the officers of the PWD to allow higher rates.

Action Taken

2.6 While arriving the rate for the item filling with contractor's own earth seigniorage charge at ₹ 0.45/m³ was included since the same was admissible at the time of preparation of the estimate. It may be seen that the estimate was prepared based on 1986 schedule of rate where as seigniorage charge was disallowed with effect from 1990 schedule of rate only, admissible consolidation charge vide Sl.61 was included in the estimate. As the reach for the said work is for a length of 3.604 km. (i.e., from 17116 m. to 20720 m.) the rate for earthwork at each km. was taken and average of the same was considered for the estimate purpose.

But in the I.R. cost of earthwork at every km. was considered and the total was taken for audit purpose. Hence, the difference in rate was observed. Further the estimate was prepared and got sanctioned well before tendering the work. If the provisions and rates provided in the estimate was below than that approved, the contractors would have quoted a workable rate which would be higher rate and vice versa. Hence, it can be seen that the rate provided did not cause any additional expenditure to the Government.

Recommendation

(Sl. No. 8, Para No. 20)

2.7 The Committee is at a loss to understand what prompted the Tender Committee, which had powers to take a final decision regarding acceptance of contract of ₹ 50 lakh and below, to refer the case to Government. The Committee view the action of the Tender Committee in shirking from their responsibilities as an attempt to favour the contractors when the revision of schedule of rates was imminent. The Committee recommends that necessary action may be taken against the officers responsible for the imprudent decision leading to delay and the resultant additional liability of ₹ 10.44 lakh. The Committee also urge the Government to issue strict guidelines for the efficient and prudent working of the Tender Committee.

Action Taken

2.8 The Tender Committee which was to take decision in this matter was Government Tender Committee (1991-92). The Action Taken Report on recommendation No. 8 (para 20) of the 13th Report of PAC (2001-2004) is pending in Government for the last 9 years and in spite of all efforts to identify the officers who constituted the Tender Committee in 1991-92 period, it was not possible and actions have been taken by Government not to repeat such mistakes in future, by way of new guidelines and orders issued in this regard.

In this context it may be noted that, recently, the Subject Committee has taken a decision that action in files on Action Taken report of the Committee's recommendation up to the year 2005 may be treated as closed. In this PAC recommendation at this distance of time it is not possible to render a precise reply as to why this case was not attended a decade back. It is also not practically possible to identify the members of Tender Committee at this distance of time. Hence it is requested to place a proposal for closing the matter for the consideration of the PAC. Since those days the Tender Committee have been re-constituted as per G.O. (Ms.) No. 67/2009/PWD dated 9-10-2009 and they have been working very efficiently and properly.

Thiruvananthapuram,
15th December, 2015.

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

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

Sl. No.	Para No.	Department concerned	Conclusion/Recommendation
1	2	3	4
1	1.3	Public Works	The Committee opines that DRIQ Board is not doing the design and investigation works properly. So, the Committee suggests that the work including investigation and design has to be handed over to LBS Centre for Science and Technology or any other Engineering Colleges.
2	1.6	„	Dissatisfied over the reply from Government, the Committee opines that the department had not taken any steps to recover the loss sustained to Government. The Committee recommends that the department should take urgent steps to recover the amount from Kerala State Construction Corporation Ltd.
3	1.9	„	The Committee is distressed to note that the road work was sanctioned without proper investigation, Lack of proper investigation necessitated additional work and non-sanctioning of additional work finally resulted in abandoning the work. The Committee opines that the unnecessary and unfruitful investment on road formation was due to the wilful negligence on the part of the department.

1	2	3	4
4	1.12	Public Works	The Committee opines that the reply from the Government is not satisfactory. The site conditions could have been looked into during investigation. The Committee wants to know whether the department had violated the codal provisions and if so action should be taken against the responsible officers.

APPENDIX II

Office of the Chief Engineer
Roads and Bridges
Thiruvananthapuram
Dated 23-3-2003

Technical Circular No. 3/2003

Sub:- Sanctioning of Estimates against Technical Circulars/Code stipulations.

Ref:- Extracts on 13th report of Public Accounts Committee.

Instances have come to the notice of the undersigned that the field Engineers are preparing and forwarding estimates for sanction against codal stipulations and without caring the various instructions issued from time to time through various circulars. Circular instructions were issued for strict compliance by all concerned. Until and unless the circular instructions once issued are withdrawn, those instructions are to be observed and complied with. Non-observance and non-compliance of circular instructions is a serious dereliction of duty and shall be liable for disciplinary action.

For the NABARD assisted projects, funds will be made available only for the initially sanctioned amount. But in many cases, due to defective preparation of projects, the estimates needs revision during execution and revised sanction become necessary. Government views this with grave concern and criticism has been made.

Therefore, all field Engineers are once again reminded that while preparing and forwarding estimates for according sanctions, proper attention should be made and the various circular instructions issued invariably be followed and estimate prepared realistically as per site conditions.

Receipt of the circular may be acknowledged.

Sd/-
Chief Engineer

Forwarded / By Order

Assistant Engineer (Works - III)

To

The Superintending Engineer, PWD, R&B, South Circle,
Thiruvananthapuram/Central Circle Aluva, North Circle, Kozhikkode.
The Executive Engineer, Roads Division.
Copy to C.E.s Table, DCE/AEE (Tech) 1,11,111, Assistant Engineer, Works
I,II,III,IV.
All Sections in DB/ Stock File/Spare.