

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SEVENTH REPORT

(Presented on 26th June, 2012)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2012

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SEVENTH REPORT

On

**Paragraphs relating to Water Resources Department contained in the
Reports of Comptroller and Auditor General of India for the years
ended 31st March, 2008 (Civil) & 2009 (Civil)**

CONTENTS

	<i>Page</i>
Composition of the Committee ..	v
Introduction ..	vii
Report ..	1-19
Appendices :	
I. Summary of main Conclusion/ Recommendation ..	20-25
II. Notes furnished by the Government ..	26-43

COMMITTEE ON PUBLIC ACCOUNTS (2011-2014)

Chairman:

DR. T. M. THOMAS ISAAC

Members:

Shri M. P. Abdussamad Samadani*
,, Kodiyeri Balakrishnan
,, Benny Behanan
,, C. Divakaran
,, C. P. Mohammed
,, C. K. Nanu
,, K. Radhakrishnan
,, Roshy Augustine
,, M. V. Sreyamas Kumar
,, M. Ummer.

Legislature Secretariat:

Shri P. K. Muraleedharan (Secretary-in-charge)
,, M. Abdul Raffi, Additional Secretary
,, T. Manoharan Nair, Deputy Secretary
Smt. M. R. Maheswari, Under Secretary.

* Resigned on 29th March, 2012.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Seventh Report on Paragraph relating to Water Resources Department contained in the Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2008 & 2009 (Civil).

The Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008 (Civil) was laid on the Table of the House on 23rd June, 2009 and the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2009 (Civil) was laid on the Table of the House on 25th March, 2010.

The Committee considered and finalised this Report at the meeting held on 28th March, 2012.

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

Thiruvananthapuram,
26th June, 2012.

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

REPORT

WATER RESOURCES DEPARTMENT

AUDIT PARAGRAPH

Infructuous expenditure on an abandoned sea wall

Failure to heed the advice of Joint Director, Coastal Engineering Field Studies before commencing the construction of sea wall resulted in abandonment of the work midway and as a result expenditure of ₹ 1.60 crore on its construction became infructuous.

Government (January 2005) accorded administrative sanction for the reformation and construction of sea wall for a length of 2000 metre* at Tharayilkadavu in Arattupuzha panchayat at a cost of ₹ 4.90 crore. The Superintending Engineer, Irrigation South Circle, Thiruvananthapuram arranged (4 April 2005) reformation work of sea wall in Arattupuzha in four reaches† of 500 metre each with the same contractor for a total contract amount of ₹ 4.55 crore under four separate agreements. The Joint Director (JD), Coastal Engineering Field Studies (CEFS) inspected the site on 8th April, 2005 for fixing the alignment and stated that any protection work would not be fruitful as there was every possibility of further erosion in the area. A final decision of the alignment should be taken only after a detailed inspection by the higher authorities. However, the sites for the works were handed over to the contractor on 15th April, 2005 even though the sites were experiencing severe tidal attack. The work was to be completed within ten months from the date of handing over of site. In the meantime, severe erosion took place due to the tidal attacks. The contractor was asked to provide emergency rubble dumping to protect the coastal road, the life and properties of the local people and to meet the expenditure from this work. The total cost of the emergency work undertaken was ₹ 1.08 crore for which no sanction from Government was obtained. Finally the original work of construction of sea wall started only in the second week of December 2005. The work could not proceed smoothly due to frequent sea attacks, heavy sinkage in the completed and progressing sea wall portions, blocking of coastal road due to sand deposits, etc. The Chief Engineers, Irrigation and Administration, IDRB along with the JD, CEFS, visited the site on 2nd September, 2006 and were convinced that continuing the construction of the sea wall in the proposed alignment would be futile and the only alternative was to shift the alignment backwards by changing the present design. The reports from Centre for Water

* from chainage 49.500 kilometre to chainage 51.500 kilometre.

† Reach I—Chainage 49.500 to 50.000 km., Reach II—Chainage 50.000 km. to 50.500 km.,
Reach III—Chainage 50.500 to 51.000 km. and Reach IV—Chainage 51.000 to 51.500 km.

Resources Development and Management and Indian Institute of Technology, Chennai also endorsed this opinion. In the meantime the contractor had completed more than 85 per cent of the original work in Reach-II incurring ₹ 0.97 crore and had partially completed the original works in Reaches-I and III incurring ₹ 0.63 crore. Therefore, the Executive Engineer, Irrigation Division, Kollam proposed foreclosure of the agreement of the work in all the Reaches (except II) in March 2007 on '*as is where is condition*' without risk and cost. Government sanctioned (March 2008) rearrangement of works with a new design. Thus, the sea wall constructed by incurring an expenditure of ₹ 1.60 crore became infructuous.

The matter was referred to Government in June 2008; reply has not been received (October 2008).

[Paragraph 4.2.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008 (Civil).]

(Note furnished by the Government on the audit paragraph is included as Appendix II.)

The Committee perceived from the audit paragraph that agreement for the reformation and construction of sea wall for a length of 2000 m. at Arattupuzha was executed on 4th April, 2005. The Joint Director, Coastal Engineering Field Studies inspected the site on 8th April, 2005 and opined that any protection work would not be successful as there was every possibility of further sea erosion. The site for the work was handed over to the contractor on 15th April, 2005, overlooking the opinion of the Joint Director. Later, the work could not be proceeded smoothly due to frequent sea attacks. According to the agreement condition, the works should be completed within ten months from the date of handing over of the site. In the meantime, the contractor was asked to provide emergency rubble dumping to protect coastal road which was damaged by the severe sea erosion that took place due to tidal attacks and to meet the expenditure from the original work. As such, an amount of ₹ 1.08 crore was utilised without any Government sanction. The Committee vehemently criticised the mismanagement of Government money by the department and enquired the reasons for not conducting investigation and detailed inspection by higher authorities. The Committee further asked the reasons for handing over the site for execution of work ignoring the opinion of the Joint Director. An amount of ₹ 1.08 crore was spent without the sanction of Government and carried out works exempting normal procedures like tender call, value estimation, Administrative Sanction, Technical Sanction etc. The Secretary, Water Resources Department intimated that the site was handed over and the design was changed and

thereafter the emergency work was carried out by the contractor. She also stated that the department did not admit the claim. The department admitted claim for emergency work only and not the regular work. Hearing this, the Committee wanted to know the outcome of the verdict of the Hon'ble High Court of Kerala on the OP filed by the contractor in the issue. The Secretary answered that the Hon'ble High Court of Kerala had quashed the case. It was learnt that the Court had directed to constitute a Committee and to frame a decision on the issue. But the Committee had not taken any decision within the stipulated time. At this juncture, the Chief Engineer (Irrigation and Administration), Thiruvananthapuram informed that the concerned file and 'M' Book was handed over to the Vigilance Department and the same had not been returned. She also revealed that the photocopy of the file was not kept in the department. The Committee criticised the department for handing over the file to Vigilance Department without retaining its photocopy, thereby violating the Government order. Further, the Committee suspected whether the department had not exhibited any responsibility in the matter and the violation of the Government order may be a part of hidden agenda to elongate the final decision in this regard. The Committee was dissatisfied with the entire affairs and enquired the date on which the information regarding the visit of Joint Director was received. When the witness offered a vague reply that the file was with Vigilance Department, the Committee suggested to trace out the date from the despatch register kept in the office of the Joint Director, Coastal Engineering Field Studies. The Chief Engineer (Irrigation and Administration) confirmed to submit the same without fail. The Committee emphasised to furnish the required data within one week.

2. Thereafter, the Committee desired to know the reason for executing work of ₹ 1,08,00,000 without seeking administrative sanction. The Chief Engineer (Irrigation and Administration) replied that considering the emergency of the work, it was charged in the account of original work. The Committee found that the department had not sought for Government order or permission to expend the public money earmarked for another work. The Committee enquired the opinion of the Finance Department for the expenditure without budget provision and estimates. The Secretary, Finance (Expenditure) Department opined that this could not be done without obtaining Government sanction.

3. The Committee commented that the Finance Department should be vigilant in tackling such cases. As the irresponsible attitude of the Finance Department would cause for the loss of accountability, the Committee directed the Finance (Expenditure) Department to view such matters seriously and the Secretary, Finance (Expenditure) Department agreed to do so.

4. To a query of the Committee whether any works were executed by using new design and the latest position of the same, the Chief Engineer (Irrigation and Administration) clarified that on the basis of the new design, the alignment was changed and the work had been completed with TRP fund. The audit scrutiny had revealed that there were so many discrepancies in the design and investigation wing of the department. Hence the Committee suggested that the Investigation, Design and Research Board (IDRB) should be strengthened and the service of the Government Engineering Colleges would be utilised for investigation work. The Committee was surprised to find that the maximum amount that a Chief Engineer could sanction was fixed as ₹ 30 lakh only. Considering the hike in the estimate amount of public works, the Committee suggested to enhance the limit. The Design work entrusted to IDRB would not get completed within the stipulated time. Hence the Committee had decided to strongly recommend to entrust the preliminary work like designs, investigation etc., to the Lal Bahadur Sastri Centre of Science and Technology or to other Government Engineering Colleges in the State.

5. In continuation of the audit paragraph examination, the Committee observed that higher authorities visited the site on 2nd September, 2006 and convinced that the construction of the sea wall in the proposed alignment would be futile and the only alternative was to shift the alignment backwards by changing the design. As the study report submitted by Centre for Water Resource Development and Management and IIT, Chennai also supported the above opinion. The Committee convinced that the latest decision regarding the court order was not finalised. It was asked to take a final decision on the matter within 31-3-2010 in the Secretary's Committee but it was not happened. When the Committee enquired about the convening of the meeting it was learnt that no decision to convene a meeting of the Committee was taken. The Committee criticised it as very unfair. Then it was informed that a final decision could not be arrived as the documents were sent to Vigilance Department. Thereafter the Committee enquired about the details of correspondence between the Water Resources Department and the Vigilance Department, and asked to furnish those files to the Committee. The Secretary, Water Resources Department agreed to furnish the same within a week.

6. To a query of the Committee about the prayer of the contractor before the Hon'ble Court, the witness from Water Resources Department, informed that the contractor had claimed money for whatever work he had done. According to the agreement the payment would be made only for the completed work. The Committee opined that the contractor should be paid for the works he had executed. When the Committee enquired about the payment details to the

contractor, the Secretary, Water Resources Department replied that the contractor has demanded ₹ 65 lakh and the payment has been made only for the emergency works. At that moment, the Chief Engineer (Irrigation and Administration) intervened and informed that payment was made to some works for which profile was completed. The deliberations of the Committee concluded that the whole affairs led to the loss of a huge amount of Government money and criticised the department for the evident negligence and irresponsibility in the matter.

Conclusion/Recommendation

7. **The Committee understands that the department had ignored the opinion of the Joint Director, Coastal Engineering Field Studies, that any protection work would not be fruitful, and continued with the construction work and an amount of ₹ 1.08 crore was utilised for some emergency works without obtaining sanction from Government. Even though expert study reports supported the opinion of the Joint Director, the department turned a deaf ear, which paved way to a loss of ₹ 1.60 crore to the public exchequer. The Committee finds no justification in preparing design and alignment of work and handing over the site without seeking a detailed investigation by higher authorities. The Committee infers that the agreement might have executed urgently, consequent on the information regarding the arrival of the Joint Director who had visited the site after 4 days and opined that the action of the department should be viewed seriously. In this connection, the Committee wants to know the date on which the information regarding the visit of the Joint Director (CEFS) was received in the office. If the concerned file is not available, the Committee suggests to trace out the date from the despatch register kept in the office of the Joint Director, Coastal Engineering Field Studies.**

8. **The Committee learns that the concerned file was handed over to the Vigilance Department without keeping the photocopy. The Committee suspects whether such an action by the department might be part of hidden agenda for the benefit extending the final disposal of the case. The Committee is of the opinion that the department had violated the standing orders which directs Departments to keep the photocopy of every documents that had to be handed over to Vigilance Department and views this as a serious lapse.**

9. **The Committee astonished to see that an amount of ₹ 1.08 crore was spent for extra mending work of ruined road and allied works without following normal procedures like tender call value estimation, Administrative Sanction, Technical Sanction etc., the Committee views the irresponsible and**

inefficient *modus operandi* of Water Resources Department in the implementation of civil works. Further the Committee vehemently criticises the department for the mismanagement of Government money.

10. While examining the reasons for executing works costing ₹ 1.08 crore without seeking sanction from Government, the Committee finds that Finance Department is also responsible for not taking timely action against such misdemeanour and directs the Finance Department to be more serious and vigilant in such matters.

11. The Committee observes that the department had rearranged the anti-erosion work with a new design. The Committee opines that lack of proper investigation and designing by the Investigation, Design and Research Board (IDRB) results in unwanted expenses. The failure in conducting proper investigation caused a loss of ₹ 1.60 crore to the State exchequer. Therefore, the Committee recommends that the investigation and designing undertaken by the Water Resources Department should be entrusted to technically qualified institutions like Lal Bahadur Sastri Centre for Science and Technology or the Government Engineering Colleges in the State.

12. The Committee notes that the decision regarding the assessment of utility in the anti-sea erosion work was not finalised and the Secretarys' committee which was authorised to find a solution in the matter could not arrived at a final decision. Hence the Committee deplors such inaction and directs the department to furnish the copy of letters sent to Vigilance Department and reply if any received and further correspondence in this regard with them.

AUDIT PARAGRAPH

Unfruitful expenditure on a Lift Irrigation Scheme

Failure to rectify defects which occurred during trial run of a Lift Irrigation Scheme resulted in non-commissioning of the scheme and rendered the expenditure of ₹ 90.43 lakh unfruitful.

The Thenampara Lift Irrigation Scheme was intended to irrigate 1087 acres of land in Palakkad District by lifting water from Bharathapuzha river. The civil works and electrical works were completed in March 1997 and February 2000 respectively at a total cost of ₹ 54.40 lakh and the scheme was partially commissioned on 3rd March, 2001. When pumping started, the canals breached due to high outflow of water and hence pumping had to be stopped. No further action was taken by the Executive Engineer to rectify the defects and to commence pumping again. The Department had been paying electricity charges at

a minimum rate of ₹ 38,940 per month during this period of non-operation. Thus, the electricity charges paid up to August 2008 were ₹ 36.03 lakh. Bill for next month has not been received (October 2008).

It was observed from the facts that lethargy/indifference on the part of the Executive Engineer to rectify the defects noticed during trial run had resulted in non-commissioning of the Lift Irrigation Scheme even after eight years after completion of civil and electrical works rendering the expenditure of ₹ 54.40 lakh incurred for the scheme unfruitful. In addition ₹ 36.03 lakh were paid for electricity charges without consuming any electric power. Failure of the Department in implementing the scheme fully resulted in unfruitful expenditure of ₹ 90.43 lakh besides losing the opportunity for irrigating 1087 acres of land for eight years.

The matter was referred to Government in September 2008; reply has not been received (October 2008).

[Paragraph 4.2.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008 (Civil).]

(Note furnished by the Government on the above audit paragraph is included as Appendix II.)

13. The Committee observed from the audit paragraph that the Thenampara Lift Irrigation Scheme, Palakkad District was partially commissioned on 3rd March, 2001 and it functioned for one year. After that the canal was breached due to high out flow of water and the pumping was stopped. As a consequence, the scheme could not be operative. But the department had paid ₹ 36.03 lakh to KSEB, being the electricity charges up to August 2008 @ ₹ 38,940 per month. The Committee expressed its deep dissatisfaction over the irresponsible attitude exhibited by the department and enquired about the reasons for not completing the repairing work of breaches of canal. The Chief Engineer (Irrigation and Administration) informed that even though directions were given to the Executive Engineer during 2009, no further action was taken to rectify the defects. Later it was understood that there was some minor repair works left which was expected to be completed within one month. The Committee viewed this lapse as very serious and blamed the department for its lag in undertaking a work which could have been completed within one month but was not completed even after a lapse of 8 years. The scheme was envisaged for the irrigation of 1087 acres of land. When the Chief Engineer (Irrigation and Administration) expressed their inconvenience to inspect the site, the Committee criticised that it could be easily carried out without inspection. Then the Chief Engineer (Irrigation and Administration) informed that directions were given to

carry out pending electrical repair works. Again, the Committee found it as a part of negligence of the department for not completing the electrical repair work. The Committee highlighted the difficulty and delay in obtaining financial sanction from Government for carrying out the emergency work of replacement of shutter for Pazhassi Irrigation Project. The Committee enquired whether the repair could be completed and make the system operational within one month. The Chief Engineer (Irrigation and Administration) offered a vague reply that they were unaccustomed with the project and they had to conduct a detailed study to offer a firm reply. The Committee deplored such lethargic attitude and remarked that severe lapse had occurred on the part of the officers.

Conclusion/Recommendation

14. Even though the civil and electrical work for the Thenampara Lift Irrigation Scheme was completed, the failure of the department to rectify the defects occurred during trial run resulted in non-commissioning of the Scheme and the expenditure of ₹ 90.43 lakh spent in this regard became unfruitful. The Committee considers this issue with utmost seriousness and criticizes the negligence in carrying out the works to rectify the defects by the department even after a span of eight years. The target of the scheme to irrigate 1087 acres of land was not realised. The Committee expresses its dissatisfaction over the negligence of the department in not completing the electrical repair works which led to a situation to pay an extra amount of ₹ 36.03 lakh by way of electrical charges without consuming any electricity. The Committee deplores the lethargic attitude and poor performance of the responsible department officers.

AUDIT PARAGRAPH

Extra liability due to unnecessary provision of copper sheet

Provision of copper sheet in the construction of barrels of aqueducts/flumes disregarding IDR B's directions resulted in extra liability of ₹ 53.26 lakh, of which ₹ 25.34 lakh had already been paid.

The Irrigation, Design and Research Board (IDRB) an agency under Irrigation Department is responsible for the design of irrigation structures costing more than ₹ 30 lakh. Accordingly IDR B designed various structures of Idamalayar Irrigation Project (IIP). As per the approved design, the barrels of the aqueducts/flumes were to be constructed without any joints between bed-slab and sidewall. However, the estimate of some works of construction of aqueducts/flumes included provision for usage of copper sheet of 16 mm thickness and 30 cm width on both sides and throughout the length of the barrel. The usage of

copper sheet in between the bed-slab and sidewall for these works were included terming that portion as 'construction joints'. But as per the design approved by IDR B the structure should be constructed as a single block without any joints. Further in the construction of barrels of aqueducts/flumes of other similar irrigation project, Muvattupuzha Valley Irrigation Project, the copper sheets were not used. Audit scrutiny of the works executed by IIP Division I, Angamaly revealed that an estimated amount of ₹ 53.26 lakh had been provided for usage of copper sheet out of which ₹ 25.34 lakh had already been paid in respect of four works as detailed below:

Sl. No.	Name of work	Quantity in metre		Rate per metre (₹)	Agreement Number	Extra expenditure (₹ in lakh)	
		Estimated	Actually paid			Based on estimated quantity	Actual payment made so far
1	Low Level Canal (LLC)—Constructing C.C. Channel and aqueduct from chainage 80 m to 715 m	1425	1057	1206	SEPCP3/2000-01	17.19	15.06
2	LLC—Constructing aqueduct from chainage 2700 m to 3463 m	1526	30.1	1206	SEPCP1/2000-01	18.40	0.33
3	LLC—Constructing aqueduct chainage 9000 m to 9525 m	1011	573.80	1155	SEPC4/2000-01	11.68	6.63
4	Main canal—Constructing main canal from chainage 9000 metre to 10060 metre including aqueduct	240	179.40	1850	SEPC3/2003-04	5.99	3.32
Total						53.26	25.34

Thus the construction of aqueducts/flumes using copper sheet between the joints contrary to the approved design of joint free structures by IDRB resulted in extra liability of ₹ 53.26 lakh of which ₹ 25.34 lakh had already been paid.

The matter was referred to Government in July 2008; reply has not been received October 2008.

[Paragraph 4.3.7 contained in the report of the Comptroller and Auditor General for the year ended 31st March, 2008 (Civil).]

(Note furnished by the Government on the above audit paragraph is included as Appendix II.)

15. During evidence, the Committee put forth the audit report related to the unnecessary provision of copper sheet between the bed-slab and side wall for various structure of Edamalayar Irrigation Project, causing an extra liability of ₹ 25.34 lakh to the Government. The Chief Engineer, Project-II dissented to the audit findings and informed that in the note, it was specified to provide construction joints wherever necessary. The Chief Engineer clarified that practically it was not possible to construct the aqueduct barrel as a single unit. The side-walls of the aqueduct was designed after constructing bed-slab. In between, copper plates would be provided in joints to make water tight. Hearing this, the Committee asked the case of Muvattupuzha Valley Irrigation Project. The Chief Engineer, replied that copper sheets were not provided there. He emphatically stated that it was a wrong procedure. If the copper joints were not provided, there would be water leakage in future. The Committee came across a letter from Chief Engineer, Project-II, Thiruvananthapuram dated, 20-5-2006 about the construction of joining. It was instructed that the practice of providing copper sheet in the constructed joints should be avoided in future. The Committee was perplexed on the non-uniformity in the technical opinion of various officers in the same fact. The Chief Engineer, Project-II presented the relevant portion in the Engineer's Hand Book. Accordingly, for tank walls and similar works, it is preferable to join with copper sheet. The Committee disagreed the justification that the joint with copper sheet was a must and enquired the opinion of IDRB. It was reported that according to IDRB, copper water seals are to be provided at the joints of the barrel as per IS code. As the opinion differ, the Committee enquired the remarks of the Chief Engineer (Irrigation and Administration) on the subject. The Chief Engineer (Irrigation and Administration) informed that if the construction was continuous, the joint with copper sheets was not necessary. Such joints were necessary for the expansion

work. The Committee opined that different directions given by officials of the same hierarchy on a subject was undesirable. The Committee instructed that the Secretary should be vigilant in seeking precise opinion in such cases.

Conclusion/Recommendation

16. In view of the department's reply regarding the issue of providing copper sheet at joints, the Committee seriously observes that various officers had different technical opinions on the same subject and instructs the department to be more serious and vigilant in seeking precise opinion in technical matters from the higher officials in the field.

AUDIT PARAGRAPH

Extra expenditure due to revision of design without the approval of IDRB

Decision to deviate from the approved design for construction of flood bank by the CE (Projects-I) and extending the scope of work of bank connection to Regulator-cum-Bridge resulted in extra expenditure of ₹ 8.50 crore.

The Irrigation Design and Research Board (IDRB), designed the flood bank of Regulator-cum-Bridge (RCB), Thrithala across the river Bharathapuzha. IDRB also approved a design (9 February 2004) for bank connection* for the RCB as reinforced cement concrete founded on concrete piles of one metre diameter. The works of bank connection and flood bank were awarded to the same contractor for an amount of ₹ 5.48 crore and ₹ 4.52 crore in May 2005 and in November 2005 respectively. The works were completed in October 2006 and March 2007 at a cost of ₹ 7.47 crore (bank connection) and ₹ 5.98 crore (flood bank) respectively.

Audit scrutiny revealed the following:

- Without obtaining sanction from Chief Engineer (Design), IDRB the Chief Engineer (CE) (Projects-I) deviated (December 2005) from the original approved design of the earthen embankment for the flood bank, to a cement concrete retaining wall on the plea that more land was necessary for earthen embankment and there might be sinkage of earthen embankment due to displacement of clay beneath the embankment at the time of drawing down water from the regulator. Earlier IDRB had rejected the proposal of the CE (Projects-I) to change the earthen embankment to cement concrete wall twice in June and August 2000 considering it unsafe as per the prevailing subsurface soil conditions. Moreover, the contention of CE (Projects-I) regarding the land requirement was also not correct as the FRL[†] was reduced to 13 metre above

* A Structure to connect the flood bank to the abutment wall of RCB on bothsides.

† Full Reservoir Level.

MSL* and the land acquisition was stalled in October 2004. This change in design resulted in extra expenditure of ₹ 1.46 crore.

- In addition, the CE (Project-I) had also extended the bank connection upstream up to a length of 144 metre on left bank and 132 metre on right bank instead of 7.30 metre each on both sides of the river proposed earlier (as per the original design) by the Executive Engineer of the Division concerned to protect the bank and a graveyard. The design for bank connection was provided with a length of 139.20 metre downstream side of the river though the original design did not provide for it. In fact, there was no necessity of providing bank connection to downstream side of the river as this was to connect the flood bank to the abutment of RCB. The extra expenditure incurred on extension of the bank connection beyond 7.30 metre on upstream and downstream sides was ₹ 4.16 crore and ₹ 2.50 crore respectively.

- Though there were no mention in the tender schedule or in the agreement that the contractor would be paid extra for removing wood log and boulders met with in the boreholes during piling work for bank connection, ₹ 0.38 crore was paid extra to the contractor for the purpose. This was an undue benefit to the contractor as the contract rate included the charges for removing the obstacles in the tender conditions (Notice Inviting Tender).

- Thus, the action of the CE, (Projects-I) in providing concrete structures instead of earthen embankment for the flood bank, extension of bank connection and making payment for the removal of wood log and boulders as extra item resulted in extra expenditure of ₹ 8.50 crore†. The matter was referred to Government in August 2008; reply has not been received (October 2008).

[Paragraph 4.3.8 contained in the report of the Comptroller and Auditor General of India for year ended 31st March, 2008 (Civil).]

(Note furnished by the Govt. on the above audit paragraph is included as Appendix II.)

17. Audit study revealed that an amount of ₹ 1.46 crore was incurred as extra expenditure for changing the earthen embankment to cement concrete wall. The deviation from the original approved design was without obtaining sanction from Chief Engineer (Design), IDR. In addition, the Chief Engineer, (Projects-I) had also extended the bank connection upstream up to a length of 144m on left bank and 132m on right bank. According to audit, there was no necessity of providing bank connection to down streamside of the river as that was to connect the flood bank to the abutment of Regulator-cum-bridge. The extra expenditure

* Mean Sea Level.

† Change in design of flood bank-₹ 1.46 crore; Extension of bank connection on upstream and downstream-₹ 6.66 crore and cost of extra item-₹ 0.38 crore.

incurred on that account was ₹ 4.16 crore and ₹ 2.50 crore respectively. Further, an amount of ₹ 0.38 crore was paid to the contractor as extra expenditure for removing wood log and boulders met within the bore holes during piling work, which was not provided in the tender conditions. The Committee enquired the reason for the extra cost incurred. The Chief Engineer, Project-I replied that the design was changed as per the instructions of the then Chief Engineer, Projects-I after the site inspection and considering the soil condition. IDRB had not referred any design for earthen embankment as the plan lacks a specified structural design. Even though earthen bund was proposed, no design was prepared by IDRB. Further, it was informed that as it was a retaining wall, the structure was designed for unit length by the Superintending Engineer. The Committee opined that as per the existing rules, the Superintending Engineer is empowered to execute works up to ₹ 30 lakh and works costing above that ceiling should be referred to design wing for obtaining sanction. The Committee understood that the department had taken up the work by violating the Government order. The Executive Director, KRWSA explained that normally retaining walls would be designed per unit length irrespective of the length of the structure. Later, the Engineer's Committee in which the Chief Engineer IDRB was also a member, had recorded that the action taken by Project Chief Engineer was not a wrong procedure as it involved only a work of simple nature namely construction of retaining wall.

18. The Committee enquired about the amount earned from the disposal of wood logs. The Executive Director, KRWSA replied that the wood log was recorded as waste and disposed. The Committee emphatically opined that it would not be a waste log and the same should have been disposed of only after consultation with Forest Department. The Executive Director, KRWSA could not say anything more but agreed to inform the Committee about the valuation of the wood.

Conclusion/Recommendation

19. **In view of the departmental reply, the Committee feels that the overall performance of the department is not satisfactory. The Committee stresses that the wood log met within the boreholes during piling work for bank connection would not be considered as waste. The same should have been disposed of only after consultation with Forest Department. In this connection, the Committee wants to know the total volume of wood log collected, details of its valuation and the nature of disposal thereon.**

AUDIT PARAGRAPH

Loss on arranging works at excessive rates

Award of 27 canal works of Kuriarkutty-Karappara Irrigation Project by the Executive Engineer at higher rates, resulted in loss of ₹ 1.03 crore to the Government.

Based on the original petition filed by beneficiary farmers who surrendered their land for the canal works of the Kuriarkutty-Karappara Irrigation Project (KKIP), the High Court ordered (February 2000) the Chief Engineer, Project-I, Kozhikode to complete the works of Valiavallampathy Canal within six months. Accordingly, the Chief Engineer, Project-I, Kozhikode directed the Superintending Engineer (SE), Siruvani Project Circle, Palakkad and Executive Engineer (EE), KKIP to arrange the works after observing all formalities. In order to comply with the judgment, canal works of 10065 metres (chainage 2010 to 12075 metres) were split into 40 small reaches. Estimates of 27 works were restricted within the financial powers of the EE (₹ 15 lakh) and tendered by him in August 2003 after three and a half years of the High Court order. All the 27 works were awarded (November 2003 to May 2004) at 60 per cent above the estimated rates and were to be completed within six months. Out of the 27 works, 25 works were completed and bills for ₹ 5.43 crore were paid during March 2006 to January 2008.

A scrutiny of 13 similar works of the same canal which were tendered by the SE during the same period, revealed that 12 works were awarded at rates ranging from 7.51 to 33 per cent below the estimate. The remaining work was awarded at a rate which was 23 per cent above the estimate. All the works arranged by the SE were completed during January 2005 to September 2006. The offers obtained for the works arranged by SE was competitive when compared to the works arranged by the EE. Even reckoning the highest rate obtained while arranging of the works by the SE, ie., 23 per cent above the estimated rate, there was a loss of ₹ 1.03 crore to the Government due to splitting of works and awarding of the works at higher rates by the EE.

The EE replied (November 2007) that only two contractors had submitted their rates for each of the 27 works, though 12 to 52 tender forms were sold for each work. The works were to be completed within six months as per the directions (February 2000) of the High Court. However, it was seen in audit that in spite of the High Court's directions, the works had been tendered (August 2003) after a lapse of three and a half years. Hence, no urgency was shown by the department in arranging the works. It was also seen that two out of the

27 works remained incomplete as of October 2009, even after five years of award of the same. The matter was referred to Government in May 2009. Reply had not been received (October 2009).

[Paragraph 2.2.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2009 (Civil).]

(Note furnished by the Government on the above audit paragraph is included as Appendix II.)

20. While going through the audit paragraph, the Committee perceived that as per the OP filed by beneficiary farmers who surrendered their land for the canal works of the Kuriarkutty–Karappara Irrigation Project, the Hon'ble High Court of Kerala, ordered the Chief Engineer, Project-I, Kozhikode to complete the works within six months. Accordingly arrangements were made for carrying out the canal works observing all formalities. The entire length was divided into 40 small reaches. Estimates of 27 works were restricted within the financial powers of Executive Engineer and all the works were awarded at 60 per cent above the estimated rates and were to be completed within six months. Only two contractors had submitted their rates for each of the 27 works though 12 to 52 tender forms were sold for each work. Audit observed that 13 other similar works of the same canal which was tendered by the Superintending Engineer during the same period revealed that 12 works were awarded at a rate ranging from 7.51 to 33 per cent below the estimate. The remaining work was awarded at a rate which was 23 per cent above the estimate. The Committee asked the reason for this variation. The Chief Engineer (Irrigation and Administration) could not offer a precise reply and assured to furnish the details later. The Executive Director, KRWSA clarified that it was due to collusions among contractors. All the licensed contractors would buy tender forms and after discussion, they would entrust the work to one among them on certain understanding. He further informed that as per the prevailing rules, the department could not put an end to that practice. The Chief Engineer (Irrigation and Administration) put forth the difficulties formulated by postal tender system. The Committee suggested the method of 'e-tender' system as a remedial measure by which the corruption would be minimised. The Committee recommended the department to stop the practice of splitting the entire length into small reaches and asked to implement the e-tender system in order to avoid corruption. In this context, the Chief Engineer (Irrigation and Administration) informed that the proposal for 'e-tender' was already submitted and then it was in its second stage with IT Department. Proposal for implementing the 'e-tender' system by IT Department would be submitted to Government shortly. The Committee lauded the attempts of the department and directed to implement the system without any delay.

Conclusion/Recommendation

21. **The Committee perceives that in the canal work of Kuriarkutty-Karappara Irrigation Project, the entire length was split into 40 small reaches and the work awarded by observing all formalities. The Committee observes that there was a countable variation in 13 other works of the same canal tendered by the Superintending Engineer simultaneously. The Committee urges the department to furnish the details regarding the reasons for the difference in rates. In this connection, the Committee recommends that the practice of splitting the entire length into small reaches should be terminated.**

22. **The Committee lauds the department for submitting the proposal to introduce ‘e-tender’ system and recommends to implement the e-tender system urgently to eliminate the corruption that occurred due to the collusion among contractors in the field.**

AUDIT PARAGRAPH

Non-realisation of the cost of private water connections from beneficiaries

Failure of the Kerala Rural Water Supply and Sanitation Agency to realise the full cost of private water connections from beneficiaries as envisaged in the guidelines of the World Bank—aided project resulted in additional liability of ₹ 9.75 crore to the Government/Grama Panchayats.

The State Government sanctioned (August 1999) the implementation of the World Bank—aided Kerala Rural Water Supply and Environmental Sanitation Project in four districts of the State which was later (December 2003) extended to the remaining 10 districts. The project implementation was to be managed by the Kerala Rural Water Supply and Sanitation Agency (KRWSA) and implemented through identified Grama Panchayats (GP) and Beneficiary Groups (BGs)*. One of the components of the scheme was construction of small scale drinking water supply systems up to 70 lpcd†. The project was proposed on two types of water connections viz., private/household water connections and public stand posts. According to the Project Appraisal Document (PAD) and Project Implementation Plan (PIP), the capital cost of the water supply scheme was to be shared by the Government (75 per cent), BG (15 per cent) and GP (10 per cent). Those beneficiaries who opted for private/household water connections were to pay the full cost of private water connections and others were to be supplied

* Beneficiary groups are associations of households likely to be benefited by the water supply scheme and consist of two representatives, one male and another female, from each household. The BGs are autonomous legal entities registered under the Societies Registration Act, 1860.

† Litres per capita per day.

water through public stand posts. As of October 2008, KRWSA commissioned 3699 small scale piped drinking water supply schemes, incurring an expenditure of ₹ 218.42 crore and 146675 households were provided with private water connections. Scrutiny (November 2008) by Audit revealed that KRWSA had incorrectly included the cost of providing individual household/private water connections in their capital cost and recovered the above proportion from the stakeholders (BGs, GPs and the Government). No public stand posts were provided. All beneficiaries had taken private water connection. There was nothing on record to show that approval of Government had been obtained for such a deviation from the project guidelines. The cost of private water connections was estimated at ₹ 1,500 per household in the project document. However, a test check of the water supply schemes implemented by 25 BGs (935 households) in five districts (out of 13) revealed that the cost* of water connections provided to each household ranged from ₹ 523.34 to ₹ 1,150.71. Computed with reference to the average cost per household connection (₹ 781.76), the cost of providing 146675 private household connections amounted to ₹ 11.47 crore. Only 15 per cent of the above cost (₹ 1.72 crore) had been recovered and the balance 85 per cent (₹ 9.75 crore) remained unrealised from the beneficiaries.

Thus, the failure of KRWSA to separately work out the cost of providing private/household water connections as envisaged in the scheme guidelines resulted in non-realisation of ₹ 9.75 crore from the beneficiaries and additional liability to the Government/Grama Panchayats.

Government stated (July 2009) that the terms 'public stand post', 'house connections' and 'private connections' were not defined in the World Bank document and hence their meaning was construed in the generally accepted sense in the backdrop of the vision of the Jalanidhi Project, which provided water at the doorstep. Therefore, the cost of private connection had not been collected. The reply is not in consonance with the guidelines of the scheme which provided for private water connections and public stand posts and provided for recovery of the full cost of private connections from the beneficiaries who opted for it.

[Paragraph 2.5.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2009 (Civil)]

(Note furnished by the Government on the above audit paragraph is included as Appendix II.)

23. The Committee found that as per the World Bank aided Kerala Rural Water Supply and Environmental Sanitation Project, an amount of

* Worked out by Audit based on the inputs used for providing water connections to 935 households in five test-checked districts.

₹ 218.42 crore was utilised for providing private water connection to 146675 households. According to the Project Appraisal Document, the capital cost of the Water Supply Scheme was to be shared by the Government, beneficiary groups and Grama Panchayat in the ratio 75:15:10. Those beneficiaries who opted for private/household water connection were to pay the full cost of private water connection and others were to be supplied water through public stand posts. But audit scrutiny revealed that Kerala Rural Water Supply and Sanitation Agency (KRWSA) had incorrectly included the cost of providing individual household/private water connections in their capital cost and was recovered from beneficiaries, Grama Panchayats and Government, without erecting public stand posts. The loss sustained to the Government by this irregular practice was calculated as ₹ 9.75 crore. The Committee sought reasons for non-realisation of cost of private connection from the beneficiaries as envisaged in the scheme. The Executive Director, KRWSA explained that 'Jalanidhi' scheme launched by the department was inclusive of about 3700 projects aimed for 40-50 families with capital cost of ₹ 6-7 lakh. The loss recorded as ₹ 9.75 crore was derived from the connection of main distribution. Local Self Government Institutions held detailed discussions on the subject and decided to avoid public stand posts. If the public stand posts were provided, 100% operation and maintenance cost would be collected from the community. As the Panchayat refused to allot maintenance cost and the community reluctant to contribute the beneficiary share, the public stand post connections were converted as household connection. Later, the operation and maintenance cost amounting to ₹ 7 crore was borne by the community itself. The State Treasury is having savings of ₹ 140 crore from the project period of 20 years. The official admitted that public stand post were abolished and extension from main distribution system to private/house hold connection was provided, for which maintenance and operation cost was borne by the community. To a query of the Committee about the remittance of connection charge and its maintenance costs, the Executive Director, KRWSA answered that the amount was collected from the household. The Committee asked the department to furnish the maintenance expenditure statement relating to Jalanidhi Project implemented in seven panchayats. Further, the Committee decided to recommend that the maintenance and upkeep of the project should be entrusted to concerned panchayats. Again the Committee noticed that the project remained unused in many places due to the lack of supervision/monitoring and opined that if the entire responsibility were vested with panchayat, they would look after the remaining section of the project. The Panchayat Department should also be willing to take up the venture.

Conclusion/Recommendation

24. The Committee understands that the Jalanidhi Scheme launched by the department was inclusive of about 3700 project through which public stand posts and extension from main distribution system to private/household water connection were provided and the maintenance and operation cost was borne by the community. Due to the difficulty in maintenance, the public stand post system was converted into household connection. The Committee asks to furnish the maintenance expenditure details in respect of Jalanidhi Project implemented in the Panchayats test checked in Audit.

25. The Committee learns that the maintenance and upkeep of the projects are being handled by the beneficiary Committee of the community and in many places the project remained un-operational due to lack of proper supervision/monitoring. The Committee opines that if entire responsibility was vested with Local Self Government Institutions, the maintenance and upkeep of the projects could have been made more effectively. Hence, the Committee strongly recommends that the entire management of the World Bank aided Kerala Rural Water Supply and Environmental Sanitation Project should be entrusted to the concerned Grama Panchayats and the Local Self Government Department should take up the whole venture.

Thiruvananthapuram,
26th June, 2012.

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

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Paragraph No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	7	Water Resources	The Committee understands that the department had ignored the opinion of the Joint Director, Coastal Engineering Field Studies, that any protection work would not be fruitful, and continued with the construction work and an amount of ₹ 1.08 crore was utilised for some emergency works without obtaining sanction from Government. Even though expert study reports supported the opinion of the Joint Director, the department turned a deaf ear, which paved way to a loss of ₹ 1.60 crore to the public exchequer. The Committee finds no justification in preparing design and alignment of work and handing over the site without seeking a detailed investigation by higher authorities. The Committee infers that the agreement might have executed urgently, consequent on the information regarding the arrival of the Joint Director who had visited the site after 4 days and opined that the action of the department should be viewed seriously. In this connection, the Committee wants to know the date on which the information regarding the visit of the Joint Director (CEFS) was received in the office. If the concerned file is not available, the Committee suggests to trace out the date from the despatch register kept in the office of the Joint Director, Coastal Engineering Field Studies.
2	8	”	The Committee learns that the concerned file was handed over to the Vigilance

(1)	(2)	(3)	(4)
			Department without keeping the photocopy. The Committee suspects whether such an action by the department might be part of hidden agenda for the benefit extending the final disposal of the case. The Committee is of the opinion that the department had violated the standing orders which directs Department to keep the photocopy of every documents that had to be handed over to Vigilance Department and views this as a serious lapse.
3	9	Water Resources	The Committee astonished to see that an amount of ₹ 1.08 crore was spent for extra mending work of ruined road and allied works without following normal procedures like tender call value estimation, Administrative Sanction, Technical Sanction etc., the Committee views the irresponsible and inefficient <i>modus operandi</i> of Water Resources Department in the implementation of civil works. Further the Committee vehemently criticises the department for the mismanagement of Government money.
4	10	”	While examining the reasons for executing works costing ₹ 1.08 crore without seeking sanction from Government, the Committee finds that Finance Department is also responsible for not taking timely action against such misdemeanour and directs the Finance Department to be more serious and vigilant in such matters.
5	11	”	The Committee observes that the department had rearranged the anti-erosion work with a new design. The Committee opines that lack of proper investigation and designing by the Investigation, Design

(1)	(2)	(3)	(4)
			and Research Board (IDRB) results in unwanted expenses. The failure in conducting proper investigation caused a loss of ₹ 1.60 crore to the State exchequer. Therefore, the Committee recommends that the investigation and designing undertaken by the Water Resources Department should be entrusted to technically qualified institutions like Lal Bahadur Sastri Centre for Science and Technology or the Government Engineering Colleges in the State.
6	12	Water Resources	The Committee notes that the decision regarding the assessment of utility in the anti-sea erosion work was not finalised and the Secretarys' committee which was authorised to find a solution in the matter could not arrived at a final decision. Hence the Committee deplors such inaction and directs the department to furnish the copy of letters sent to Vigilance Department and reply if any received and further correspondence in this regard with them.
7	14	”	Even though the civil and electrical work for the Thenampara Lift Irrigation Scheme was completed, the failure of the department to rectify the defects occurred during trial run resulted in non-commissioning of the Scheme and the expenditure of ₹ 90.43 lakh spent in this regard became unfruitful. The Committee considered this issue with utmost seriousness and criticized the negligence in carrying out the works to rectify the defects by the department even after a span of eight years. The target of the

(1)	(2)	(3)	(4)
			scheme to irrigate 1087 acres of land was not realised. The Committee expresses its dissatisfaction over the negligence of the department in not completing the electrical repair works which led to a situation to pay an extra amount of ₹ 36.03 lakh by way of electrical charges without consuming any electricity. The Committee deplores the lethargic attitude and poor performance of the responsible departmental officers.
8	16	Water Resources	In view of the department's reply regarding the issue of providing copper sheet at joints, the Committee seriously observes that various officers had different technical opinions on the same subject and instructs the department to be more serious and vigilant in seeking precise opinion in technical matters from the higher officials in the field.
9.	19	”	In view of the departmental reply, the Committee feels that the overall performance of the department is not satisfactory. The Committee stresses that the wood log met within the boreholes during piling work for bank connection would not be considered as waste. The same should have been disposed of only after consultation with Forest Department. In this connection, the Committee wants to know the total volume of wood log collected, details of its valuation and the nature of disposal thereon.
10	21	”	The Committee perceives that in the canal work of Kuriarkutty-Karappara Irrigation Project, the entire length was split into 40 small reaches and the work awarded by

(1)	(2)	(3)	(4)
			observing all formalities. The Committee observes that there was a countable variation in 13 other works of the same canal tendered by the Superintending Engineer simultaneously. The Committee urges the department to furnish the details regarding the reasons for the difference in rates. In this connection, the Committee recommends that the practice of splitting the entire length into small reaches should be terminated.
11	22	Water Resources	The Committee lauds the department for submitting the proposal to introduce 'e-tender' system and recommends to implement the e-tender system urgently to eliminate the corruption that occurred due to the collusion among contractors in the field.
12	24	”	The Committee understands that the Jalanidhi Scheme launched by the department was inclusive of about 3700 project through which public stand posts and extension from main distribution system to private/household water connection were provided and the maintenance and operation cost was borne by the community. Due to the difficulty in maintenance, the public stand post system was converted into household connection. The Committee asks to furnish the maintenance expenditure details in respect of Jalanidhi Project implemented in the Panchayats test checked in Audit.
13	25	Water Resources and Local Self Government	The Committee learns that the maintenance and upkeep of the projects are being handled by the beneficiary Committee of the community and in many places the project remained un-operational due to

(1)	(2)	(3)	(4)
			<p>lack of proper supervision/monitoring. The Committee opines that if entire responsibility was vested with Local Self Government Institutions, the maintenance and upkeep of the projects could have been made more effectively. Hence, the Committee strongly recommends that the entire management of the World Bank aided Kerala Rural Water Supply and Environmental Sanitation Project should be entrusted to the concerned Grama Panchayats and the Local Self Government Department should take up the whole venture.</p>

No. 22450/MI.2/08/WRD.

Water Resources (MI) Department,
Thiruvananthapuram,
Dated: 9-11-2009.

From

The Addl. Chief Secretary to Government.

To

The Chief Engineer (I&A),
Thiruvananthapuram.

Madam,

Sub:—WRD-PAC (2008-2011)—Remedial measures taken on Audit
Paragraphs contained in the Report of C&AG of India for the year
ended 31-3-2008 (Audit Para No. 4.2.7)—Reg.

Ref:— Your Lr. No. F3-24074/08 dated 5-11-2009.

Inviting your attention to the reference cited, I am to request you to take very urgent action for the electrical repairs and resumption of the LI scheme at the earliest, since the delay has attracted the adverse comments in the report of the C&AG for the year ended 31st March, 2008. Therefore this may be given top priority and remedial action initiated forthwith.

Yours faithfully,

(Sd.)

JESUSON E. SARASAM,

Under Secretary,

for Additional Chief Secretary to Government.