

**TWELFTH KERALA LEGISLATIVE ASSEMBLY**

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

**SEVENTY FOURTH REPORT**

(Presented on 17th December, 2008)



SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2008

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**On**

**Paragraphs relating to Public Works Department contained in the  
Reports of the Comptroller and Auditor General of India for the  
years ended 31 March 2002 (Civil), 31 March 2005 (Civil)  
and 31 March 2006 (Civil)**

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## INTRODUCTION

I, the Chairman, Committee on Public Accounts having been authorised by the Committee to present this Report on their behalf, present the Seventy Fourth Report on Paragraphs relating to Public Works Department contained in the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2002 (Civil), 31 March 2005 (Civil) and 31 March 2006 (Civil).

The Reports of the Comptroller and Auditor General of India for the years ended 31 March 2002 (Civil), 31 March 2005 (Civil) and 31 March 2006 (Civil) were laid on the Table of the House on 8 July 2003, 16 February 2006 and 28 December 2006 respectively.

The Committee considered and finalised this Report at the meeting held on 11 December 2008.

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

Thiruvananthapuram,  
17 December 2008.

ARYADAN MUHAMMED,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

### **PUBLIC WORKS DEPARTMENT**

#### **AUDIT PARAGRAPH**

#### **Construction of Legislature Complex at Thiruvananthapuram**

##### *Introduction*

Mention was made in paragraph 4.11 of the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 1993 (Civil) about the time and cost overruns and certain irregularities in the construction of Legislature Complex at Thiruvananthapuram. The Committee on Public Accounts observed (April 1998) that lack of proper planning, delay in finalising drawings and supply of departmental materials, lack of co-ordination among different agencies etc., had contributed to cost escalation, infructuous expenditure and delay in completion of the prestigious work. Government stated (June 2002) in the action taken note that total liability of Rs. 5.97 lakh was fixed against 9 officers found responsible.

The Assembly block of the Legislature Complex was inaugurated in May 1998. The expenditure incurred on the project as of March 2002 was Rs. 74.32 crore. However, the last bill submitted in September 1998 has not been settled as of December 2002. A further review in March 2002 revealed extra/irregular payment in the construction of Assembly block as detailed below :

#### **Construction of Assembly block**

##### *Defective construction of dome leading to leakages in the roof*

The architectural design provided for a dome like roof at the centre of Assembly building. During inspection in June 1995, the Executive Engineer had pointed out several defects in casting the dome slab. Despite waterproofing done (December 1995) at a cost of Rs. 5.36 lakh, leakage in the roof was again noticed in July 1996. Even though leakage was attributable to bad work done by M/s. Kerala State Construction Corporation Limited (KSCC), the contracting agency, it refused to rectify the defects at its own cost and the Department had to spend Rs. 27.69 lakh for rectification works. In September 1998 a 'Kerala Style' roof not envisaged in the original design was provided over the leaking dome at a cost of Rs. 1.77 crore.

#### **Defective fabrication of emblem in the front facade**

Despite a condition in the tender that only persons/firms well experienced and artistically talented in moulding gun-metal would be considered

for the work of fabrication and installation of Government emblem in the front facade of the Assembly building, KSCC which had no previous experience was entrusted with the work in June 1998 at a negotiated cost of Rs. 20 lakh. KSCC preferred a claim of Rs. 30.35 lakh of which the Chief Engineer assessed the expenditure as Rs. 22.14 lakh only. The Chief Architect noticed that the material used in the emblem was substandard and workmanship below par. The defects were not rectified by KSCC. Government stated (December 2000) that necessary deduction would be made in the bills.

#### **Interior decoration and acoustical treatment inside the Assembly Hall**

On invitation of tenders for the above work (estimated cost: Rs. 2.83 crore) in February 1997 from four pre-qualified firms the lowest offer received was for Rs. 4.33 crore from contractor 'A'. As the High Level Committee (HLC) felt that the rates were too high, it awarded (August 1997) the work to KSCC at a cost of Rs. 4.16 crore with specific direction to complete the work by December 1997. KSCC completed the work by May 1998 and demanded higher rates. They submitted a bill for Rs. 7.80 crore in September 1998 which was not settled as of December 2002 due to non-receipt of certificate of admissibility from the consultants who had pointed out (May 1998) several defects like non-adherence to the drawings and specifications, poor quality of work in general, etc.

As per standard norms, the reverberation time in the Assembly Hall was to be kept at 0.5 second. The actual reverberation time felt in the hall was, however, 3 seconds, which was far above the standard norms. Such high echo level might cause technical slackness on operational systems and damage sophisticated equipment\* provided in the hall. Though Government stated (December 2000) that a report regarding the reverberation time as per standard norms had been called for from the consultants, no rectificatory measures had been taken (December 2002) to minimise the reverberation time.

KSCC contended that all works were done and completed under departmental supervision and that it was impossible to carry out the rectification works without re-doing the same. Acceptance of the offer of KSCC received after the rate of the lowest bidder 'A' was known vitiated the entire tender process. Despite such higher rates, substandard work was done and remained unrectified. Government stated (December 2000) that the only possibility was to penalise KSCC and the penalty would be recovered from the final bill. The penalty had not been worked out by the Department as of December 2002.

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\* (i) Integrated conference-cum-electronic voting-cum-simultaneous translator system, (ii) Permanent automatic micro phone, (iii) Digital conference system, etc.

### **Inferior quality of flooring work**

For flooring, 'Shahabad' stones were used instead of 'Kota' stones and thickness of marble slabs used was less than that specified. The quality of the work also was generally below standard. An expert committee constituted by Government inspected the flooring in January 1997 and reported that about 3.5 per cent to 13.08 per cent of the flooring had developed cracks. Assessment of the full extent of defects had not been completed as of December 2002 though the works were completed by May 1998. It was noticed that in spite of this defect, Government directed (August 1998) to pay the actual cost payable for 'Shahabad' stones (Rs. 813.69 per square metre) and marble slabs of lesser thickness (Rs. 939.75 per square metre). The amount paid for the inferior work was Rs. 19.27 lakh. Government stated (December 2000) that only reduced rates for 'Shahabad' stone and marble stone would be admitted while settling final bill of KSCC.

### **Landscaping and related works**

#### *Abandonment of work*

The work on landscaping (estimated cost: Rs. 57.35 lakh) was entrusted to a contractor in August 1997 for a contract amount of Rs. 76.81 lakh to be completed by January 1998. Though the time of completion was extended up to May 1998, only 50 per cent of the work (value: Rs. 43.81 lakh) was done. After receiving payment of Rs. 37.50 lakh, the contractor abandoned the work in November 1998. The work was terminated in April 2000 at the risk and cost of the contractor and awarded to another contractor in April 2001. The risk and cost liability of the original contractor has not been finalised as of December 2002.

#### **Change in specification**

The original work of landscaping included finishing with interlocking pavers in front of the Assembly building. This item was changed to paving 'Eurocon' tiles and the work was entrusted to KSCC. It was noticed that this change had resulted in estimated additional expenditure of Rs. 24.64 lakh. The Department had procured 2641 square metres of 'Eurocon' tiles at a cost of Rs. 10.89 lakh during March-May 1998. However, only 830 square metres of tiles could be used. Cost of the unused tiles was Rs. 7.50 lakh.

#### **Other points of interest**

- (i) On the basis of the certificates issued by the Chief Engineer, Legislature Complex, payment of Rs. 78 lakh was made between



August 1998 and September 1999 for supply of furniture without obtaining performance certificate from the consultants. This was against the agreement provisions. It was observed that only part payment of Rs. 29.99 lakh made in May 1998 was certified by the consultants who had pointed out some defects in execution and refused to issue certificates for subsequent payments. No action had been taken against the officials responsible for making the irregular payments as of December 2002.

- (ii) The 41<sup>st</sup> bill for Rs. 25.06 crore according to which recoveries due from KSCC amounted to Rs. 12.93 crore presented in September 1998 by KSCC, has not been settled as of December 2002 pending execution of supplemental agreement for 185 extra items. Secretary to Government, Public Works Department, being the Ex-Officio Chairman of the Corporation, could not get the supplemental agreements executed by the KSCC and the claim settled despite HLC decision and Government assurance.
- (iii) Though KSCC was established by the Government in 1975 with the objective of curbing the tendency on the part of contractors to quote exorbitant rates, to adopt go slow tactics and to execute inferior quality of work, KSCC acted in contravention of its objectives.

The above points were again pointed out to the Chief Engineer, Legislature Complex Construction and Principal Secretary to Government in July 2002. Further remarks are awaited (December 2002).

***[Paragraph 4.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2002 (Civil)]***

**(Government note on the above audit paragraph is included as Appendix-II of this Report)**

1. The Committee understood from the audit observation that besides the time and overrun in the expenditure, there were some irregularities and extra payment committed in the construction of the Legislature Complex, Thiruvananthapuram. It was seen that the plinth area of the Complex had been increased from 43790 m<sup>2</sup> at a cost of Rs. 5.40 crore in 1980 to 61763 m<sup>2</sup> at a cost of Rs. 14.8 crore. The Committee enquired the reason for such a huge extension in the plinth area. To this, the Chief Engineer, Public Works Department (Buildings) replied that the escalation in the plinth area was due to the introduction of additional facilities in accordance with the decision of the High Level Committee. To another query, the witness submitted to the Committee

that the total cost of the construction of the building was Rs. 78.27 crore and Rs. 50 lakh was still pending for payment. The Kerala State Construction Corporation Ltd., which was entrusted to do the work had not submitted the final bill so far. The Committee noticed that the amount was only the total cost of the civil work but not covered the cost of other works. The Committee urged the witness to furnish the details of the total expenditure including that of civil and other works relating to the construction of the Legislature Complex, without any delay.

2. The Committee enquired about the departmental action taken against the persons who were responsible for the loss to the Government in this regard. The witness said that in the case of Mr. S. Somakumaran, Executive Engineer (Retired), the case had been finalised and reported to the District Collector for initiating Revenue Recovery proceedings against him to recover Rs. 1.55 lakh. The Committee also sought about the latest position of the cases against 9 officers who were responsible for the loss to the extend of Rs. 5.97 lakh. The Committee opined that though all the persons were in service at the time of issuance of notice to them, the Department had not taken any measures against them. The Government stated that in two cases two increments each had been barred with cumulative effect and Revenue Recovery had been ordered against 6 officials to the liability of Rs. 3,58,088. However the Committee was not satisfied with this reply.

3. The Committee suspected that the department wilfully avoided taking disciplinary action and initiating recovery proceedings against the departmental officers who were found guilty by the department itself, when they were in service, and gone for taking recovery proceedings only after they retired from service. The department witness was not even aware of the total amount so far recovered from the officers mentioned in the reply. The Committee strongly directed to produce all the details regarding disciplinary action taken against the departmental officers, the total amount collected, the amount to be collected, the name of the officers who were found guilty by the department etc., within no time.

4. The Committee remarked that since Finance Department would be more responsible on all matters related to revenue of the State, the Committee wanted to know about the steps taken by the Finance Department to recover the money due to the State. The Committee noticed that though Government Order was issued in the year 2001, the Finance Department had not even sent a letter in that respect. Therefore, the Committee directed the Finance Department to furnish the details of the steps taken by the Department in this matter to the Committee within a week.

5. The architectural design provided was for a dome like roof at the centre of the Assembly building. Instead of that, a Kerala style roof which was not provided in the original design was provided over the dome at a cost of Rs. 1.71 crore. When the Committee enquired about the reason for this final change in the roof, the Chief Engineer replied that the Kerala style roof was recommended by the High Level Committee. The Committee noticed that the contractor firm, M/s. KSCC had no right to escape from their duty to rectify the leakage in the roof constructed by them. The department should have taken up the matter with the higher authorities and compensation for damages should have been effected from them. The Committee expressed the view that there was clear supervisory lapse on the part of the departmental officials in the work of Legislature Complex especially in the work of the dome.

6. In the case of fabrication of emblem in the front facade, the tender specifically mentioned that only persons/firms well experienced and artistically talented in moulding gun metal had to be considered for the work of fabrication and installation of Government emblem. But the Committee noticed that substandard materials were used in this work and the opinion of the consultants were not sought for in this connection. The Committee found that the department had not so far taken any steps to defer the claim of Rs. 30.35 lakh preferred by the contract firm when the negotiated cost of the work as per the agreement was only Rs. 20 lakh. The witness had no answer to the queries of the Committee as to whether any deduction was made in the final bill and any deduction effected in the payment made after the year 2000.

7. The Committee noted that the High Level Committee (HLC) awarded the work of interior decoration and acoustical treatment inside the Assembly Hall to KSCC at a cost of Rs. 4.16 crore with a specific direction to complete the work by December 1997. KSCC completed the work only by May 1998 and submitted a bill for Rs. 7.80 crore. Several defects like non adherence to the drawing and specifications, poor quality of work in general were pointed out by the consultants. The reverberation time in the Assembly Hall was to be kept at 0.5 seconds. But the reverberation felt at that time was 3 seconds which might cause technical problems on operational systems and damage to sophisticated equipments provided in the Hall. When asked about the steps taken by the department to rectify the said defects, the department witness had no satisfactory reply.

8. As per the contract, flooring was to be done using Kota stones. But the department had done the work by using 'Shahabad' stones instead of Kota stones. When enquired about the reason for the change in the material used,

the department witness failed to give a satisfactory reply. The Committee felt that the department was trying to put blame on the shoulders of the HLC which was constituted only for the co-ordination and over all monitoring of the work. But the Committee was of the view that even though decisions were taken by the HLC, it was the duty of the department to supervise and implement the work in accordance with the decision of HLC. If the department had taken much care and attention in supervising the work, many defects could have been avoided. The Committee directed the Department to produce the records relating to the revised estimates and the bills paid in respect of flooring work. The Committee also asked to give reason for considering the 'Shahabad' stone as an extra item and making payment for it, though the contract was for Kota stone flooring. The department officials assured the Committee to produce the details regarding the amount so far paid to KSCC, the amount to be recovered from them etc., within two weeks.

9. Landscaping work was given to a contractor in August 1997 for a contract amount of Rs. 76.81 lakh. The work was to be completed by January 1998. But only 50% of the work was done in the stipulated time. After receiving payment of the work done, the contractor abandoned the work in November 1998. The work was terminated in April 2000 at the risk and cost of the contractor and re-arranged the works to another contractor. The risk and cost for re-arrangement of the work could be realised from the original contractor only after the completion of the balance work. The Committee then called the attention of the witness on the prevalence of High Court decision for fixing the risk and cost liability, whereby it was stated that the risk and cost could be fixed only within one year of the finalisation of the work. The witness submitted that the contractor was exonerated from the risk and cost liability based on the decision of the High Level Committee. Hence the Committee decided not to pursue the matter any further. To a question of the Committee, the witness replied that unused tiles were paved in the garden of Legislature Complex and the defective ones were replaced.

10. The Committee observed that the department had purchased furniture worth Rs. 78 lakh and paid Rs. 29.99 lakh without the approval of the consultant. This was against the rules and was violation of the agreement. The Committee enquired the reason for making such irregular payment especially when the consultant had pointed out some defects in the execution and refused to issue certificate for payment. To this, the Chief Engineer replied that inspection of furniture was made only after its installation. He added that the consultant recommended 5% deduction in the amount of payment for furniture. The Chief Engineer was not sure of the authenticity of the suggestion as to whether it was

oral or written. The Committee directed to produce the copy of the suggestion of the consultant. The Chief Engineer assured to produce the copy after verifying the records.

### **Conclusions/Recommendations**

11. **The Committee feels that apart from the delay in completing the work at proper time and cost overruns, huge irregularities and financial misappropriations occurred in the construction of Legislature Complex at Thiruvananthapuram. The departmental officials submitted to the Committee that the total cost of construction of the building was Rs. 78.27 crore as on 31-3-2007 and Rs. 50 lakh was still pending for payment to the contractor firm, M/s. Kerala Construction Corporation Limited. But the Committee observes that the above said amount covers only civil works. Hence the Committee directs the department to furnish the details of the total expenditure including that of civil and other works relating to the construction of Legislature Complex. The Committee also notes that during the course of the work, nine departmental officers who were found guilty of supervisory lapses and thereby loss to government in connection with the construction of Assembly Block were set scot-free by the department when they were in service. The Committee reasonably suspects that the department wilfully abstained from taking disciplinary action and recovery proceedings against the departmental officers when they were in service and waited for taking action till they retired from service. This seems as an action for the sake of 'action' only and allowing the snake to go inside the hole. The Committee wants to know as to why no action was taken against them while they were in service and suggests to take action against the higher officers who had failed in their duty. The Committee further directs to produce all the details regarding disciplinary action taken against the departmental officers, the total amount collected, the amount to be collected, the name of officers who were found guilty by the department etc. within no time.**

12. **The Committee also sees that the Finance Department had not taken any constructive steps in this regard. The Committee desires to know the details of the steps taken by the Finance Department to recover the money from the delinquents and a report in this regard should also be submitted to the Committee.**

13. **The Committee expresses the view that there was clear supervisory lapse on the part of the departmental officials in the work connected with the construction of the dome of Legislature Complex. It is clear even to an ordinary man that leakage in the roof was due to the low standards adopted by the**

contractor firm M/s. Kerala State Construction Corporation Ltd. in that work. The firm was bound to do rectification of the defective works done by them. Instead of claiming liquidated damages from the concern, the department had gone for studying the reason for the leakage in the dome by appointing a consultant firm SEKC and spent more than rupees one crore for stopping the leakage. The Committee wants to know why liquidated damages were not claimed from the firm and if any liquidated damages were claimed later, the details should be submitted to the Committee. If nothing was done in the matter, the reason for the lapse should also be submitted to the Committee.

14. It is noted that even though the offers of the well experienced and artistically talented firms were comparatively high for the fabrication work of emblem in the front facade of the Assembly Building, the tender conditions didn't allow an inexperienced firm to undertake the work. But the work was entrusted to KSCC which was inexperienced in such works and as a result the emblem fabricated by them proved to be a substandard one. The Committee suggests that the officers responsible for this inaction should be asked to explain the reason for this misdeed. It is also understood that the contractor firm has not submitted final bill of the construction of the building and it is clear that they have received more amount than they actually deserved. The details of the deduction made in the final bill of KSCC should be submitted to the Committee.

15. The Committee notes that while awarding the work of interior decoration and acoustical treatment inside the Assembly Hall, there was specific direction to complete the work by December 1997. But the contractor firm KSCC completed the work only by May 1998. The department ought to have claimed liquidated damages from the concern for this delay. The departmental officers who failed in their duty must be asked to explain the reason for this. The actual reverberation time felt in the hall was 3 seconds which was far above the allowable one of 0.5 seconds. This happened clearly due to supervisory lapse. The Committee recommends that departmental action should be taken against the officer who supervised the work. The Committee was informed that Government had decided to penalise KSCC for doing substandard work by effecting deduction in the final bill. Hence the department should furnish the details of such deduction effected if any, in the final bill to the Committee immediately.

16. For flooring work inside the Assembly Block, strict directions were there for using Kota stones, but the contractor firm used 'Shahabad' stones which was of low quality compared to Kota stones. The department officials try to put the responsibility of all errors on the High Level Committee.

The argument of the department that all irregularities happened according to the then existed circumstances, is not at all satisfactory but seems to be very unfair. Notice should have been issued to the contractor for using substandard material and amount deducted for this, along with imposing fine. Instead of this, the department treated it as an extra item and made payment. The Committee reminds that the High Level Committee which comprised of Ministers and Government Secretaries had not recommended for change in the materials to be used. Besides this, the implementation was vested with PWD in which HLC did not interfere. Hence decision of the High Level Committee can't be converted as a defence argument to escape from the department's disability. When the flooring work was inspected by the expert committee, they noticed 3.5% to 13.08% of cracks in the floor work. The officer who supervised this work should be asked to explain the reason for it, and if the reason is not found satisfactory, responsibility should be fixed on him for the substandard work. The reason for the use of marble slabs of lesser thickness should also be reported to the Committee. The Committee directs the department to produce the details regarding the amount paid for flooring work, the details of other departmental works entrusted to KSCC, the amount involved in them, the amount to be recovered from the Corporation etc.

17. Regarding the work relating to landscaping of the Assembly Building the Committee vehemently criticises the action of the department in purchasing tiles for more than four times the required quantity and in the inability of the officials to furnish the reason for this mistake. The Committee understands that there is some kind of ambiguity in the purchase of furniture also. Therefore, it is directed that a copy of the letter of the Consultant approving 5% deduction in the payment for furniture should be submitted to the Committee.

AUDIT PARAGRAPH

**Payment beyond the scope of agreement**

*Post-contractual changes contrary to the provisions in the agreements entailed extra financial burden of Rs. 1.37 crore on the Government*

Conditions of the Notice Inviting Tenders (NIT) for works stipulate that contractors participating in bids should acquaint themselves with the facilities available at site against corresponding provisions in the estimates concerned before quoting their rates and that they are not entitled to any post contractual

provision or revision of rates on that account. Scrutiny of the records of the following two works awarded by the Public Works and the Water Resources Departments revealed non-observance of the conditions of the NIT which led to extra expenditure of Rs. 1.37 crore, of which Rs. 0.75 crore had been paid.

**Construction of Panampuzhakadavu bridge across Kadalundy river in Malappuram District**

The Superintending Engineer, Roads and Bridges, North Circle, Kozhikode awarded (September 2000) the construction of Panampuzhakadavu bridge across Kadalundy river in Malappuram District to a contractor for a contract price of Rs. 3.84 crore (involving a tender rebate of 13.88 per cent). The contractor completed the construction in November 2004. Scrutiny of the accounts of work revealed (May 2003) that the contract contemplated 'cast-in situ' piles for the foundation of bridge (2,370 metre). In order to protect the boreholes made for pile casting and to facilitate proper concreting, provision for an outer casing (680 metre) with circular lining using MS sheets was provided in the contract (Rs. 4,718 per metre). The Executive Engineer, Roads Division, Manjeri proposed (May 2001) execution of additional 984.97 metre (145 per cent increase over the original proposal) on the ground that due to the peculiar nature of soil, sides of the boreholes showed a tendency to crumble demanding extension of the circular lining to more depth, which was sanctioned by the Chief Engineer (May 2001). The extra expenditure due to this change worked out to Rs. 40.02 lakh. Providing casing pipe to the borehole was an added facility for casting piles at site and the contractor offered tender rebate for the work as he was convinced, among other things, that the provision of 680 metre for casing in the estimate was adequate. As such, there was no justification for providing for casing for additional depth entailing extra liability to the Government.

*[ Paragraph 4.2.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2005 (Civil) ]*

**Note received from Government on the above audit paragraph is included as Appendix – II.**

18. The Committee learned from the Audit observations that in the construction work of Panampuzhakadavu bridge across Kadalundy river in Malappuram District an extra expenditure of Rs. 40.02 lakh was incurred due to increase in the area of outer casing from 680 metre as agreed in the original contract to 984.97 metre subsequently on the basis of investigation done by the Executive Engineer. It was also stated that the provision for casing for additional depth was made on the ground of the peculiar nature of the soil which might



cause the sides of the boreholes to crumble. The Committee opined that lack of proper investigation before the preparation of the estimate of the work was the main reason for all lapses. It is also to be noted that there was wide variation from the estimated quantity of the work. Had a proper investigation been done before the commencement of the work, the extra expenditure of Rs. 40.02 lakh due to the change in the casing depth could have been avoided. In many instances earlier, the Committee itself had highlighted the necessity of having proper investigation for major schemes to be implemented in the State by Public Works Department.

19. The Committee strongly felt that the investigation work of all major schemes undertaken by the Public Works Department should be entrusted to institutions like Engineering Colleges, LBS Centre etc. who have sufficient technical know-how in the field of investigation.

### **Conclusions/Recommendations**

20. **The Committee opines that besides so many drawbacks in the implementation of civil works, lack of proper investigation before the preparation of estimate of the works result in unwanted expenses in PWD works. In the case of construction of Panampuzhakadavu bridge also, the failure in conducting proper investigation caused a loss of Rs. 40.02 lakh to the State Exchequer by way of additional work relating to outer casing and circular lining for protecting the boreholes made for pile casting and to facilitate proper concreting. If nature of the site soil was properly investigated earlier, this work could have been included in the original estimate. This shows the inefficient modus operandi of PWD in investigation works.**

21. **Therefore, the Committee recommends that the investigation works of all major projects undertaken by PWD should be entrusted to institutions like Government Engineering Colleges or LBS Centre who have sufficient technical know-how in the field.**

AUDIT PARAGRAPH

#### **Extra liability due to departmental lapse**

*Departmental lapse in making arrangements for handing over sites to contractors within the prescribed time resulted in extra liability of Rs. 99.21 lakh*

The Public Works Department Manual prohibits inviting tenders before making sure that land required for the work would be ready for handing over to the contractor. Disregarding the Manual provisions, Buildings Division, Kollam (August 2005) and Buildings Division, Thalassery (January 2006) arranged works as detailed below, resulting in extra liability of Rs. 99.21 lakh.

<i>Name of item</i>	<i>Buildings Division, Kollam</i>	<i>Buildings Division, Thalassery</i>
Name of work	Mini Civil Station, Punalur	Mini Civil Station, Thalassery
Original estimate	Rs. 1.84 crore	Rs. 1.48 crore
Contract amount	Rs. 1.97 crore	Rs. 1.51 crore
Month of award of contract	December 2003	November 2003
Period of contract	24 months from the date of handing over of site	24 months
Date of handing over site to contractor	21 June 2005	27 May 2005
Extra liability on the award of Arbitration Committee	Rs. 51.79 lakh	Rs. 47.42 lakh

Though the construction was to be done on Government land, there was abnormal delay in vacating the offices on the site and making the land available to the contractors. Due to the delay, the contractors demanded enhancement of rates by 50 per cent over their agreed rates. The matter was referred (April 2005) to the Arbitration Committee of the Public Works Department, which recommended (April 2005) an enhancement of 35 per cent above the estimates. Government accepted (June 2005) this proposal. Both the works, due for completion in May and June 2007, were still in progress.

There was abnormal delay in shifting the offices functioning in the proposed sites and handing them over to the contractors. Though the works were to be completed within 24 months, the sites were handed over to the contractors only after 17 months of signing of the contract. The failure of the Department in making available the sites to the contractors in time led to the abnormal delay in commencement of the works and consequent extra expenditure of Rs. 99.21 lakh.

The matter was referred to Government in April 2006; reply had not been received ( August 2006).

*[Paragraph 4.3.3—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)]*

Note received from Government on the above audit paragraph is included as Appendix—II.

22. It was understood that the Public Works Department Manual prohibits inviting tenders before making available the land required for the work to the contractor. Disregarding the directions in the Manual, Buildings Division, Kollam (August 2005) and Buildings Division, Thalassery (January 2006) arranged certain works resulting in extra liability of Rs. 99.21 lakh to the Government. The Committee noticed that delay occurred in getting the land from the District Collector for building a Mini Civil Station. There might be pressure from peoples' representatives to speed up the construction and thereby the department was forced to place tenders in haste. Such hurry was against codal provisions and hence the Committee recommended to avoid such instances in future. Tenders should be invited only after getting the proposed land in possession. The department witness replied that circulars were issued in this regard. With a warning of not to repeat such instances in future, the Committee decided not to pursue the matter further.

### **Conclusion/Recommendation**

**23. The Committee recommends that in the forthcoming departmental works, tenderes should be invited only after getting sufficient land in possession for projects, as specified in PWD Manual.**

AUDIT PARAGRAPH

#### **Extra liability due to post contractual changes in the scope of works**

*Due to re-assessment of site requirements after award of contracts in respect of two works, Government had to incur additional estimated liability of Rs. 2.75 crore*

Provisions in the Kerala Public Works Department Manual stipulate preparation of estimate for a work on the basis of detailed design and specification, study of site, etc., and reflect on, as faithfully as possible, of the cost of work, as can be foreseen at that time. It should be satisfied that excess, if any, occurring during execution is due to conditions unforeseen at the time of preparing the estimate. Two cases of projection of incorrect estimate for road works that resulted in vitiation of tenders creating additional estimated

financial liability of Rs. 2.75 crore to the Government, were noticed in Audit in October 2003 and December 2005, as detailed below :

- (i) Chief Engineer (CE) sanctioned technically (February 2001) an estimate for formation of a Ring road around Malampuzha Reservoir in Palakkad District for Rs. 3.45 crore. Superintending Engineer (SE), Kozhikode allotted (October 2002) the work for execution at Rs. 2.58 crore, 24.99 per cent below the estimated rate. Ring road of 11.5 kilometre (km) fell in between the Malampuzha Reservoir and forest/private lands. After arranging the work, it was noticed that forest land was not available for road formation. Even if forest land was available, it would involve large quantity of rock blasting. Hence the alignment was shifted to the reservoir side. This involved excess earthwork, cutting and filling and side protection work amounting to Rs. 0.58 crore after allowing rebate on estimated rate. Thus, irrespective of the alignment of the work being changed or not, the cost of the work would increase. CE sanctioned (May 2004) a revised estimate for Rs. 4.65 crore for the work.
- (ii) CE, Roads and Bridges, technically sanctioned (January 2004) an estimate for the construction of a Link Road connecting NH-17 at Anchankallu and Thrissur – Kuttippuram State Highway at Puzhakkal in Thrissur District for Rs. 7.15 crore. This 17.991 km road consists 5.8 km of PWD road, 1.5 km of Panchayat road, 7.891 km of road owned by the Kole Land Development Agency (KLDA) and 2.8 km road belonging to the Irrigation Department. The estimate proposed widening and resurfacing the PWD and Panchayat road portions while work in the remaining portion involved new formation with embankment filling, toe wall\* construction using rubble masonry etc. The construction was entrusted (August 2004) to a contractor for Rs. 6.09 crore, 14.5 per cent below the estimated rate.

While inspecting (October 2004) the site of work, the SE, Roads and Bridges Central Circle, Aluva, re-assessed the requirements for new formation in the Kole land road alignment and proposed replacement of slushy soil and side protection works additionally. The extra financial commitment on account of slush removal (23,000 cubic metre), excess earth filling (63,250 cubic metre), rubble retaining wall (26,650 cubic metre) with concrete top belt (370 cubic metre) worked out to Rs. 2.17 crore (after rebate). In the revised estimate, works for Rs. 53 lakh, originally proposed, were excluded. CE approved the revised estimate and supplementary agreement was executed in December 2005.

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\* Small retaining wall built at the foot of an earth slope

The work due for completion by October 2006 was in progress and payment up to January 2006 amounted to Rs. 2.14 crore. The road portion under the control of Panchayat, the KLDA and the Irrigation Department had not been taken over by the PWD as of March 2006.

In these two cases the estimates were prepared without proper study of the site and the revised estimates in these cases changed entirely from the original estimates in both cost and quantities.

The benefit of tender rebate obtained for these works through competitive offers were thus nullified, and created an additional estimated liability of Rs. 2.75 crore (Rs. 2.17 crore plus Rs. 0.58 crore) on Government.

The matter was referred to Government in July 2006; reply had not been received (August 2006).

*[Paragraph 4.3.4—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)]*

Note received from Government on the above audit paragraph is included as Appendix II.

24. The Committee understood that the Chief Engineer technically sanctioned an estimate for formation of a ring road around Malampuzha Reservoir for Rs. 3.45 crore. The Superintending Engineer, Kozhikode allotted the work for execution at a lower rate of Rs. 2.58 crore. When the work was started, it was noticed that a portion of the Ring road falls in forest land and the land contained large quantity of rock which needed blasting. Hence the department was forced to shift the alignment of the road to the reservoir side. Thus extra work demanded earth work cutting, filling and side protection work for an additional amount of Rs. 0.58 crore. Finally the Chief Engineer sanctioned a revised estimate of Rs. 4.65 crore for the whole works.

25. When asked to depose on the matter, the Chief Engineer informed that since the forest land was not available, and also the dam authorities hesitated to give permission for blasting the rock in the land, the department was forced to shift the alignment to the reservoir side. But the Committee was of the opinion that the first and foremost reason for shifting the alignment was that the land belonged to Forest Department. The Public Works Department officials failed to foresee the difficulty in getting the forest land for the construction of road at the time of preparation of the estimate of the work. The Committee suggested to avoid such lapses in future. The department should look not only to the technical side but to the practical side also in getting the projects fulfilled and completed.

26. In the case of construction of Link Road connecting NH-17 and Thrissur-Kuttipuram State Highway, the initial estimate sanctioned by the Chief Engineer was for Rs. 7.15 crore for widening and resurfacing the Public Works Department's and Panchayat's portion of the road and the remaining portions of the work involved new formation with embankment filling, toe wall construction using rubble masonry only. But when the site of the work was inspected by the Superintending Engineer, Roads and Bridges (Central Circle) Aluva, he proposed replacement of slushy soil in the site and side protection works in addition to the first estimate. In this case the Committee noticed that estimates were prepared without proper study of the site which resulted in delay in the work and escalation of cost.

27. The Committee demanded to take action against the Engineers who prepared the initial estimate without conducting a proper study of the work site.

### **Conclusions/Recommendations**

28. **The Committee understands that as per the PWD Manual, estimate of a work should be prepared on the basis of detailed design and drawings, specifications, study of the work site etc. well in advance. But in the case of construction of ring road around Malampuzha Reservoir, the department authorities failed to foresee that a portion of the ring road falls in forest land, (which) containing large quantity of rock, which could not be blasted due to nearby dam sites and that there were difficulties in getting forest land from the Centre later on, during the execution of work. Thus the department was forced to shift the alignment of the road to the reservoir side. That caused an additional burden of Rs. 0.58 crore and unnecessary delay in completing the work. The Committee recommends that the Chief Engineer responsible for drawing the initial design and preparing the estimate should be asked to explain the reason for causing such a discrepancy.**

29. **In the case of construction of link road connecting NH-17 and Thrissur-Kuttipuram State Highway, the department was forced to deviate from the initial estimate due to the presence of slushy soil in the worksite and its replacements in due course. The Committee suspects that there was purposeful hiding of materials during the preparation of estimate thereby developing a tendency to bargain for enhanced rate during the partial execution of work. Such tendencies are to be curbed at any cost and preparation of estimate and worksite inspection has to be entrusted to some external agency outside the purview of Public Works. The Committee directs to take action against the Engineers who prepared the initial estimate without conducting proper study of the site. The departmental officers are repeating the same**

**fault every time and they are encouraging cost escalation and retendering as a means to corruption. Hence, the Committee strongly recommends to take stringent action against the line of officers involved in the work.**

AUDIT PARAGRAPH

**Extra liability due to revision of rate adopting incorrect data**

*Enhancement of rate of an item of work adopting incorrect data led to extra liability of Rs. 1.54 crore*

The Superintending Engineer (SE), Roads and Bridges (North) Circle, Kozhikode allotted (March 1998) the work of construction of Kadalundikadavu Bridge for an agreed contract amount of Rs. 5.92 crore with a tender premium of 90 per cent. Mention was made in the paragraph 4.4.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil) about avoidable expenditure due to post contractual change in the design of foundation of the bridge. Further scrutiny of the records of the work in Roads Division, Manjeri revealed (May 2004) the following :

One of the items of work in the contract schedule was Vibrated Reinforced Cement Concrete (VRCC) using granite stones of size 20 mm for girders, deck slabs, etc. The estimated quantity of this item was 17,97,000 cubic decimetre (dm<sup>3</sup>) at a rate of Rs. 39.50 per 10 dm<sup>3</sup>. This rate was revised as Rs. 84.50 per 10 dm<sup>3</sup> during execution on the ground that hostile site conditions rendered it necessary to use steel for form work<sup>D\*</sup> instead of wooden poles and planks and steel N girders for scaffolding. Chief Engineer (CE) approved the modified rate (May 2001) and the SE executed supplemental agreement incorporating the enhanced rate in August 2001.

Additional conditions of the contract stipulated use of an absolutely rigid material, preferably of steel, for form work. The contractor quoted his premium taking this aspect into consideration and was fully aware of the fact that he would have to use steel materials, if necessary, for form work, as per the conditions of the contract. Thus there was no rationale behind the decision of the Department to allow rate enhancement for use of steel for form work.

Thus it was evident that the decision of the Department to allow enhancement of rates was beyond the scope of the agreement and not justifiable. Extra liability due to incorrect revision of rate for VRCC for a quantity of 17,97,000 dm<sup>3</sup> worked out to Rs. 1.54 crore of which Rs. 1.21 crore had been incurred as of January 2006.

The matter was referred to Government in June 2006; reply had not been received ( August 2006).

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\* Form is the temporary structure for moulding the concrete during curing period and is dismantled thereafter.

*[Paragraph 4.3.5—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)]*

Note received from Government on the above audit paragraph is included as Appendix II.

30. The Committee noted that the Superintending Engineer, Roads and Bridges (North) Circle, Kozhikode allotted the work of construction of Kadalundikadavu bridge for an agreed amount of Rs. 5.92 crore with a tender premium of 90%. One of the items of work in the contract schedule was Vibrated Reinforced Cement Concrete (VRCC) using granite stones of size 20 mm for girders. The estimated quantity of this item was 17,97,000 cubic decimetre at a rate of Rs. 39.50 per 10 dm<sup>3</sup>. This rate was revised as Rs. 84.50 per dm<sup>3</sup> during execution on the ground that hostile site conditions rendered it necessary to use steel for form work instead of wooden poles and planks and steel girders for scaffolding. The contract conditions stipulated for using absolutely rigid material for form work. The contractor quoted initial estimate after taking this aspect too, into consideration. It was observed that there was no rationale behind the decision of the Department to allow the rate enhancement for use of steel for form work instead of wood as stipulated in the contract.

31. When the Committee raised question on this lapse, the Chief Engineer (Roads) replied that initial estimate was for form work with wood and later it was changed to steel. The Committee directed to produce the details of rates for wooden form and steel form and which rate was originally agreed upon etc. The witness agreed to submit it after verifying the records.

### **Conclusions/Recommendations**

**32. It is noted that in the case of construction of Kadalundikadavu bridge, while revising the tender estimate the contractor quoted exorbitant rate for Vibrated Reinforced Cement Concrete especially for form work and the department allowed it resulting in a loss of Rs. 1.54 crore to the Government. While assigning the contract, the contractor quoted his premium taking into account the hostile conditions which might have arisen during the execution of work. There was no rationale behind the decision of the department to allow rate enhancement for use of steel for form work since there was condition in the agreement to use steel if needed. The Committee reasonably suspects that there was collusion between the contractor and the departmental officers for giving such an enhanced rate which the contractor did not deserve. The Committee suggests that action should be taken against the Chief Engineer, Superintending Engineer and the hierarchy of officers who were responsible for causing this much extra liability to Government.**



33. It is deplorable that though the Committee wanted to have the details such as the rates of wood and steel in the Schedule of Rates, a copy of the estimate which specified wood for executing form work etc., the same have not been furnished to the Committee till date. The Committee views this very seriously and suggest that the required details should be furnished without any delay.

AUDIT PARAGRAPH

#### **Nugatory expenditure on construction of Junghars**

*Execution of a short-term contract for construction of two Junghars without ensuring availability of funds led to delay in payments to the firm and consequent stoppage of work. The partly fabricated Junghars lying in the open suffered damages and deterioration rendering Rs. 61.50 lakh spent so far wasteful*

Government issued administrative sanction (March 1998) for providing two mechanised Junghars<sup>#</sup> to operate in two ferries at Pulinkunnu and Kavalam connecting Alappuzha—Changanacherry road at Pallikootumma to MC Road at Kurichi. Technical sanction for construction of two Junghars at an estimated cost of Rs. 85 lakh was issued by the Chief Engineer (Mechanical) in July 1999. During audit (December 2005), it was noticed that the work was allotted in March 2000 to a firm which quoted the lowest rate (Rs. 87 lakh + five per cent taxes) in response to the tenders. As per the agreement with the firm, payment was to be made in seven stages based on the progress of the work and the Junghars were to be delivered within six months, i.e. by September 2000.

There were delays in making payments to the firm for the work done. The first and second stage payments (Rs. 18.27 lakh each) were delayed by over 10 months and 9 months respectively due to non-availability of funds. In March 2002, the Department paid advance of Rs. 24.96 lakh direct to a supplier of engine, gear boxes, propeller shaft, etc. as requested by the firm for starting the third stage and the total payment upto March 2002 was Rs. 61.50 lakh. The supplier supplied engines and accessories against the advance paid and they were placed inside the vessels under the custody of the firm. Meantime, the firm had been demanding timely payments for the work done and enhancement of rates in view of cost escalation of steel and other inputs. But other than granting periodic extension, the Department took no decision in this matter.

After the last extension upto 31 March 2004, no further extension was granted and there was no progress in the work. The Department assessed (April 2005) the value of work already done by the firm as Rs. 55.29 lakh and the

<sup>#</sup> Ferry services capable of ferrying people and public transports like buses and other motor vehicles.

value of the remaining work, at the current prevailing rates, as Rs. 75.46 lakh. The partly fabricated Junghars were lying in an open private yard taken on rent by the firm. The Executive Engineer reported in October 2005 that the Junghars were kept in highly saline surroundings, corrosion had affected the bottom area and there were major cracks in the structure. The extent of damage was not assessed.

The Departmental officers had violated financial rules of the Government by executing a short-term contract requiring regular payments without ensuring availability of funds. This was the prime reason for the delay in payments to the firm and consequent disruption in the work schedule causing cost escalation and stoppage of the work. Due to absence of any effective action to settle the grievances of the firm, the partly constructed Junghars, exposed to the inclement conditions, suffered extensive corrosion and damage rendering expenditure of Rs. 61.50 lakh spent on it as wasteful. Indecisiveness and lethargy at the top levels of the Department and the Government had already delayed the work by over five years thus denying the intended benefits to the people of the area. Meanwhile the Department was arranging ferry service on contract basis at Pulinkunnu, where one of the Junghars was to be put to service. According to the Executive Engineer, Roads Division, Alappuzha, expenditure on this accounted to Rs. 1.23 crore during 2000-01 to 2005-06.

The case reveals systemic weakness in the decision making process and total lack of accountability for the lapses and waste of public funds.

The matter was referred to Government in May 2006; reply had not been received (August 2006).

*[Audit Paragraph 4.3.6—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)].*

Note received from Government on the above audit paragraph is included as Appendix II.

34. Government issued sanction for providing two Junghars to operate in two ferries at Pulinkunnu and Kavalam. The estimated cost for construction of two Junghars sanctioned was Rs. 85 lakh. As per the agreement, the contracted amount was to be paid by the Department in seven stages and the Junghars were to be delivered within six months. The department failed to make payment promptly. Since payment was delayed, the contractor stopped the work and asked the department to buy the engine directly for the completion of the rest of the work. The Chief Engineer (Mechanical) informed that the contractor insisted on such a demand, since there was delay in payment from the Department. He also informed that, the department could deduct the price of engine from the balance payment due to the contractor.

35. The Committee was doubtful about the purchase of engine directly by the Department for the contractor. The contractor could buy the engine by himself. The Committee directed to make a departmental enquiry regarding the whole work, the reason for the delay in work, whether the fund allotted was properly utilized etc. From the Audit observation it was pointed out that two Junghars were operating ferry service at Kavalam and Pulinkunnu on contract basis. The Committee suspected whether the contractor and the ferry service operating person were one and same or there was any relation between the contractor and the ferry service operating person. The Committee recommended to include this matter also in the purview of departmental enquiry and that the present stage of the work ought to be reported to the Committee.

### **Conclusion/Recommendation**

36. **The Committee is doubtful about the purchase of engine directly by the Department for the contractor. The Committee suggest to conduct a thorough departmental enquiry regarding the whole transaction, the reason for the delay in the work, and the delay in effecting payment to the contractor by the department at the proper time. The Committee again directs to enquire whether the contractor and the ferry service operating person is one and the same, if not, whether there is any relationship existing between the contractor and the latter. The Committee recommends to include this matter also in the departmental enquiry. The present stage of the case should also be reported to the Committee. The financial rules of the Government do not allow to enter into a contract requiring regular payments without ensuring availability of funds. Explanation should be sought from the person responsible for effecting such a contract, the reason for it etc. The rent paid for keeping the Junghars should be recovered.**

AUDIT PARAGRAPH

#### **Unjustified investment on construction of a hospital building**

*Construction of 350-bedded hospital for a Government Ayurveda College without proper assessment led to avoidable expenditure of Rs. 6.46 crore and additional liability of Rs. 2.18 crore*

Government accorded administrative sanction (March 1995) for the construction of a 350-bedded hospital for the Government Ayurveda College, Thrippunithura, at an estimated cost of Rs. 4.52 crore. The College already had 139-bed hospital facility for the clinical practice of students. The Superintending Engineer, Building and Local Works Circle, Thrissur entrusted (September 1997) the construction of the civil part of the hospital building to a contractor for

Rs. 7.39 crore, including tender premium of 42 per cent of estimated cost. In May 2004 Government sanctioned a revised estimate for the work for Rs. 11.63 crore. The work due for completion in September 1999 was delayed due to inadequate funding and labour problems and was subsequently completed in December 2005. Part payment to the tune of Rs. 8.69 crore was made upto October 2005 to the contractor. Pending completion of works on providing electrification, generators, fire-fighting equipment and lifts by Electrical wing of Public Works Department, the building has not been occupied as of May 2006.

Government Ayurveda College, Thrippunithura, has an annual intake capacity of 30 students. According to the standards/norms fixed by the Central Council of Indian Medicine (CCIM) for recognising Ayurvedic Medical Education Institutions, for a college with annual intake capacity of upto 50 students, a 100-bedded hospital functioning in a 20,000 square feet (1,858 m<sup>2</sup>) covered area was the requirement. The new hospital building has a plinth area of 11,358 m<sup>2</sup> which is more than six times the requirement. According to PWD norms, space requirement for a patient in a hospital is 7.5m<sup>2</sup>. Considering the space available in the hospital as 10,222 m<sup>2</sup> (ie. 90 per cent of the plinth area), it can accommodate 1,363 patients and the space, therefore is in excess by 7,597m<sup>2</sup> even for a 350-bedded hospital. The Principal intimated (March 2006) that the Institution had plans to implement medical tourism in the hospital. But on verification it was found that there was no sanctioned project for this. The college now proposes to start new courses/arrange training to utilise the space available in the building.

Considering that a 350-bedded hospital was essential for the college, constructing an 11,358 m<sup>2</sup> building for that purpose lacked justification, as it was far in excess of the requirement and there was no adequate patient turnout at the hospital. Proportionate cost of Rs. 6.46 crore incurred on the extra space thus proved to be avoidable investment besides additional liability of Rs. 2.18 crore on completion.

The matter was referred to Government in June 2006; reply had not been received ( August 2006).

*[Paragraph 4.3.7—Contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil)].*

Note submitted by Government on the above audit paragraph is included as Appendix II.

37. In this case, the Committee noticed that though the Government Ayurveda Hospital at Thripunithura had a total requirement of 1858 sq/m<sup>2</sup> plinth area building, a new building was built at a plinth area of 11358 M<sup>2</sup> which was

six times more than the requirement. This was contradictory to all norms of CCIM regulations. The Committee was surprised to note as to how the Finance Department had given sanction for such a huge amount without having a proper assessment of the proposal. The Director of Ayurveda deposed that the department had then plans to launch health tourism programmes in the additional space available in the hospital. But the Committee was of the opinion that if the Government had any such plans, it should have been proposed by the Tourism Department and not by the Health Department.

38. The Committee directed the Finance Department officials to verify the budget proposals of Health Department and confirm if there was any proposal for Health Tourism in it. The Committee directed to submit the details in this regard within a week's time.

### **Conclusion/Recommendation**

39. **The Committee sees this case as a classic example of inefficiency and lack of foresight in financial management and unscrupulous spending of Government money. The Finance Department acted as a foolish on looker in this matter. The Committee suggests to seek explanation from the hospital authorities who were in charge of the hospital at that time for constructing a building six times larger than the required size. The Committee directs the Finance Secretary to conduct a departmental enquiry regarding the matter, and to enquire whether any fraud has been committed in giving sanction for the work. The finance department is always of the habit of denying sanction for any work for any department. But in this case the Committee is exclaimed to note that the Finance Department had easily given sanction for a huge amount when the state was struggling in severe financial crisis. This extra interest of the Finance Department in this case is to be strictly enquired into. The report of the enquiry done by the Finance Department should be submitted to the Committee.**

Thiruvananthapuram,  
17th December 2008.

ARYADAN MUHAMMED,  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX I

**Summary of Main Conclusions/Recommendations**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department Concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	11	Public Works	<p>The Committees feels that apart from the delay in completing the work at proper time and cost overruns, huge irregularities and financial misappropriations occurred in the construction of Legislature Complex at Thiruvananthapuram. The departmental officials-submitted to the Committee that the total cost of construction of the building was Rs. 78.27 crore as on 31-3-2007 and Rs. 50 lakh was still pending for payment to the contractor firm, M/s. Kerala Construction Corporation Limited. But the Committee observs that the above said amount covers only civil works. Hence the Committee directs the department to furnish the details of the total expenditure including that of civil and other works relating to the construction of Legislature Complex. The Committee also notes that during the course of the work, nine departmental officers who were found guilty of supervisory lapses and thereby loss to government in connection with the construction of Assembly Block were set scot-free by the department when they were in service. The Committee reasonably suspects that the department wilfully abstained from taking disciplinary action and recovery proceedings against the departmental officers when they were in service and waited for taking action till they retired from service. This seems as an action for the sake of 'action' only and allowing the snake to go to inside the hole. The Committee wants to know as to why no action was taken against them while they were in service and suggests to take action against the higher officers</p>

(1)	(2)	(3)	(4)
			<p>who had failed in their duty. The Committee further directs to produce all the details regarding disciplinary action taken against the departmental officers, the total amount collectd, the amount to be collected, the name of officers who were found guilty by the department etc. within no time.</p>
2	12	Public Works & Finance	<p>The Committee also sees that the Finance Department had not taken any constructive steps in this regard. The Committee desires to know the details of the steps taken by the Finance Department to recover the money from the delinquents and a report in this regard should also be submitted to the Committee.</p>
3	13	Public Works	<p>The Committee expresses the view that there was clear supervisory lapse on the part of the departmental officials in the work connected with the construction of the dome of Legislature Complex. It is clear even to an ordinary man that leakage in the roof was due to the low standards adopted by the contractor firm M/s. Kerala State Construction Corporation Ltd. in that work. The firm was bound to do rectification of the defective works done by them. Instead of claiming liquidated damages from the concern, the department had gone for studying the reason for the leakage in the dome by appointing a consultant firm SEKC and spent more than one crore for stopping the leakage. The Committee wants to know why liquidated damages were not claimed from the firm and if any liquidated damages were not claimed later, the details should be submitted to the Committee. If nothing was done in the matter, the reason for the lapse should also be submitted to the Committee.</p>

(1)	(2)	(3)	(4)
4	14	Public Works	<p>It is noted that even though the offers of the well experienced and artistically talented firms were comparatively high for the fabrication work of emblem in the front facade of the Assembly Building, the tender conditions didn't allow an inexperienced firm to undertake the work. But the work was entrusted to KSCC which was inexperienced in such works and as a result the emblem fabricated by them proved to be a substandard one. The Committee suggests that the officers responsible for this inaction should be asked to explain the reason for this misdeed. It is also understood that the contractor firm has not submitted final bill of the construction of the building and it is clear that they have received more amount than they actually deserved. The details of the deduction made in the final bill of KSCC should be submitted to the Committee.</p>
5	15	„	<p>The Committee notes that while awarding the work of interior decoration and acoustical treatment inside the Assembly Hall, there was specific direction to complete the work by December 1997. But the contractor firm KSCC completed the work only by May 1998. The department ought to have claimed liquidated damages from the concern for this delay. The actual reverberation time felt in the hall was 3 seconds which was far above the allowable one of 0.5 seconds. This happened clearly due to supervisory lapse. The Committee recommends that departmental action should be taken against the officer who supervised the work. The Committee was informed that Government had decided to penalise KSCC for doing substandard work by effecting deduction in the final bill. Hence the department should furnish the details of such deduction effected if any, in the final bill to the Committee immediately.</p>



(1)	(2)	(3)	(4)
6	16	Public Works	<p>For flooring work inside the Assembly Block, strict directions were there for using Kota stones, but the contractor firm used 'Shahabad' stones which was of low quality compared to Kota stones. The department officials try to put the responsibility of all errors on the High Level Committee. The argument of the department that all irregularities happened according to the then existed circumstances, is not at all satisfactory but seems to be very unfair. Notice should have been issued to the contractor for using substandard material and amount deducted for this, along with imposing fine. Instead of this, the department treated it as an extra item and made payment. The Committee reminds that the High Level Committee which comprised of Ministers and Government Secretaries had not recommended for change in the materials to be used. Besides this, the implementation was vested with PWD in which HLC did not interfere. Hence decision of the High Level Committee can't be converted as a defence argument to escape from the department's disability. When the flooring work was inspected by the expert committee, they noticed 3.5% to 13.08% of cracks in the floor work. The officer who supervised this work should be asked to explain the reason for it, and if the reason is not found satisfactory, responsibility should be fixed on him for the substandard work. The reason for the use of marble slabs of lesser thickness should also be reported to the Committee. The Committee directs the department to produce the details regarding the amount paid for flooring work, the details of other departmental works entrusted to KSCC, the amount involved in them, the amount to be recovered from the Corporation etc.</p>

(1)	(2)	(3)	(4)
7	17	Public Works	Regarding the work relating to landscaping of the Assembly building the Committee vehemently criticises the action of the department in purchasing tiles for more than four times the required quantity and in the inability of the officials to furnish the reason for this mistake. The Committee understands that there is some kind of ambiguity in the purchase of furniture also. Therefore, it is directed that a copy of the letter of the Consultant approving 5% deduction in the payment for furniture should be submitted to the Committee.
8	20	„	The Committee opines that besides so many drawbacks in the implementation of civil works, lack of proper investigation before the preparation of estimate of the works results in unwanted expenses in PWD works. In the case of construction of Panampuzhakadavu bridge also, the failure in conducting proper investigation caused a loss of Rs. 40.02 lakh to the State Exchequer by way of additional work relating to outer casing and circular lining for protecting the boreholes made for pile casting and to facilitate proper concreting. If nature of the site soil was properly investigated earlier, this work could have been included in the original estimate. This shows the inefficient modus operandi of PWD in investigation works.
9	21	„	Therefore, the Committee recommends that the investigation works of all major projects undertaken by PWD should be entrusted to institutions like Government Engineering Colleges or LBS Centre who have sufficient technical know-how in the field.
10	23	„	The Committee recommends that in the forthcoming departmental works, tenders should be invited only after getting sufficient land in possession for projects as specified in PWD Manual.

(1)	(2)	(3)	(4)
11	28	Public Works	<p>The Committee understands that as per the PWD Manual, estimate of work should be prepared on the basis of detailed design and drawings, specifications, study of the work site etc. well in advance. But in the case of construction of ring road around Malampuzha Reservoir, the department authorities failed to foresee that a portion of the ring road falls in forest land, containing large quantity of rock, which could not be blasted due to nearby dam sites and that there were difficulties in getting forest land from the Centre later on, during the execution of work. Thus the department was forced to shift the alignment of the road to the reservoir side. That caused an additional burden of Rs. 0.58 crore and unnecessary delay in completing the work. The Committee recommends that the Chief Engineer responsible for drawing the initial design and preparing the estimate should be asked to explain the reason for causing such a discrepancy.</p>
12	29	„	<p>In the case of construction of link road connecting NH-17 and Thrissur—Kuttipuram State Highway, the department was forced to deviate from the initial estimate due to the presence of slushy soil in the worksite and its replacements in due course. The Committee suspects that there was purposeful hiding of materials during the preparation of estimate thereby developing a tendency to bargain for enhanced rate during the partial execution of work. Such tendencies are to be curbed at any cost and preparation of estimate and worksite inspection has to be entrusted to some external agency outside the purview of Public Works. The Committee directs to take action against the Engineers who prepared the initial estimate without conducting proper study of the site. The departmental officers are repeating the same fault</p>

(1)	(2)	(3)	(4)
			<p>every time and they are encouraging cost escalation and retendering as a means to corruption. Hence, the Committee strongly recommends to take stringent action against the line of officers involved in the work.</p>
13	32	Public Works	<p>It is noted that in the case of construction of Kadalundikadavu bridge, while revising the tender estimate the contractor quoted exorbitant rate for Vibrated Reinforced Cement Concrete especially for form work and the department allowed it resulting in a loss of Rs. 1.54 corore to the Government. While assigning the contract, the contractor quoted his premium taking into account the hostile conditions which might have arisen during the execution of work. There was no rationale behind the decision of the department to allow rate enhancement for use of steel for form work since there was condition in the agreement to use steel if needed. The Committee reasonably suspects that there was collusion between the contractor and the departmental officers for giving such an enhanced rate which the contractor did not deserve. The Committee suggests that action should be taken against the Chief Engineer, Superintending Engineer and the hierarchy of officers who were responsible for causing this much extra liability to Government.</p>
14	33	„	<p>It is deplorable that though the Committee wanted to have the details such as the rates of wood and steel in the Schedule of Rates, a copy of the estimate which specified wood for executing form work etc., the same have not been furnished to the Committee till date. The Committee views this very seriously and suggest that the required details should be furnished without any delay.</p>

(1)	(2)	(3)	(4)
15	36	Public Works	<p>The Committee is doubtful about the purchase of engine directly by the Department for the contractor. The Committee suggest to conduct a thorough departmental enquiry regarding the whole transaction, the reason for the delay in the work, and the delay in effecting payment to the contractor by the department at the proper time. The Committee again directs to enquire whether the contractor and the ferry service operating person is one and the same, if not, whether there is any relationship existing between the contractor and latter. The Committee recommends to include this matter also in the departmental enquiry. The present stage of the case should also be reported to the Committee. The financial rules of the Government do not allow to enter into a contract requiring regular payments without ensuring availability of funds. Explanation should be sought from person responsible for effecting such a contract, the reason for it etc. The rent paid for keeping the Junghars should be recovered.</p>
16	39	Public Works and Finance	<p>The Committee sees this case as a classic example of inefficiency and lack of foresight in financial management and unscrupulous spending of Government money. The Finance Department acted as a foolish on looker in this matter. The Committee suggests to seek explanation from the hospital authorities who were in charge of the hospital at that time for constructing a building six times larger than the required size. The Committee directs the Finance Secretary to conduct a departmental enquiry regarding the matter, and to enquire whether any fraud has been committed in giving sanction for the work. The Finance Department is always of the habit of denying sanction for any work for any department. But in this case the Committee is exclaimed to note that the Finance</p>

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(1)	(2)	(3)	(4)
			Department had easily given sanction for a huge amount when the state was struggling in severe financial crisis. This extra interest of the Finance Department in the case is to be strictly enquired into. The report of the enquiry done by the Finance Department should be submitted to the Committee.

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## APPENDIX II

## GOVERNMENT OF KERALA

## PUBLIC WORKS DEPARTMENT

**Action Taken Statement showing Remedial Measures taken on Audit Paras  
4.8.1., 4.8.2 and 4.8.3 contained in the C&AG Report for the year ended  
31st March, 2002**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Subjects</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
1	4.8.1	Mention was made in paragraph 4.11 of the Report of Comptroller and Auditor General of India for the year ended 31 March 1993 (Civil) about the time and cost overruns and certain irregularities in the construction of Legislature Complex at Thiruvananthapuram. The Committee on Public Accounts observed (April 1998) that lack of proper planning, delay in finalizing drawings and supply of departmental materials, lack of co-ordination among different agencies etc., had contributed to cost escalation, infructuous expenditure and delay in completion of the prestigious work. Government stated (June 2002) in the action taken note that total liability of Rs. 5.97 lakh was fixed against 9 officers found responsible.	An amount of Rs. 5.40 Crores was sanctioned during 1980 for the work of construction of Kerala Legislature Complex. Estimated plinth area was 48,790 m <sup>2</sup> . This building was intended to be constructed with all modern amenities. Therefore during execution a large number of additional works were included leading to enhancement in plinth area to 61,763 m <sup>2</sup> . Accordingly estimate was revised to Rs. 14.80 Crores and the same was sanctioned in 1985. The required fund for the work from time to time was not provided due to financial constraints of the State. As a result, the cost of construction increased more than 4 times and finally the estimate was revised to Rs. 70 Crores. All payments are made in accordance with the decision of the High Level Committee consisting of Hon'ble Speaker and Minister (Public Works).

(1)	(2)	(3)	(4)
		<p>expenditure incurred on the project as of March 2002 was Rs. 74.32 Crore. However, the last bill submitted in September 1998 has not been settled as of December 2002. A further review in March 2002 revealed extra/irregular payment in the construction of Assembly block as detailed below.</p>	<p>During the execution of work since Nine departmental officers were found guilty of supervisory lapses in connection with the construction of Administrative Block, disciplinary action was taken against them.</p> <p>Name, designation and punishment/penalty imposed on the officers are as follows :</p> <p>Recovery of liability of Rs. 3,58,038 in respect of 6 officers i.e. Shri G. Vijayakumar, Assistant Engineer, Shri A. Unnikrishnan Nair, Draftsman, Shri P. Ramachandran, Draftsman, Shri S. Somasekharan Nair, Draftsman, Shri M. G. Simonkutty, Assistant Engineer and Shri C. Sasidharan Nair, Assistant Executive Engineer have been ordered vide G.O.(Rt.) No. 257/2001/PWD dated 5-3-2001. The Government have also barred two increment each of Shri G. Vijayakumar, Assistant Engineer and Shri C. Sasidharan Nair, Assistant Executive Engineer for two years with cumulative effect and one increment each of other 4 officers was also barred for one year with cumulative effect.</p> <p>The disciplinary action against Shri K. Madhavan Pillai the then Executive Engineer, Legislature Complex Division (retired as Chief Engineer), Thiruvananthapuram</p>



(1)	(2)	(3)	(4)
			<p>was finalized by the Government vide G.O.(Rt.) 811/99/PWD dated 1-9-1999 by ordering recovery of Rs. 59,672 by filing of civil suit. The disciplinary action against Shri K. Somakumaran, Executive Engineer (Rtd.) was finalized vide G.O. (Rt.) 337/99/PWD dated 8-4-1999 by ordering recovery of Rs. 1.55 lakh by filing civil suit, by the Chief Engineer, PWD (Admn). The review petition filed by him was rejected by the Government vide G.O.(Rt.) 1169/2001/PWD dated 12-11-2001. The Chief Engineer, PWD (Admn.) have moved for recovery of loss from Shri Somakumaran as per letter No. Vig. 1/81063/90 dated 30-12-2002 and 9-4-2003 addressed to the District Collector, Thiruvananthapuram.</p>
2	4.8.2	<p><b>Construction of Assembly Block</b></p> <p>(i) <i>Defective construction of dome leading to leakages in the roof</i></p> <p>The architectural design provided for a dome like roof at the center of Assembly Building. During inspection in June 1995, the Executive Engineer had pointed out several defects in casting the dome slab. Despite waterproofing done (December 1995) at a cost of Rs. 5.36 lakh,</p>	<p>A major problem in this connection was the leakage in dome occurred in the Kerala Legislative Assembly Building, M/s. SERC, Chennai was appointed to study the reason for leakage and to suggest the rectification works. As suggested by SERC, rectification works were arranged through M/s. KSCC Ltd. KSCC did this rectification work at a cost of Rs. 1.87 Lakh. SERC has not accused KSCC for this leakage. KSCC has agreed to pay penalty if they are found</p>

(1)	(2)	(3)	(4)
		<p>leakage in the roof was again noticed in July 1996. Even though leakage was attributed to bad work done by M/s. Kerala State Construction Corporation Limited (KSCC), the contracting agency, it refused to rectify the defects at its own cost and the Department had to spend Rs. 27.69 Lakh for rectification works. In September 1998 a 'Kerala Style' roof not envisaged in the original design was provided over the leaking dome at a cost of Rs. 1.77 Crore.</p>	<p>responsible for the leakage. The High Level Committee decided to construct a Kerala style roof over the dome of Kerala Legislature Complex and entrusted the work to M/s. Larson &amp; Tubro Ltd., Chennai. The firm had completed the work and payment made.</p>
		<p>(ii) <i>Defective fabrication of emblem in the front facade</i></p>	<p>The work of preparation of emblem was entrusted to KSCC as per decision of the High Level Committee. The gunpowder used was not conform to standard quality and the casting was not done as per specification. Cost of the emblem as per component materials was Rs. 22.14 lakh including the cost of frame for supporting. The offers of the pre-qualified firms were found on the higher side. Hence offers were invited from K.S.C.C., a Government firm which had executed the structural work of the Assembly Building. The time available for completing the work was very limited. Therefore this work was arranged without waiting for consultant's inspection and direction. Due to the sub-standard material used for</p>
		<p>Despite a condition in the tender that only persons/firms well experienced and artistically talented in moulding gun-metal would be considered for the work of fabrication and installation of Government emblem in the front facade of the Assembly Building, KSCC which had no previous experience was entrusted with the work in June 1998 at a negotiated cost of Rs. 20 lakh. KSCC preferred a claim of Rs. 30.35 lakh of which the Chief Engineer assessed the expenditure as Rs. 22.14 lakh only. The Chief Architect noticed that the material used in the emblem was substandard and workmanship below par.</p>	

(1)	(2)	(3)	(4)
		<p>The defects were not rectified by KSCC. Government stated (December 2000) that necessary deduction would be made in the bills.</p>	<p>fabrication necessary derating was proposed by the C.E. While setting the final bill of the KSCC in the matter, the deduction proposed was effected from the final bill.</p>
		<p>(iii) <i>Interior decoration and acoustical treatment inside the Assembly Hall</i></p>	<p>Alterations and deviations had to be incorporated during actual execution of the work to ensure its proper completion. Government have decided to waive consultant's certification as the acoustical treatment had not been completed. Moreover the Assembly session had started from 1998 onwards and no acoustical problems were reported.</p>
		<p>On invitation of tenders for the above work (estimated cost Rs. 2.83 Crore) in February 1997 from four pre-qualified firms the lowest offer received was for Rs. 4.33 crore from contractor 'A'. As the High Level Committee (HLC) felt that the rates were too high, it awarded (August 1997) the work to KSCC at a cost of Rs. 4.16 Crore with specific direction to complete the work by December 1997. KSCC completed the work by May 1998 and demanded higher rates. They submitted a bill for Rs. 7.80 Crore in September 1998 which was not settled as of December 2002 due to non-receipt of certificate of admissibility from the consultants who had pointed out (May 1998) several defects like non-adherence to the drawings and specification, poor quality of work in general etc.</p>	<p>The redoing of the work as suggested by the consultant was not feasible due to the reason that the Assembly session were conducted in the new Assembly Building from 1998 onwards. Hence the deduction proposed by the consultant shall be effected from the claims of the KSCC on passing of their final bill.</p>
		<p>As per standard norms, the reverberation time in the</p>	

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(1)	(2)	(3)	(4)
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Assembly Hall was to be kept at 0.5 seconds. The actual reverberation time felt in the hall was, however, 3 seconds, which was far above the standard norms. Such high echo level might cause technical slackness on operational systems and damage sophisticated equipment provided in the hall. Though Government stated (December 2000) that a report regarding the reverberation time as per standard norms had been called for from the consultants, no rectificatory measures had been taken (December 2002) to minimize the reverberation time.

KSCC contended that all works were done and completed under departmental supervision and that it was impossible to carry out the rectification works without re-doing the same. Acceptance of the offer of KSCC received after the rate of the lowest bidder 'A' was known vitiated the entire tender process. Despite such higher rates, substandard work was done and remained unrectified. Government stated (December 2000) that the only possibility was to penalize KSCC and the penalty would be recovered from the final bill. The penalty had not been worked out by the Department as of December 2002.

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(1)	(2)	(3)	(4)
		<p>(iv) <i>Inferior quality of flooring work</i></p> <p>For flooring, 'Shahabad' stones were used instead of 'Kota' stones and thickness of marble slabs used was less than that specified. The quality of the work also was generally below standard. As expert committee constituted by Government inspected the flooring in January 1997 and reported that about 3.5% to 13.08% of the flooring had developed cracks. Assessment of the full extent of defects had not been completed as of December 2002 though the works were completed by May 1998. It was noticed that in spite of this defect, Government directed (August 1998) to pay the actual cost payable for 'Shahabad' stones (Rs. 813.69 per square metre) and marble slabs of lesser thickness (Rs. 939.75 per square metre). The amount paid for the inferior work was Rs. 19.27 lakh. Government stated (December 2000) that only reduced rates for 'Shahabad' stone and marble stone would be admitted while settling final bill of KSCC.</p>	<p>Flooring was done using Kota stone and Marble slabs of lesser thickness as per the direction of the Vigilance Department.</p> <p>Interim payment on supply of furniture outside Assembly Hall was effected without certification of consultant for avoiding delay in completion of work due to the urgency in the matter. The final bill in the matter is still pending settlement and the reduction of rates will be effected on settling that final bill.</p>
		<p>(v) <i>Landscaping and related works</i></p> <p>(a) <b>Abandonment of work</b> : The work on Landscaping (estimated cost Rs. 57.35 lakhs) was</p>	<p>(a) Land scaping and related works were terminated at the risk and cost of the original contractor</p>

(1)	(2)	(3)	(4)
		<p>entrusted to a contractor in August 1997 for a contract amount of Rs. 76.81 lakh to be completed by January 1998. Though the time of completion was extended upto May 1998, only 50 per cent of the work (value Rs. 43.81 lakh) was done. After receiving payment of Rs. 37.50 lakh, the contractor abandoned the work in November 1998. The work was terminated in April 2000 at the risk and cost of the contractor and awarded to another contractor in April 2001. The risk and cost liability of the original contractor has not been finalised as of December 2002.</p>	<p>on 17-4-2000. Balance work was rearranged on 2-1-2001 but the works have not been completed till date due to various reasons. The original contractor could complete only 57% of the work as originally agreed within the extended term upto 15-5-1998, solely due to the reason that the entire scope of the work originally envisaged has been changed and subsequent decision taken in the high level meetin. As a result a portion of the work as per the original agreement was exempted from execution and hence the liability of original contractor does not arise in this case. Risk and cost for re-arrangement of the work can be realized from the original contractor only after completion of the balance work.</p>
		<p>(b) <b>Change in specification :</b> The original work of landscaping included finishing with interlocking pavers in front of the Assembly Building. This item was changed to paving 'Eurocon' tiles and the work was entrusted to KSCC. It was noticed that this change had resulted in estimated additional expenditure of Rs. 24.64 lakh. The Department had procured 2641 square metres of 'Eurocon' tiles at a cost of Rs. 10.89 lakh during March-May 1998. However, only 830 square metres of tiles could be used. Cost of the unused tiles was Rs. 7.50 lakh.</p>	<p>(b) The work of supply and laying of interlocking pavers for lead way and Eurocon tiles for the footpath are part of the above mentioned land scaping works. The change in specification made was as per decision of the Technical Committee on 28-6-1997. The work of laying of Eurocon tiles was not entrusted to Kerala State Construction Corporation. Kerala State Construction Corporation had done the work of laying Eurocon tiles only on the ceremonial steps, which is not in</p>

(1)	(2)	(3)	(4)
			<p>any way connected with above work. The requirement of Eurocon tiles was assessed as 4400 m<sup>2</sup> as per original plan and supply was arranged. The party supplied 2641 m<sup>2</sup> materials only. rearranged on 2-1-2001 but the Meanwhile the area proposed for laying the Eurocon tiles had been considerably reduced during course of execution of the allied works. Hence the area proposed for Eurocon tiles was limited to the procured quantity. From this 1980 m<sup>2</sup> had been used till date (including wastage). Balance quantity is in PWD custody.”</p>

### 3 4.8.3 Other points of interest

(i) On the basis of the certificates issued by the Chief Engineer Legislature Complex, payment of Rs. 78 lakh was made between August 1998 and September 1999 for supply of furniture without obtaining performance certificate from the consultants. This was against the agreement provisions. It was observed that only part payment of Rs. 29.99 lakh made in May 1998 was certified by the consultants who had pointed out some defects in execution and refused to issue certificates for subsequent payments. No action had been

Interim payment on supply of furniture outside Assembly Hall was effected without certification of consultant for avoiding delay in completion of work due to the urgency in the mater. However in the final report of the consultant nothing was mentioned about defective supply and payment. The final payment was effected only after receipt of final certification from the consultant after his inspection. Based on the suggestion of the consultant for the work 5% deduction was effected from the final bill of the firm for the supply of furniture in the Assembly Hall.

(1)	(2)	(3)	(4)
		<p>taken against the officials responsible for making the irregular payments as of December 2002.</p>	
		<p>(ii) The 41st bill for Rs. 25.06 crore according to which recoveries due from KSCC amounted to Rs. 12.93 crore presented in September 1998 by KSCC, has not been settled as of December 2002 pending execution of supplemental agreement for 185 extra items. Secretary to Government, Public Works Department, being the Ex-officio Chairman of the Corporation, could not get the supplemental agreements executed by the KSCC and the claim settled despite HLC decision and Government assurance.</p>	<p>Since the KSCC is in receipt of advances for the 4 nos. of works entrusted to them at different periods all the works are to be settled simultaneously so as to adjust the advances released. The final decisions regarding interior decoration and acoustic treatment and state emblem are still pending.</p>
		<p>(iii) Though KSCC was established by the Government in 1975 with the object of curbing the tendency on the part of contractors to quote exorbitant rates to adopt go slow tactics and to execute inferior quality of work, KSCC acted in contravention of its objectives.</p>	<p>KSCC had not tried to deviate from the original objective of constitution and had only acted according to the directions of the Government.</p>



**Action Taken Report on para 4.2.2 of Report of Comptroller and Auditor  
General (Civil) for the year ended 31-3-2005 (Civil)**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Subject</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
1	4.2.2	<p><b>Construction of Panampuzha-kadavu bridge across Kadalundy river in Malappuram district</b></p> <p>The Superintending Engineer, Roads and Bridges, North Circle, Kozhikode awarded (September 2000) the construction of Panampuzha-kadavu bridge across Kadalundy river in Malappuram district to a contractor for a contract price of Rs. 3.84 crore (involving a tender rebate of 13.83 per cent). The contractor completed the construction in November 2004. Scrutiny of the accounts of work revealed (May 2003) that the contract contemplated 'cast-in-situ' piles for the foundation of bridge (2.370 metre). In order to protect the boreholes made for pile casting and to facilitate proper concern, provision for an outer casing (680 metre) with circular lining using MS sheet was provided in the contract (Rs. 4,718 metre). The EE, Roads Division, Manjeri proposed</p>	<p>Due to the peculiar nature of the soil, the sides of the borehole showed the tendency to crumble. There was no other way to continue the work except extension of the circular lining to more depth to keep the boreholes in tact. Soil sliders were made after conducting boring the soil strata. Usually one bore test is made for each foundation. There are 10 Nos. of piles each for every abutments and 8 Nos. of piles for each piers. The bore test may not cover the exact soil conditions of each pile bores, fully. It is only a sample representation. Hence the condition of the soil below ground level may vary to some extent in each pile bore, from that of test bore. It is not possible to predict the soil conditions below ground level in vary exact manner other than the point of test bore. The peculiarity of soil was identified by the Executive Engineer on the basis of fresh soil studies only. During</p>

(1)	(2)	(3)	(4)
		<p>(May 2001) execution of boring for each and every piles, the additional 984.97 metre (145 per cent increase over the original proposal) on the ground that due to the peculiar nature of soil, sides of the boreholes showed a tendency to crumble demanding extension of the circular lining to more depth, which was sanctioned by the CE (May 2001). Providing casing pipe to the borehole was an added facility for casting piles at site and the contractor offered tender rebate for the work as he was convinced, among other things that the provision of 680 metre for casing in the estimate was adequate. As such, there was no justification for providing for casing for additional depth entailing extra liability to the Government.</p>	<p>nature of the soil could be identified studied exactly at each particular locations. Hence the expenditure on providing circular lining of extra length was not wasteful and not constituted unauthorized benevolence extended to the Contractor.</p>

**PAC 2006-08-Remedial Measures Taken Statement on Para 4.3.4 (ii) of the  
Audit Report (Civil) for 3/2006**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Subject</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
1	4.3.4(ii)	<p>CE, Roads and Bridges, technically sanctioned (January 2004) an estimate for the construction of a Link Road connecting NH-17 at Anchankallu and Thrissur—Kuttippuram State Highway at Puzhakkal in Thrissur District for Rs. 7.15 crore. This 17.991 km road consists 5.8 m of PWD road, 1.5 km of Panchayat road, 7.891 km of road owned by the Kole Land Development agency (KLDA) and 2.8 km road belonging to the Irrigation Department. The estimate proposed widening and resurfacing the PWD and Panchayat road portions while work in the remaining portion involved new formation with embankment filling, toe wall construction using rubble masonry etc. The construction was entrusted (August 2004) to a contractor for Rs. 6.09 crore, 14.5 per cent below the estimated rate.</p> <p>While inspecting (October 2004) the site of work the SE, Roads and Bridges, Central</p>	<p>The work of construction of Thrissur link road connecting NH-17 at Anchankallu Road to Thrissur—Kuttippuram State Highway at Puzhakkal was arranged with an agreed PAC of Rs. 6.094 Crores @ 14.5% below estimate rate. The work commenced on 19-10-2004, with a period of completion of 24 months.</p> <p>Out of length of 18.3 kms., about 11 km length of road is totally new formation along the Kole land where the earth is very unstable. Formation of road here is a difficult task. The existing conveyance systems are earthen canal bunds intended only for pedestrain traffic and occasionally for jeeps. The proposed road is formed as per MDR standards and intended for heavy vehicular traffic connecting NH-17 at Anchankallu and SH at Puzhakkal. The existing canal bunds were once 3-6 metres wide, but the present width is only 1-2 metres and most of them are in a sunken stage.</p> <p>The land width required for MDR is 15 metres and KLDA has</p>

(1)	(2)	(3)	(4)
		<p>Circle, Aluva, re-assessed the requirements for new formation in the Kole land road alignment and proposed replacement of slushy soil and side protection works additionally. The extra financial commitment on account of slush removal (23,000 cubic metre), excess earth filling (63,250 cubic metre), rubble retaining wall (26,650 cubic metre) with concrete top belt (370 cubic metre) worked out to Rs. 2.17 crore (after rebate). In the revised estimate, works for Rs. 53 lakhs, originally proposed, were excluded. CE approved the revised estimate and supplementary agreement was executed in December 2005. The work due for completion by October 2006 was in progress and payment upto January 2006 amounted to Rs. 2.14 crore. The road portion under the control of Panchayat, the KLDA and the Irrigation Department had not been taken over by the PWD as of March 2006.</p> <p>In these two cases the estimates were prepared without proper study of the site and the revised estimates in these cases changed entirely from the original estimates in both cost and quantities.</p>	<p>issued NOC for 13 metres width. By using only 8 metres width the balance 5 metres land will be of no use and is liable to be encroached by adjacent land owners. Moreover increasing the width at a later stage would be more expensive.</p> <p>Initial levels were taken and earth work filling was started by the contractor. During execution it was noticed that the filled earth was sinking deep into the sub soil 40-50 metres as the sub soil is very loose. This was brought to the notice of the Superintending Engineer during his inspection to the site. Hence it was decided to remove the slushy soil and construct retaining wall for the full height. Comparison of a canal bund road intended for pedestrian traffic with a MDR intended for heavy vehicular traffic does not hold good. In fact the increase in quantity and extra items involved are not at all avoidable but inevitable for satisfactory completion of work.</p> <p>A revised estimate for Rs. 8.93 crore incorporating 12 extra items was prepared and approved by CE (R&amp;B). The Contractor carried out about 50% of the work within the stipulated time for completion. Up to May, 2006, the work showed good progress but afterwards slowed down. At present the work is at a stand still. Total up-to-date</p>

(1)	(2)	(3)	(4)
1	4.3.4(ii)	<p>The benefit of tender rebate obtained for these works through competitive offers were thus nullified, and created an additional estimated liability of Rs. 2.75 crore (Rs. 2.17 crore plus Rs. 0.58 crore) on Government.</p>	<p>expenditure in respect of the work amounts to Rs. 3.09 crore. The formation from Kannothe to Pullar for 8.2 kms is almost completed. From Pullar to Puzhakkal, land is to be obtained from Irrigation Department for which they have to evacuate the dwellers from the bund side. The Panchayat road having 1.5 kms length recently obtained from Panchayath is handed over to the contractor. The extra financial commitment due to excess quantity and extra items were unavoidable in the present circumstances.</p> <p>The Executive Engineer has been instructed that in future, thorough investigation should be carried out before preparation of estimate in order to avoid additional financial commitments in respect of works already arranged.</p>

**Action Taken Statement showing Remedial Measures Taken on Audit Paras  
4.3.7 contained in the C & AG Report for the year ended 31st March, 2006**

<i>Sl. No.</i>	<i>Para No.</i>	<i>Subject</i>	<i>Action Taken</i>
(1)	(2)	(3)	(4)
1	4.3.7	<p><b>Unjustified investment on construction of a hospital building</b></p> <p>Government accorded administrative sanction (March 1995) for the construction of a 350 bedded hospital for the Government Ayurveda College, Thripunithura, at an estimated cost of Rs. 4.52 crore. The College already had 139 bed hospital facility for the clinical practice of students. The Superintending Engineer, Buildings and Local Works Circle, Thrissur entrusted (September 1997) the construction of the civil part of the hospital building to a Contractor for Rs. 7.39 crore, including tender premium of 42 per cent of estimated cost. In May 2004 Government sanctioned a revised estimate for the work for Rs. 11.63 crore. The work due for completion in September 1999 was delayed due to inadequate funding and labour problems and was subsequently completed in December 2005. Part payment of the tune of Rs. 8.69 crore was made up to October to the</p>	<p>In para 4.3.7 of the C &amp; AG Report for the year ending 31-3-2006 it is observed that based on the annual intake capacity of students for the Batchelor of Ayurvedic Medicine degree the space requirement of the new hospital building provided is too excessive and lacked justification especially when there was no adequate patient turn out in the hospital. On enquiry made by the Chief Engineer, PWD (B &amp; LW) with the Principal, Government Ayurveda College, Thripunithura, it is reported that according to the students-bed ratio insisted by the Central Council of Indian Medicinal norms, there should be a 450 bedded hospital attached to this College. At the time of their first inspection, the bed strength of the College Hospital was only 100 for obtaining Central Council of Indian Medicine's (CCIM) recognition for the BAMS (Batchelor of Ayurvedic Medicines) course conducted by this College, construction of an additional hospital having 350 beds was one of the important requirements pointed out by CCIM (Central Council of Indian Medicine). Hence as far as this</p>

(1)	(2)	(3)	(4)
		<p>Contractor. Pending completion of works on providing electrification, generators, fire fighting equipment and its lifts by Electrical Wing of Public Works Department, the building has not been occupied as of May 2006.</p> <p>Government Ayurveda College, Thripunithura has an annual intake capacity of 30 students. According to the standards/norms fixed by the Central Council of Indian Medicine (CCIM) for recognizing Ayurvedic Medical Education Institutions, for a College with annual intake capacity of upto 50 students, a 100 bedded hospital functioning in a 20,000 square feet (1,858 square metre-m<sup>2</sup>) covered area was the requirement. The new hospital building has a plinth area of 11,358 m<sup>2</sup> which is more than six times the requirement. According to PWD norms, space requirement for a patient in a hospital is 7.5 m<sup>2</sup>. Considering the space available in the hospital as 10,222 m<sup>2</sup> (i.e. 90 per cent of the plinth area) it can accommodate 1,363 patients and the space, therefore is in excess by 7,597 m<sup>2</sup> even for a 350 bedded hospital. The Principal intimated (March 2006) that the Institution</p>	<p>College is concerned construction of a 350 bedded hospital was indispensable.</p> <p>Now the intake capacity of students for BAMS (Batchelor of Ayurvedic Medicines) degree has been enhanced from 30 to 50 para medical courses of Nursing, Pharmacist and Masseur are being conducted in this College. The Government have also accorded sanction recently to start a new 3 year degree course called BAPT (Batchelor of Ayurveda Panchakarma Treatment). The seats for para medical courses in pharmacy, Nursing and Masseur are increased to 55,40 and 40 instead of 25,10 and 10.</p> <p>The P.G. course in Salyathantra with 5 seats was started in this College last year and second batch has joined this year. The PG courses in the following branches have also been sanctioned by the MG University and the Government of Kerala.</p> <ol style="list-style-type: none"> <li>1. Swasthavritham</li> <li>2. Panchakarma</li> <li>3. Rasasasthra</li> <li>4. Rachanasareera</li> <li>5. Salakyathantra</li> <li>6. Dravyavignanam</li> </ol> <p>Among these 6 new P.G. courses the recognition fees for the 4 P.G. Courses under Serial Nos. 2, 3, 5 and 6 have already been remitted to the Central Council of Indaian</p>

(1)	(2)	(3)	(4)
		<p>had plans to implement medical tourism in the hospital. But on verification it was found that there was no sanctioned project for this. The College now proposes to start new courses/ arrange training to utilise the space available in the building.</p> <p>Considering that a 350 bedded hospital was essential for the College constructing an 11,358 m<sup>2</sup> building for that purpose lacked justification as it was far in excess of the requirement and there was no adequate patient turnout at the hospital. Proportionate cost of Rs. 6.46 crore incurred on the extra space thus proved to be avoidable investment besides additional liability of Rs. 2.18 crore on completion.</p>	<p>Medicine (CCIM), Governemnt of India, New Delhi.</p> <p>After the formal inauguration of the new 350 bed ward on 17-12-2005 by the President of India and after carrying out some electrical and civil works, from 10/2006 onwards the bed strength of the hospital was increased to 489 and 4 floors of the newly constructed 5 storied building have since been occupied. Using the infrastructural facilities of the new hospital building, the departments are now well equipped eg. the Roganithanam Department.</p> <p>Before the shifting of the hospital to the new building average OP strength was 100 to 150 per day. This has now increased to 800. IP strength was below 80 and this has increased to 280. The remaining 1<sup>st</sup> floor of the new building will also be utilized within a few months thereby bringing up the bed occupancy rate considerably. Some specially units have been formed as follows ie, oncology, infertility, digestive diseases diabetes, obesity myopia, cataract etc.</p> <p>Under the circumstances it is submitted that the size and area of the building already constructed is justifiable and necessary for rendering service to the general public and the nation. In view of the potential for health tourism probably within three years, the College will be compelled to request for more infrastructural facilities.</p>