

**Inspection Report on the Accounts of the Managing Director
Rajasthan State Road Development and Construction Corporation
Ltd., (Head Office), Jaipur for the period 1st April 2006 to 31st March
2007**

Part –I “A”

Introductory: -

(i) Organizational Setup

The erstwhile Rajasthan State Bridge & Construction Corporation Ltd. was renamed as Rajasthan State Road Development and Construction Corporation Limited (RSRDC) on 18.01.2001. The main objective/ function of Corporation is to construct Bridges, Buildings, Road and other Structures. RSRDC takes these works on cost plus fixed centage charges basis, by participating in open tenders and on BOT basis.

The Management of Company is vested in the Board of Directors As on 31.03.2007 there were 12 Directors in the Board. The Managing Director is Chief Executive of the company, who is assisted by a General Manager, Chief Project Manager and Chief Accounts Officer.

During the period covered under audit key posts were held by officer as indicated below: -

- (1) **Managing Director: -**
Shri N.K. Sharma 01.04.2006 to 31.03.2007.
- (2) **Chief Accounts Officer: -**
Shri M.K. Jain 01.04.2006 to 31.03.2007& continue
- (3) **Store Keeper: -**
 - (1) Shri C.S. Sharma (St. Store) 01.04.2006 to date.
 - (2) Shri P.P. Panwar (Pr. Cell) 01.04.2006 to date.
- (4) **Cashier: -**
Shri D.K. Jain 01.04.2006 to 31.03.2007& continue

(ii) **Working Result**

Income	2004-05	2005-06	2006-07
Operating Receipt	1667.03	2367.40	2549.73
Non Operating Receipt	779.72	158.78	97.43
Total	2446.75	2526.18	2647.16

Expenditure	2004-05	2005-06	2006-07
Pay & Provisions for Employees	657.10	733.33	780.82
Other Administration Expenditure	323.00	326.01	300.70
Interest Payment	729.35	218.93	229.70
Depreciation	577.00	1136.87	1280.80
Total	2286.45	2415.14	2592.02

Profit	2004-05	2005-06	2006-07
Profit Before Tax	160.30	111.04	55.14
Tax Provision	(+) 2.21	(-) 2.65	(+) 40.08
Profit After Tax	162.51	108.39	95.22
Add/Deduct Prior Period Adjustment	(-) 18.95	(-) 5.97	(-) 8.77
Profit/Loss after Prior Period Adjustment	143.56	102.42	86.45

From the above it could be seen that the profit of Company had decreased in 2006-07.

(iii) **I.T. Application**

I.T. Application is under progress.

(iv) **Audit**

The audit of the M.D., RSRDCC (H.O.), Jaipur for the period of 2006-07 was conducted by Shri Abdul Hakim Section Officer during 28.01.2008 to 01.03.2008 and supervised by Shri Mahendra Tambi, Sr. Audit Officer (Commercial) from 02.02.2008 to 01.03.2008.

Part – I – (“B”)

(Position of old outstanding paras)

(A) INSPECTION REPORT YEAR 1999-01

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-B-2	Loss of Rs. 88.73 lakh due to delay in construction and toll collection much below from the expectations. (Gangapur Bye Pass)	As per reply para may be drop.

INSPECTION REPORT YEAR 2002-03

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-B-1	Loss of Rs. 18.21 lakh on construction of Rajeev Gandhi Shiksha Sankul at Jaipur.	Clarification on the audit point needs to be furnished.
2.	Part II-B-4	Non-collection of revenue loss.	Disposal of the said items
3.	Part II-B-8	Non-disposal of the obsolete/scrap items valuing Rs. 0.57 lakh.	Disposal/use of the said items.
4.	Part II-B-10	Non-moving store valuing Rs. 3.26 lakh.	As per reply para may be drop.

INSPECTION REPORT YEAR 2003-04

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-A-2	Unauthorized collection of Toll Rs. 5.42 crore.	Clarification on the audit point
2.	Part II-A-6	Collection of toll fee without legal sanction	Clarification on the audit point awaited.
3.	Part-II A-8	Avoidable dispute in provident fund matter	Compliance awaited.
4.	Part-II A-11	Injudicious award of work at Higher rates extra expenditure Rs.84.68 lakh.	Explanation on the audit point as awaited.
5.	Part-II-A-14	Loss of interest Rs.20.99 lakh due to blockage of heavy funds as SD with clients.	- do -
6.	Part-II-A-16	Undue delay in termination of pre-feasibility studies contract with M/s PDCOR avoidable expenditure Rs. 28.06 lakh.	- do -
7.	Part-II-A-24	Failure in protecting interest of the corporation.	Para deleted.
8.	Part-II-A-25	Uncalled for Arbitration.	Clarification on the audit point is awaited.
9.	Part-II-A-26	Implementation of Irregular Pension Scheme.	- do -
10.	Part-II-A-27-B	Internal Audit/Internal Control	- do -
11.	Part-II-B-2	Irregular up-gradation of the post of company Secretary in RSBCC Ltd.	- do -
12.	Part-II-B-3	Incurring expenditure on advertisements not related to corporation.	Explanation awaited
13.	Part-II-B-4	Construction of Dental College at Jaipur over payment on account of consulting work. Rs.2,39,205/- and Rs.50,000/-	- do -
14.	Part-II-B-6	Irregularities in maintaining employee provident fund.	Corrective action to revenue the irregularity.
15.	Part-II-B-7	Anomalies in fixation of pension/family pension.	Removal of the anomalies.
16.	Part-II-B-10	Non-production of records/informations.	Production of the said record

INSPECTION REPORT YEAR 2004-05

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1	Part-II-A-1	Avoidable expenditure of Rs. 89.26 lakh due to abnormal delay in prepayment of high cost HUDCO loan.	Explanation awaited.
2	Part-II-A-2	Avoidable extra payment of Sales Tax due to non-opting for automatic exemption for Rs.12.77 lakh.	Explanation awaited.
3	Part-II-A-3	Loss due to extension toll collection period by three months Rs.48.86 lakh.	Explanation awaited.
4	Part-II-B-1	Loss due to non-recovery of T.C.S. on toll collection Rs.10.88 lakhs.	Explanation awaited.
5	Part-II-B-2	Avoidable expenditure of Rs.145.89 lakh due to acceptance of counter offer without market rate analysis.	Explanation awaited.
6	Part-II-B-5	Split up of construction work to avoid sanction/ approval of Board of Directors causing irregular expenditure.	Explanation awaited.
7	Part-II-B-6	Raising of funds by issue of Bonds without requirement – Loss due to non reimbursement of interest & expenditure by the Govt.	Explanation awaited.

8	Part-II-B-8	Avoidable payment of interest, penal Interest etc. due to wrong calculation of pre payment amount & delay in payment of installments Rs.6.98 lakh.	Explanation awaited.
9	Part-II-B-9	Loss due to refusal to taking supply of balance ordered quarterly of cement from M/S. Om Cement – Rs. 2.05 lakh.	Explanation awaited.
10	Part-II-B-12	Loss due to non- availing benefit of rebate for timely payment of House Tax Rs. 3.12 lakh.	Reasons for the loss are to be furnished alongwith clarification.
11	Part-II-B-15	Irregular payment of Medical Bill of Shri Ram Avatar Sharma, PS, for Rs.50,519.00	Clarification awaited.

INSPECTION REPORT YEAR 2005-06

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-A-1	Avoidable delay in starting collection of toll Loss of Rs. 46.73 lakh.	
2.	Part II-A-2	Architectural Consultancy Services at Extra Ordinary High Rates – Loss of Rs.28.24 lakh.	
3.	Part II-A-3	Avoidable extra expenditure of Rs.16.54 lakh due to procurement of cement at higher rate.	
4.	Part II-A-4	Delay in finalisation of toll collection contract- Loss of Rs. 83.58 lakh.	
5.	Part II-B-1	Irregular purchase of cement violating the prescribed procedure – Rs. 517.45 lakh.	
6.	Part II-B-2	Under realization of toll revenue Rs. 11.55 lakh.	
7.	Part II-B-3	Heavy outstanding against client Rs.2951.45 lakh.	
8.	Part II-B-4	Irregular amendment in toll policy.	
9.	Part II-B-5	Non-recovery of penalty for non supply of material – Rs. 3.34 lakh.	
10.	Part II-B-6	Delay in-finalisation of new work order extra expenditure of Rs. 3.63 lakh.	
11.	Part II-B-7	Avoidable loss of Rs.5.96 lakh due to improper handling of court case.	
12.	Part II-B-8	Levy of additional demand of Rs. 100.51 lakh due to non-submission of documents and non-adjustment of Rs. 53.58 lakh of cash deposit and TDS by Sales Tax authorities.	

INSPECTION REPORT YEAR 2005-06

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-B-2	Under realization of toll revenue Rs. 11.55 lakh.	Clarification awaited
2.	Part II-B-3	Heavy outstanding against client Rs.2951.45 lakh.	Recovery of outstanding amount.
3.	Part II-B-4	Irregular amendment in toll policy.	Clarification waited
4.	Part II-B-5	Non-recovery of penalty for non supply of material – Rs. 3.34 lakh.	Recovery awaited
5.	Part II-B-7	Avoidable loss of Rs.5.96 lakh due to improper handling of court case.	Explanation awaited
6.	Part II-B-8	Levy of additional demand of Rs. 100.51 lakh due to non-submission of documents and non-adjustment of Rs. 53.58 lakh of cash deposit and TDS by Sales Tax authorities.	Explanation awaited
7.	Part II-A-1,2,3	Part II-A-1,2,3	Proposed for inclusion in AR 2006-07 action will be taken after publication of AR 2006-07 stand.
8.	Part II-A-4	Delay in finalisation of toll collection contract loss of Rs. 83.58 lakh	Included in correct IR at Para No.1 II-A para may be deleted
9.	Part-II-B-1,6		Para deleted

Compliance of above paras be expedited /please.

Part – I – (“C”)

----- NIL -----

Period of I/R	Paras Outstanding		Para Settled		Paras Still Outstanding	
1999-2001	2 of Pt. II- B	1				
2002-03	1,4, 8, 10 Pt. II- B	4				
2003-04	2,6,8,11,14,16,24,25,26,27 of Pt. II-A	10				
	2,3,4,6,7,10 of Pt. II-B	6				
2004-05	1,2,3 of Pt. II-A	3				
	1,2,5,6,8,9,12,15 of Pt. II-B	8				
2005-06	1,2,3,4 of Pt. II-A	4				
	1 to 8 of Pt. II-B	8				
TOTAL		44				

Compliance of above paras be expedited /please.

Part – I – (“C”)

----- NIL -----

Part-II -(A)

1. Delay in finalisation of toll collection contracts Loss of Rs. 89.58 lakh.

Rajasthan State Road Development & Construction Corporation Ltd. (Company) executed the work of strengthening & widening of Challa-Neemkathana - Kotputli Road on Build Operate & Transfer (BOT) basis with the right to collect toll tax (user fee) during concession period after completion of work. There is no manpower in the company to collect the toll and hence the collection of toll is made through contractors and in the absence of any such contract it is done departmentally through Ex-servicemen associations. The Company completed the work in March 2005 and the first contract for collection of toll was executed for 29.04.2005 to 29.10.2005 (six months) at a price of Rs. 207.71 lakh. Although the action for the subsequent period was initiated in time (August,2005) yet the tenders could be invited in January,2006 because of delays in finalisation of reserve price at various levels and handling of the issue in a very routine manner. This should have not been allowed to be delayed specially because the departmental toll collections was very low in the first month itself and it was brought out time and again that the same was very low, causing direct loss. In the tender invited in January, 2006 the reserve price was fixed at Rs.335.44 lakh as against Rs. 251.68 lakh (worked out on the basis of traffic census conducted in January, 2006) and the projections of Rs.191.66 lakh (based on the actual departmental collection). Consequently, no bidder came forward and the issue was further delayed. After an avoidable delay of one month the reserve price was ultimately revised at Rs.233.20 lakh (based on traffic census of January,2006) and fresh tenders invited on 22.03.2006. Although a reasonable bid was received, yet the same was not finalised expeditiously and delayed for further 15 days in approval of the competent authority. Consequent upon all this, toll had to be collected departmentally for the period 30.10.2005 to 12.05.2006 (195 days) and the collection of toll through contractor could be started w.e.f. 13.5.2006 at Rs. 312.35 lakh for one year. The departmental collection for this period (Rs. 83.29 lakh) was considerably less than the collection through contractor and the amount of loss

on this account works out to Rs. 83.58 lakh when compared with the lower of the previous and the subsequent contract.

Subsequently also, despite all this, the collection of toll through contractor could be started w.e.f. 24.5.2007 although the existing contract expired on 12.05.2007 and toll had to be collected departmentally during 13.05.2007 to 23.05.2007, which was comparatively very low causing loss of Rs. 6.00 lakh. This time, although the tenders were opened on 1.5.2007 and the highest bid of Rs.381.23 lakh was recommended by the tender approval committee on 2.5.2007, the same was delayed due to final approval by the higher authorities.

Thus, due to non- observance of a proper system to ensure timely finalisation of contracts, the company had to suffer with an avoidable loss of Rs.89.58 lakh.

The objection was conveyed to the management vide POM No. 6 dated 8.2.2008 reply of which was not received.

2. Delay in commencement of toll collection on BOT Project - avoidable loss of revenue of Rs. 46.15 lakh.

Chomu-Ajitgarh-Shahpura Road (52 Kms.) was transferred (Sept.2005) by the Government of Rajasthan to Rajasthan State Road Development & Construction Corporation Ltd., (Company) for development on Build, Operate & Transfer (BOT) basis through its own funds with the right to collect toll tax during concession period ,after completion of the work. The Resident Engineer (RE) executing the project, reported on 19.12.2006 that the substantial completion of the projects was likely to be achieved by 31st December 2006 & hence necessary action may be initiated to start the collection of toll. Tenders for the work of toll collection were invited on 17.01.2007 but nobody participated in it and hence it was decided on 05.02.2007 to re-invite tenders & ask the R.E. to take action to collect toll departmentally till the toll contract is finalized. In the subsequent tender although the contract was awarded at Rs. 347.07 lakh to the highest bidder on 24.02.2007, but he failed to take up the work

and his earnest money was forfeited on 28.03.2007. Ultimately, notice for starting the collection of toll was published on 29.03.2007 & the toll collection was started departmentally w.e.f. April 1, 2007.

In this context it was observed in audit that although the work of road was completed in December 2006/ January 2007 and it was in the interest of the company to start the toll collection at the earliest, yet the toll collection was started w.e.f. April 1, 2007. It was found that before starting toll collection, mandatory requirement of fixing sign boards of toll rates, exempted vehicles etc. was to be complied with. Further scrutiny of the case revealed that the work of fixing the sign boards was executed in a very haphazard manner leading into delays. Initially the tenders for the work of fixing these boards alongwith other non-mandatory boards were invited in Sept. 2006, but the same had to be rejected due to violation of the tender terms by the R.E. Again the tenders were invited in Oct. 2006, but the same had to be cancelled on 06.02.2007 due to complaints regarding rates and it was ultimately decided to invite tenders for only mandatory sign boards separately. Accordingly the tenders were invited on 09.02.2007 & work was awarded at Rs. 3.36 lakh on 13.02.2007 with scheduled date of completion as 19.03.2007. Thus, the work of fixing mandatory sign boards was delayed un-necessary due to irregularities in tender process and as such the work costing only Rs. 3.36 lakh could be awarded in Feb. 2007, after a period of five months from initiating action in Sept. 2006. Consequently, the collection of toll which could have been started in Feb. 2007 could be started w.e.f. April 1, 2007 causing direct loss of toll revenue to the company. The amount of such loss works out to Rs. 46.15 lakh (worked out @ Rs. 78,223 per day for 59 days of Feb. & March 2007 on the basis of average departmental toll collection during 01.04.2007 to 13.04.2007)

In this regard following points may be clarified :-

- (i) Exact date of completion of work to qualify commencement of toll ;
- (ii) Concession period finally agreed & sanctioned by the Govt. for this project.
- (iii) Reasons for delaying the commencement of toll collection departmentally when the same could not be started through contractor.
- (iv) Reasons / clarification for delay in fixing mandatory sign boards causing delay in commencement of toll.

(v) The clause 5(2) of Rajasthan Road Development Act 2002 stipulate “Notwithstanding anything contained in section 4, the person or the body referred to in sub section (1) shall be entitled to collect and retained the whole or such portion of the fees livable under section 4 and for such period, as may be agreed upon between the State Government and such person or body having regard to the expenditure involved in the development of road and collection of the fees, interest on the capital invested, reasonable return on the investment and the volume of traffic”. It means without any legal MOU/ Agreement no work can be awarded for developing road and allow to collect toll. However during the review of BOT record of Chomu – Ajitgarh – Shahpura Road, it was noticed that work was executed without entering in any legal MOU/ Agreement by the RSRDC with the Government incorporating the concession period.

Reasons behind execution of work without entering in legal MOU/ Agreement may please be appraised to audit. It may also be clarified as to what would be concession period of this project and the basis of the same.

The objection was conveyed to the management vide POM No. 9 and 11 dated 16.2.2008 and 23.2.2008 reply of which was not received.

Part – II (B)

**Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp.: RSRDC (H.O.), Jaipur**

No. CAW/FP 11/POM No. 1

Date: 31.01.2008

Sub: Irregular expenditure of Rs. 30,000 on advertisement in souvenir of a Political party.

Section 293 A of the companies Act 1956 stipulated, interalia, that:

- (i) No Government Company shall contribute any amount directly or indirectly to any political party or for any political purpose to any person (Sub section 1).
- (ii) The amount of expenditure, incurred, directly or indirectly by a company on advertisement in any publication (being a publication in the nature of souvenir, brochure tract, pamphlet or the like) by or on behalf of a political party or for its advantage shall also be deemed :-
 - (a) Where such publication is by or on behalf of a political party, to be a Contribution of such amount to such political Party and
 - (b) Where such publication is not by or on behalf of political party to be a contribution for a political purpose to the person publishing it (Sub. Section 3).
- (iii) Every company shall disclose in its profit and loss account any amount or amounts contributed by it to any political party or for any political purpose to any person during the financial year to which that account relates giving particulars of amount contributed and name of political party or person to which such amount was contributed (sub section-4).
- (iv) If a company makes any contribution in contravention of this section:
 - (a) The company shall be punishable with fine which may extend to three times the amount so contributed ; and
 - (b) Every Officer of the company (Corporation) who is in default shall be punishable with imprisonment for a term which may extend to three year and shall also be liable to fine.

Review of records of the Corporation for the year 2006-07 revealed that,

- (I) The President, Publication cell, Bhartiya Janta Party (BJP), Rajasthan (which is a political party presently ruling in the Rajasthan State) requested (26-8-06) the Company to send an advertisement for their special addition of magazine "BHAJPA RAJASTHAN". The Corporation issued an advertisement worth Rs.10,000/- in favour of "BHAJPA RAJASTHAN" for which an amount of Rs. 10000 (including the payment paid in this regard to Rajasthan Samvad and Patrakar Kalyan Kosh) were paid to BHAJPA RAJASTHAN on 28.10.2006.

- (II) The Chief of Delhi Bureau, Political Auditor, at Delhi center, requested (22.07.2008 & 02.08.2006) the Corporation to send advertisements for their special additions ("JANSANGH" special and "BHAJPA" special) of "RASTRADHARM" magazine. The Corporation issued two advertisements worth Rs. 20,000/- (Rs. 10,000/- each) in favour of "RASTRADHARM" magazine for which an amount of Rs. 20,000/- (including the payment paid in this regard to Rajasthan Samvad and Patrakar Kalyan Kosh) were paid to "RASTRADHARM" new Delhi. As details of magazine placed in their letter in which the request for sending advertisement was placed, the magazine was established by Rastriya Swayam Sawak Sangh, who formed the JANSANGH Political party to full fill the political requirement and later on the party was converted into "BHARTIYA JANTA PARTY".(BJP), at present which is an existing political party.

In this connection audit observed that:

- (i) In view of provisions of section 293 A of the Companies Act, 1956 the above expenditure is deemed to be a contribution to a political party which is prohibited for the company. Therefore payment of Rs.30,000/- is irregular. Responsibility for such expenditure needs to be fixed.
- (ii) This expenditure should have been separately disclosed in the annual accounts of the Company for the year 2006-07 which was not disclosed in violation of Companies Act, 1956. Responsibility for the lapse needs to be fixed under intimation to audit.

Names and Designations of each officer of the Corporation who are in default for making this payment along with their responsibility may also be intimated.

The Managing Director,
RSRDC Ltd.,
Jaipur

Audit Officer (Inspection)

**Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp.: RSRDC (H.O.), Jaipur**

No. CAW/FP 11/POM No. 2

Date: 04.02.2008

**Sub: Undue favour to cement supplier by not imposing L.D. charges
for delay supply. - Amounting to Rs. 1.75 lakh.**

The tender for supplying cement was awarded to M/s J.K. Lakshmi Cement Ltd. on 13.09.2006. The cement was to be supplied @ Rs. 171.90 per bag in Kota and Jhalawar district. As per clause 4 of agreement, delivery period was 15 days from the date of issue of confirmed supply order by Resident Engineer. In case contractor fails to complete work within stipulated period without satisfactory

season, the liquidated damages equal to the following percentage of the value of stores which the tenders has failed to supply were recoverable for period of delay : -

- (a) Delay upto $\frac{1}{4}$ period of prescribed period of delivery 2.5%
- (b) Delay exceeding $\frac{1}{4}$ but not exceeding $\frac{1}{2}$ period of delivery 5%
- (c) Delay exceeding $\frac{1}{2}$ but not exceeding $\frac{3}{4}$ period of delivery 7.5%
- (d) Delay exceeding $\frac{3}{4}$ to the prescribed delivery period 10%

The maximum amount of L.D. shall be 10% of supply order.

During the review of supply order record it was noticed in many cases that in Kota and Jhalawar district supply was delayed for more tan 15 days from the stipulated supply period or supply was not made at all and for the delay or short supply supplier did not give any satisfactory reason. The details of such cases are enclosed here with.

In this regard audit observed that: -

- (i) As per given norms delay exceeding $\frac{3}{4}$ to the prescribed delivery period or more 10% of the value of stores i.e. Rs. 1,74,668/- was to be recovered from supplier. Reasons for this may be clarified to audit.
- (ii) Corporation did not impose any L.D. charges on supplier, reason may be appraised to audit.
- (iii) Delayed supply also caused the delay in completion of construction of work and simultaneously increases in cost of work.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 3

Date: 05.02.2008

Sub: Non- recovery/ adjustment of long out standing advances from Officers/Officials of Corporation – Amounting to Rs. 1.30 lack.

As per rules the amount of unutilized advance must be returned immediately and further advances shall not be sanctioned in favour of such officers/ officials till previous advance is not deposited by them.

A review of position of outstanding advances revealed that a sum of Rs. 1,30,683/- were outstanding against the serving officers/officials of Corporation. Details of outstanding are enclosed herewith.

Audit observed that in many cases further advances were allowed to officers/officials without recovering previous given advance for example, in case of Sh. C. S. Sharma (O.S.) the outstanding amount as on 31.03.2004 was Rs. 17,000/- however, no action was taken to recover and further advance on 31.03.2005 Rs. 18,296/- was provided without recovering the amount of old advances making total outstanding advance Rs. 35,296/- as on 31.03.2006.

The reasons for such release of advances and inaction to recover/adjust the advance for long period may be clarified to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 4

Date: 06.02.2008

**Sub: Long outstanding of advances given to private parties –
Amounting to Rs. 48.37 lack.**

During the review of accounts record it was noticed that advances given to private parties amounting to Rs. 4836726/- were outstanding since long period for recovery/ adjustment. The details of outstanding advances are enclosed herewith.

In this regard audit observed that: -

- (i) First 40 cases pertained to period prior to 1999-2000 and out of them oldest advance pertained to 1982-83.
- (ii) In order to safeguard commercial and financial interest of the company sincere efforts for recovery were not made.
- (iii) Due to non- recovery of this huge amount, Corporation is loosing non-recoverable interest over that blocked amount.

The reason of non- recovery may be appraised to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 5

Date: 07.02.2008

Sub: Procurement of Steel at Higher rates during extended period of supply order – Extra Expenditure of Rs. 6.20 lakh.

A supply order was placed on M/s. Premier Bars Pvt. Ltd. vide No. A-5 (BPC) 176/ 48/ 4207-25 dated 02.06.2006 for supply of 1440 MT of Steel of various sizes (Dia) at the unit rate ranging between Rs.27300/ MT to Rs.28200/ MT. The last date of completion period was envisaged as 01.10.2006. The firm supplied 842 MT of steel upto 19.09.2006 when it was decided to extend the supply period upto 31.10.2006. The firm supplied 978.28 MT of steel upto original schedule while it supplied 267.08 MT of steel during the extended period.

In this connection it was noticed in audit that while extending supply period no action was taken to ascertain the market trend. The rates received in subsequent tender opened on 28.10.2006 were on lower side ranging between Rs.25324/ MT to Rs.26489/ MT, which were ultimately reduced to the level of Rs.25174/ MT to Rs.26009/ MT after counter offer. This was indicative of a declining trend in the rates. It was therefore observed in audit that instead of inviting fresh tenders in due course of time the company extended the validity period of the order without ascertaining the market trend and procured steel at higher rates. This resulted into extra expenditure of Rs.619840/- (worked out on the basis of rates received in subsequent tender). The reasons for the same may be clarified to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 6

Date: 08.02.2008

**Sub: Delay in finalisation of toll collection contracts –
Loss of Rs. 89.58 lakh.**

Rajasthan State Road Development & Construction Corporation Ltd. (Company) executed the work of strengthening & widening of Challa-Neemkathana - Kotputli Road on Build Operate & Transfer (BOT) basis with the right to collect toll during concession period after completion of work. There is no manpower in the company to collect the toll and hence the collection of toll is made through contractors and in the absence of any such contract it is done departmentally through Ex-servicemen associations. The Company completed the work in March 2005 and the first contract for collection of toll was executed for 29.04.2005 to 29.10.2005 (six months) at a price of Rs. 207.71 lakh. After 29.10.2005 collection of toll through contractor could be started w.e.f. 13.5.2006 at Rs. 312.35 lakh for one year and toll had to be collected departmentally for the period 30.10.2005 to 12.05.2006 (195 days). The departmental collection for this period was only Rs. 83.29 lakh, which was considerably less than the collection through contractor and the amount of loss on this account works out to Rs. 138.04 lakh when compared with the previous contract and Rs. 83.58 lakh when compared with the subsequent contract. Further scrutiny of the case revealed the following lapses, which caused the delay & consequential loss:

- (i) There was avoidable delay of two months in furnishing proposals for reserve price by the concerned Resident Engineer (RE). Although he was asked well in time on 03.08.2005 to furnish the same which was ultimately furnished on 27.10.2005.

- (ii) The reserve price so proposed (Rs. 334.81 lakh) was considered far below the projections (Rs. 436.00 lakh) and the RE was asked on 07.11.2005 to submit reasons for downfall who in turn stated after 1 month and 22 days on 29.12.2005 that the proposed reserve price was reasonable, causing avoidable delay of 1 and a half month.

- (iii) Again a census was got conducted in January 2006. Although reserve price of Rs. 251.68 lakh was worked out on the basis of this census and the toll collection projected on the basis of actual departmental collection was only Rs. 191.66 lakh, yet the reserve price was fixed at Rs. 335.44 and tenders were invited on 21.01.2006. Owing to inordinate high reserve price nobody participated in the tender.

- (iv) Nothing was done upto 25.02.2006 when the reserve price was reviewed at Rs. 233.20 lakh (based on reserve price of January 2006 census, reduced by 7.50% against O&M charges). However the same was approved by the competent authority on 20.03.2006 causing overall delay of about one month in revising the reserve price, and

- (v) In the tenders invited on 22.03.2006 with this reserve price, five bidders participated with a highest bid of Rs. 312.34 lakh which was recommended by the tender approval committee on 15.04.2006 after opening on 12.04.2006 but the same was approved by the competent authority on 05.05.2006 with an avoidable delay of about 15 days.

In view of the facts narrated above audit observed that the issue was handled in a very routine manner. The tenders could be invited in January 2006, whereas the previous contract already expired in October 2005, although the collection of toll in the first month itself of departmental collection was very poor (Rs. 20.25 lakh as against previous contract rate of Rs. 34.61 lakh) and it was brought out time & again that the same was very low, causing direct loss to the Company. Owing to fixation of extra ordinary high reserve price, no bidder came forward and consequently the issue was further delayed. Even after receipt of reasonable bid the same was also not be finalised expeditiously. All the lapses narrated above have resulted into a minimum loss of Rs. 83.58 lakh.

Subsequently also despite all this, the collection of toll through contractor could be started w.e.f. 24.5.2007 although the existing contract expired on 12.05.2007 and toll had to be collected departmentally during 13.05.2007 to 23.05.2007, which was comparatively very low causing loss of Rs. 6.00 lakh. This time, although the tenders were opened on 1.5.2007 and the highest bid of Rs.381.23 lakh was recommended by the tender approval committee on 2.5.2007, the same was delayed due to final approval by the higher authorities.

Thus, due to non- observance of proper system to ensure timely finalisation of contracts, the company had to suffer with an avoidable loss of Rs.89.58 lakh. The reasons for the same may please be explained.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 7

Date: 12.02.2008

**Sub: Avoidable extra expenditure of Rs. 4.13 lakh towards
power factor surcharge & demand surcharge**

Rajasthan State Road Development & Construction Corporation Limited (Company) is having a Non-domestic electricity connection with a contract demand of 65 KVA. As per provisions of the tariff of Jaipur Discom the consumer has to maintain power factor at 0.90 and in case it goes below it, a surcharge is levied. Similarly the consumer should not allow his demand to exceed the contract demand any time & in case it is done a demand surcharge is levied.

A review of energy bills of the Company revealed that in most of the period it did not maintain the power factor at specified level and hence had to pay power factor surcharge of Rs. 65,346/- during January 2007 to January 2008 as per details given in Annexed statement. Similarly the demand had been more than the contract demand in most of the bills & hence it had to pay Rs. 3,48,131/- towards demand surcharge as per details given in annexure. The company did not take any corrective step to maintain correct power factor (installation of capacitor etc.) and to assess its demand to apply in-crease in the contract demand although two electrical units of the Company are working in the Head Office building. The reasons for this extra expenditure may be clarified to audit and action may be taken to correct the position under intimation to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

**Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur**

No. CAW/FP - 11/POM No. 8

Date: 13.02.2008

**Sub: Supply of Equipment on hire basis without legal agreement
loss of Rs. 4.06 lakh.**

The Corporation had given one Road Roller to Public Works Department (PWD) on hire basis on requirement given by Ex. En. NHW. PWD. This was further given to contractor of site and hire charge were deducted from his running bills. On 10.05.1997 one labour met with an accident and died. The matter gone to court and further to Rajasthan High Court. In this case Honorable High Court awarded the decision against corporation on 20.04.2007. and Corporation has to pay compensation of Rs. 4,06,482/- to the deponent.

Audit observed that: -

- (i) Road Roller was just handed over to PWD without entering into any legal agreement and due to this lapse the company could not prove before the court that the road roller was not under their possession at the time of accident and because of that court imposed the compensation on Corporation.
- (ii) The Corporation did not fix the responsibility for the lapse and took any action to avoid recurrence of such events.

Reason of not entering into legal agreement while giving Road Roller on hire may be appraised to audit and action may be taken to avoid recurrence of such event.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 9

Date: 16.02.2008

Sub: Delay in commencement of toll collection on Chomu-Ajitgarh-Shahpura Road BOT Project avoidable loss of revenue of Rs. 46.15 lakh.

Chomu-Ajitgarh-Shahpura Road (52 Kms.) was transferred (Sept.2005) to Rajasthan State Road Development & Construction Corporation Ltd., (Company) for development on Build, Operate & Transfer (BOT) basis through its own funds with the right to collect toll tax during concession period after completion of the work. The Resident Engineer (RE) of the project reported on 19.12.2006 that the substantial completion of the projects is likely to be achieved by 31st December 2006 & hence necessary action may be initiated to start the collection of toll. Tenders were invited on 17.01.2007 to award the work of toll collection but nobody participated in it & hence it was decided on 05.02.2007 to re-invite tenders & ask the R.E. to take action to collect toll departmentally till the toll contract is finalized. In the subsequent tender although the contract was awarded at Rs. 347.07 lakh to the highest bidder on 24.02.2007, but he failed to take up the work and ultimately his earnest money was forfeited on 28.03.2007. Notice for starting the collection of toll was published on 29.03.2007 & the toll collection was started departmentally w.e.f. April 1, 2007.

In this context it was observed in audit that although the work of road was completed in December 2006/ January 2007 and the R.E. was asked on Feb. 6, 2007 to start toll collection departmentally, yet the toll collection was started w.e.f. April 1, 2007. The R.E. reported on March 9, 2007 that before starting collection mandatory requirement of fixing sign boards of toll rates, exempted vehicles etc. should have to be complied with. Further scrutiny of the case revealed that initially the tenders for fixing these Boards alongwith other Boards were invited in Sept. 2006, but the same had to be rejected due to violation of the tender terms regarding P.F. registration by the R.E. Again the tenders were invited in Oct. 2006, but the same had to be cancelled on 06.02.2007 due to complaints regarding rates being unreasonable and it was decided to invite tenders for mandatory sign boards separately. Accordingly the tender were invited on 09.02.2007 & work was awarded at Rs. 3.36 lakh on 13.02.2007 with schedule date of completion as 19.03.2007. Thus, the work of fixing mandatory sign bards was delayed un-necessary due to irregularities in tender process and as such the work costing only Rs. 3.36 lakh could be awarded in Feb. 2007, after a period of five months from initiating action in Sept. 2006. Consequently the collection of toll which could have been started in Feb. 2007 could be started w.e.f. April 1, 2007 causing direct loss of toll revenue to the company. The amount of such loss works out to Rs. 46.15 lakh (worked out @ Rs. 78,223 per day for 59 days of Feb. & March 2007 on the basis of average departmental toll collection during 01.04.2007 to 13.04.2007)

In this regard following points may be clarified : -

- (i) Exact date of completion of work to qualify commencement of toll ;
- (ii) Concession period finally agreed & sanctioned by the Govt. for this project.
- (iii) Reasons for delaying the commencement of toll collection departmentally when the same could not be started through contractor.
- (iv) Reasons / clarification for delay in fixing mandatory sign boards causing delay in commencement of toll.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 10

Date: 18.02.2008

Sub: Loss of Rs. 4.87 lakh due to delay in repayment of mobilization advance.

The Rajasthan Urban Infrastructure Development Project (RUIDP), Jodhpur awarded construction of Area Development Works (Package JOD/SI-05) to Rajasthan State Road Development & Construction Corporation Limited (Company) vide Agreement No. 19 dated 03.03.2003. An interest free mobilization advance of Rs. 64.80 lakh was given by RUIDP in two equal installments (29.03.2003 and 30.09.2003), which was to be repaid by the company in installments upto November 03, 2003 as per clause 44.3 of Section IV of the bid document.

During the review of record of the above mentioned project, it was noticed that in spite of many reminders by the RUIDP the company did not reply the advance in prescribed schedule time. Consequently, RUIDP charged interest, as per clause 44.3 of section IV contractor data of the bid document amounting to Rs. 2,85,736/-.

Similarly, in the package No. JOD/BR/03, mobilization advance of Rs.95.42 lakh was given in two equal installment (29.03.2003 and 25.06.2003), which was also repaid late upto 06.01.2004 as against the due date of 03.12.2003. Consequently, Rs. 2,00,797/- was recovered by the RUIDP.

The mobilization advance was interest free and as such the repayment was to be made strictly on the basis of schedule mentioned in the contract bid. The contractor was not be benefited for late deposition/ recovery, as this money earns interest to the employer department.

Reason for delay in repayment of above advances causing avoidable payment of interest of Rs. 4.87 lakh (Rs. 2.86 lakh + Rs. 2.01 lakh), may be appraised to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/ REQ/

Date: 20.02.2008

Sub: Supply of record.

The Development work of Chomu-Ajitgarh-Shahpura road was transferred by Public Works Department on BOT basis to RSRDC in September 2005. It is requested that the MOU/Agreement entered with the Government in this regard may please be supplied earliest alongwith concerned file to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/ REQ - 5

Date: 21.02.2008

Sub: Supply of various reports.

Kindly arrange to supply the following files relating to special audit conducted by your company.

- i. Churu Unit ii. Bikaner Unit iii. Delhi Unit

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur

No. CAW/FP - 11/ REQ – Sp.-1

Date: 21.02.2008

Sub: **Supply of Information.**

Ref: Audit Memo No. CAW/FP-11/RSSC/ Regular Audit/ 2006-07/
POM-8 dated 21.11.2007

Sir,

With reference to your reply to our memo following information may please be supplied on priority seed-wise and period-wise: -

1. Production cost of seeds.
2. Selling price of seeds.
3. Net loss/ profit.

The Managing Director,
RSSC Ltd.,
Jaipur

Section Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur

No. CAW/FP - 11/ REQ – 6

Date: 22.02.2008

Sub: Supply of information regarding the work of Construction of Government polytechnic college building, Barmer.

Sir,

The work of Construction of Government polytechnic college building at Barmer was completed and handed over by RSRDC Ltd., Jaipur in Sep. 1993. In this regard kindly arrange to supply the following information to audit on priority please.

- i. Whether client has withheld any amount on account of defective construction
- ii. Whether RSRDC has incurred any additional expenditure which was not reimbursable and not reimbursed by the client,
- iii. Whether any departmental enquiry has been conducted as matter was referred to Anti corruption Dept. if conducted please supply the report.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

REMINDER

Office of the Accountant General (C & R.A.) Rajasthan Jaipur

No. CAW/FP - 11/ REQ – 7

Date: 23.02.2008

Sub: Non-reply of memos issued during audit.

Sir,

The regular audit of the RSRDC Ltd. for the year 2006-07 was taken up on 28.01.2008 by the undersigned. During the audit period 16 memos (10 Pom + 6 Req.) were issued. Requisitions (Req.) included the reminder for reply of old outstanding paras. It is regretted that till now no single reply is received by audit. Therefore it is requested kindly arrange early reply of above said memos and also reply of outstanding old paras.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 11

Date: 23.02.2008

Sub: Execution of work on BOT basis without MOU/ Agreement.

RSRDC was awarded the execution of work of development of Chomu – Ajitgarh – Shahpura Road on BOT basis under Rajasthan Road Development Act 2002. The clause 5(2) of Rajasthan Road Development Act 2002 “Notwithstanding anything contained in section 4, the person or the body referred to in sub section (1) shall be entitled to collect and retained the whole or such portion of the fees livable under section 4 and for such period, as may be agreed upon between the State Government and such person or body having regard to the expenditure involved in the development of road and collection of the fees, interest on the capital invested, reasonable return on the investment and the volume of traffic”. It means without any legal MOU/ Agreement no work can be awarded for developing road and allow to collect toll.

During the review of BOT record of Chomu – Ajitgarh – Shahpura Road, it was noticed that work was executed without entering in any legal MOU/ Agreement by the RSRDC with the Government incorporating the concession period.

Reasons behind execution of work without entering in legal MOU/ Agreement may please be appraised to audit. It may also be clarified as to what would be concession period of this project and the basis of the same.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

Office of the Accountant General (C & R.A.) Rajasthan Jaipur
Camp. : - RSRDC (H.O.), Jaipur

No. CAW/FP - 11/POM No. 12

Date: 23.02.2008

**Sub: Absence of system to plan & monitor fund position –
Minimum loss of Rs. 5.00 lakh.**

Fund carries an opportunity cost equivalent to the return that can be earned through investment in the opportunities available. Fund management plays a vital role in the growth of an organisation. The basic objective of the fund management is to ensure optimum utilization of funds. Neither the day to day working should be allowed to suffer due to paucity of funds, nor the funds should be allowed to remain idle without any earning whatsoever. The fund manager is required to have a balancing approach between the twin objectives.

A review of daily bank balances with the company revealed that there was no system to monitor the funds lying in current accounts without any return. A day to day watch is necessary to avoid blockage of funds in current accounts through investment in short term deposits in order to earn interest. No any system was fund in vogue to do so. The daily bank balance during the year 2006-07 ranged between Rs. 66.39 lakh to Rs. 4461.70 lakh. This shows that at least Rs. 50.00 lakh could have been invested in short term deposits with the banks safely, leaving a minimum balance of Rs. 16.39 lakh through out the year. Considering the rate of interest earned by the company on some short term investments made during march 2007 (10.00 percent to 11.00 percent), the minimum amount of loss of interest due to keeping the funds blocked in current account works out to Rs. 5.00 lakh (10.00 percent on Rs. 50.00 lakh).

Thus, due to absence of any system to plan and monitor the day to day fund position, the company has suffered with a minimum loss of Rs. 5.00 lakh. The reasons for this lapse may be clarified to audit.

The Managing Director,
RSRDC Ltd.,
Jaipur

Sr. Audit Officer (Inspection)

9. Supply of Equipment on hire basis without legal agreement loss of Rs. 4.06 lakh.

The Corporation had given one Road Roller to Public Works Department (PWD) on hire basis on requirement given by Ex. En. NHW. PWD. This was further given to contractor of site and hire charge were deducted from his running bills. On 10.05.1997 one labour met with an accident and died. The matter gone to court and further to Rajasthan High Court. In this case Honorable High Court awarded the decision against corporation on 20.04.2007. and Corporation has to pay compensation of Rs. 4,06,482/- to the deponent.

Audit observed that: -

- (i) Road Roller was just handed over to PWD without entering into any legal agreement and due to this lapse the company could not prove before the court that the road roller was not under their possession at the time of accident and because of that court imposed the compensation on Corporation.
- (ii) The Corporation did not fix the responsibility for the lapse and took any action to avoid recurrence of such events.

Reason of not entering into legal agreement while giving Road Roller on hire may be appraised to audit and action may be taken to avoid recurrence of such event.

**Inspection Report on the Accounts of the Managing Director
Rajasthan State Road Development and Construction Corporation
Ltd., (Head Office), Jaipur For the period 1st April 2007 to 31st
March 2008**

Part -I “A”

Introductory: -

(i) Organizational Setup

The erstwhile Rajasthan State Bridge & Construction Corporation Ltd. was renamed as Rajasthan State Road Development and Construction Corporation Limited (RSRDC) on 18.01.2001. The main objective/ function of Corporation is to construct Bridges, Buildings, Road and other Structures. RSRDC takes these works on cost plus fixed Centage charges basis, by participating in open tenders and on BOT basis.

The Management of Company is vested in the Board of Directors As on 31.03.2008 and there were 12 Directors in the Board. The Managing Director is Chief Executive of the company, who is assisted by a General Manager, Chief Project Manager and Chief Accounts Officer.

During the period covered under audit key posts were held by officer as indicated below: -

(1) Managing Director: -

Shri M. L. Mathur (01.04.2007 to 31.03.2008).

(2) Chief Accounts Officer: -

Shri M. K. Jain 01.04.2007 to 31.03.2008 & continue

(3) Store Keeper: -

(1) Shri C. S. Sharma (St. Store) 01.04.2006 to date.

(2) Shri P. P. Panwar (Pr. Cell) 01.04.2006 to date.

(4) Cashier: -

Shri D. K. Jain 01.04.2007 to 31.03.2008 & continue

(ii) **Working Result**

(Rs. in lakh)

Income	2005-06	2006-07	2007-08
Operating Receipt	2367.40	2549.73	3637.26
Non Operating Receipt	158.78	97.43	312.50
Total	2526.18	2647.16	3949.76

Expenditure	2005-06	2006-07	2007-08
Pay & Provisions for Employees	733.33	780.82	1206.21
Other Administration Expenditure	326.01	300.70	320.18
Interest Payment	218.93	229.70	314.97
Depreciation	1136.87	1280.80	1459.56
Total	2415.14	2592.02	3300.92

Profit	2005-06	2006-07	2007-08
Profit Before Tax	111.04	55.14	648.84
Tax Provision no more required	(-) 2.65	(+) 40.08	(-) 5.82
Profit After Tax	108.39	95.21	642.99
Add/ Deduct Prior Period Adjustment	(-) 5.97	(-) 8.77	(+) 23.08
Profit/ Loss after Prior Period Adjustment	102.42	86.45	666.07

From the above it could be seen that the profit of Company had decreased in 2006-07 and increased in 2007-08 substantially due to increase in toll income.

(iii) **I. T. Application**

I. T. Application is under progress.

(iv) **Audit**

The audit was conducted by Shri R. S. Joshi, AAO from 10.11.2008 to 12.12.2008 and Shri Purushottam Saini, Section Officer from 10.11.2008 to 03.12.2008 and supervised by Shri Ravindra Bhatia, Audit Officer (Commercial) from 10.11.2008 to 12.12.2008.

Part – I – (“B”)

(Position of old outstanding paras)

INSPECTION REPORT YEAR 2002-03

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-B-1	Loss of Rs. 18.21 lakh on construction of Rajeev Gandhi Shiksha Sankul at Jaipur.	Recovery progress awaited.
2.	Part II-B-4	Non-collection of revenue loss.	Para proposed for dropping
3.	Part II-B-8	Non-disposal of the obsolete/scrap items valuing Rs. 0.57 lakh.	Para already dropped vide letter 20.6.2008
4.	Part II-B-10	Non-moving store valuing Rs. 3.26 lakh.	Para already dropped vide letter 20.3.2008

INSPECTION REPORT YEAR 2003-04

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-A-2	Unauthorized collection of Toll Rs. 5.42 crore.	Compliance awaited.
2.	Part II-A-6	Collection of toll fee without legal sanction	Compliance awaited.
3.	Part-II A-8	Avoidable dispute in provident fund matter	Compliance awaited.
4.	Part-II A-11	Injudicious award of work at Higher rates extra expenditure Rs.84.68 lakh.	Compliance awaited.
5.	Part-II-A-14	Loss of interest Rs.20.99 lakh due to blockage of heavy funds as SD with clients.	Recovery progress awaited
6.	Part-II-A-16	Undue delay in termination of pre-feasibility studies contract with M/s PDCOR avoidable expenditure Rs. 28.06 lakh.	Compliance awaited.
7.	Part-II-A-24	Failure in protecting interest of the corporation.	Compliance awaited.
8.	Part-II-A-25	Uncalled for Arbitration.	Compliance awaited.
9.	Part-II-A-26	Implementation of Irregular Pension Scheme.	Compliance awaited.
10.	Part-II-A-27-B	Internal Audit/Internal Control	Compliance awaited.
11.	Part-II-B-2	Irregular up-gradation of the post of company Secretary in RSBCC Ltd.	Compliance awaited.
12.	Part-II-B-3	Incurring expenditure on advertisements not related to corporation.	Compliance awaited.
13.	Part-II-B-4	Construction of Dental College at Jaipur over payment on account of consulting work. Rs.2,39,205/- and Rs.50,000/-	Compliance awaited.
14.	Part-II-B-6	Irregularities in maintaining employee provident fund.	Compliance awaited.
15.	Part-II-B-7	Anomalies in fixation of pension/family pension.	Compliance awaited.
16.	Part-II-B-10	Non-production of records/information's.	Compliance awaited.

INSPECTION REPORT YEAR 2004-05

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1	Part-II-A-1	Avoidable expenditure of Rs. 89.26 lakh due to abnormal delay in prepayment of high cost HUDCO loan.	Reply awaited Para dropped
2	Part-II-A-2	Avoidable extra payment of Sales Tax due to non-opting for automatic exemption for Rs.12.77 lakh.	Compliance awaited.
3	Part-II-A-3	Loss due to extension toll collection period by three months Rs.48.86 lakh.	Compliance awaited.
4	Part-II-B-1	Loss due to non-recovery of T.C.S. on toll collection Rs.10.88 lakhs.	Compliance awaited.
5	Part-II-B-2	Avoidable expenditure of Rs.145.89 lakh due to acceptance of counter offer without market rate analysis.	Compliance awaited.
6	Part-II-B-5	Split up of construction work to avoid sanction/ approval of Board of Directors causing irregular expenditure.	Compliance awaited.
7	Part-II-B-6	Raising of funds by issue of Bonds without requirement – Loss due to non reimbursement of interest & expenditure by the Govt.	Compliance awaited.
8	Part-II-B-8	Avoidable payment of interest, penal Interest etc. due to wrong calculation of	Compliance awaited.

		pre payment amount & delay in payment of installments Rs.6.98 lakh.	
9	Part-II-B-9	Loss due to refusal to taking supply of balance ordered quarterly of cement from M/S. Om Cement – Rs. 2.05 lakh.	Compliance awaited.
10	Part-II-B-12	Loss due to non- availing benefit of rebate for timely payment of House Tax Rs. 3.12 lakh.	Compliance awaited.
11	Part-II-B-15	Irregular payment of Medical Bill of Shri Ram Avatar Sharma, PS, for Rs.50,519.00	Compliance awaited.

INSPECTION REPORT YEAR 2005-06

Sr. No.	Para No.	Subject	Further action required
1.	Part II-A-1	Avoidable delay in starting collection of toll Loss of Rs. 46.73 lakh.	Para incorporated in AR 3.15, 3.16, 3.17
2.	Part II-A-2	Architectural Consultancy Services at Extra Ordinary High Rates – Loss of Rs.28.24 lakh.	May not be persued through I.R.
3.	Part II-A-3	Avoidable extra expenditure of Rs.16.54 lakh due to procurement of cement at higher rate.	May not be persued through I.R.
4.	Part II-A-4	Delay in finalization of toll collection contract- Loss of Rs. 83.58 lakh.	Para incorporated in IR 2006-07
5.	Part II-B-1	Irregular purchase of cement violating the prescribed procedure – Rs. 517.45 lakh.	Para dropped vide CAW-II letter dtd. 18.3.08
6.	Part II-B-2	Under realization of toll revenue Rs. 11.55 lakh.	Compliance awaited
7.	Part II-B-3	Heavy outstanding against client Rs.2951.45 lakh.	Compliance awaited
8.	Part II-B-4	Irregular amendment in toll policy.	Compliance awaited
9.	Part II-B-5	Non-recovery of penalty for non supply of material – Rs. 3.34 lakh.	Required steps to be taken not made.
10.	Part II-B-6	Delay in-finalization of new work order extra expenditure of Rs. 3.63 lakh.	Dropped vide CAW letter dt. 18.3.08
11.	Part II-B-7	Avoidable loss of Rs.5.96 lakh due to improper handling of court case.	Compliance awaited
12.	Part II-B-8	Levy of additional demand of Rs. 100.51 lakh due to non-submission of documents and non-adjustment of Rs. 53.58 lakh of cash deposit and TDS by Sales Tax authorities.	Compliance awaited

**Review Sheet on Outstanding Para's of Inspection Report on
Accounts of RSRDC Ltd. for the year 2006-07**

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part- II-A-1	Delay in finalization of toll collection contracts loss of Rs. 89.58 lakh.	Compliance awaited.
2.	Part- II-A-2	Delay in commencement of toll collection on BOT project loss of Rs. 46.5 lakh.	Compliance awaited.
3.	Part- II-B-1	Loss of tender works of RUIDP Bikaner- Rs. 57.43 lakh.	Compliance awaited.
4.	Part- II-B-2	Procurement of steel at higher rates during extension period of supply order. Extra expenditure Rs. 6.20 lakh.	Compliance awaited.
5.	Part- II-B-3	Avoidable extra expenditure of Rs. 4.13 lakh towards power factor surcharge and demand charges.	Compliance awaited.
6.	Part- II-B-4	Absence of system to plan and monitor fund position minimum loss of Rs. 5.00 lakh.	Compliance awaited.
7.	Part- II-B-5	Loss of Rs. 4.87 lakh due to delay in repayment of mobilization advance	Compliance awaited.
8.	Part- II-B-6	Long outstanding advances given to private parties amounting to Rs. 48.37 lakh.	Compliance awaited.
9.	Part- II-B-7	Excess expenditure incurred on maintenance of vehicle amounting to Rs. 1.44 lakh.	Para dropped.
10.	Part- II-B-8	Non recovery/ adjustment of long outstanding advance from officers/ officials of company amounting to Rs. 1.30 lakh.	Compliance awaited.
11.	Part- II-B-9	Supply of equipment on hire basis without legal agreement loss of Rs. 4.06 lakh.	Para dropped
12.	Part- II-B-10	Irregular expenditure of Rs. 30,000/- on advertisement in souvenir of a political party.	Compliance awaited.

Period of I/R	Para's Outstanding	Para Settled		Para's Still Outstanding	
2002-03	1,4 Pt. II- B	2	1	1	
2003-04	2,6,8,11,14,16,24,25,26,27 of Pt. II-A	10	-	10	
	2,3,4,6,7,10 of Pt. II-B	6	-	6	
2004-05	1,3 of Pt. II-A	3	1	2	
	1,2,5,6,8,12,15 of Pt. II-B	8	1	7	
2005-06	1,2,3,4 of Pt. II-A	4	4	-	
	1 to 8 of Pt. II-B	8	2	6	
2006-07	1,2 of Pt. II-A	2	-	2	
	1 to 10 of Pt. II-B	10	2	8	
TOTAL		56			

Compliance of above paras be expedited please.

Part – I – (“C”)

----- NIL -----

Part II – (A)

Para 1. **Loss on toll collection amounting to Rs. 61.30 lakh due to non invoking the clause of extending the toll period.**

In order to award toll collection contract for Hanumangarh – Suratgarh Road, the company published NIT No. 201/2006-07 wherein the date of opening the tender was fixed as 23 August 2007. The reserve price was fixed at Rs. 460 lakh on the basis of recommendation of Resident Engineer, Sri Ganganagar vide his letter dated 17 July 2007. The matter was placed before a committee consisting General Manager, Chief Accounts Officer and Manager (BOT) who were the members of this committee. The committee approved on 28.07.2007 the reserve price for toll collection of Rs. 460 lakh per year based on special traffic survey conducted by Resident Engineer, Sri Ganganagar for seven days during the period of 10.07.2007 to 16.07.2007. On the basis of bids received, the contract for toll collection was awarded in favour of M/s K. G. Agro Processors Pvt. Ltd. Shirpur, Distt. Dhule (Maharashtra) amounting to Rs. 5.76 crore for one year i.e. from 7 September 2007 to 7 September 2008.

Subsequently, the Resident Engineer, Bikaner intimated (May 2008) the reserve price based on special traffic survey during 10 May 2008 to 17 May 2008 and recommended to fix the reserve price on Rs. 501.10 lakh. To invite tenders, NIT 71/2008-09 was published in which the date of opening of tenders was fixed as 11 August 2008 and the reserve price was fixed as Rs. 576.00 lakh in accordance with the previous years highest bid price.

The Resident Engineer, Bikaner unit intimated (8August 2008) that no tender document could be sold up to the last date of sale of tender i.e.

08.08.2008 since the reserve price was kept as Rs. 576 lakh instead of Rs. 501 lakh as recommended earlier by Resident Engineer. Despite this another short term NIT No. 95/2008-09 was published on 20 August 2008 wherein the reserve price was kept as Rs 576 lakh only. The last date of selling the tender and opening the tender was fixed on 01.09.2008 and 02.09.2008 respectively. However, no tender document could be sold up to 1 September 2008 as intimated by Resident Engineer, Bikaner vide his letter dated 01.09.2008.

A committee meeting was conveyed on 17.09.2008 belatelly i.e. after 10 days of expiring of old toll contract on 07.09.2008, to consider the revision of reserve price, which approved the reserve price as Rs. 501 lakh as per recommendation of Resident Engineer, Bikaner. In pursuance of direction of Vice Chairman another meeting was conveyed on 16 October 2008 who also approved the reserve price to be kept as Rs. 501 lakh.

In this connection following audit observation are made: -

- (i) A reference in invited to terms and conditions of tender documents for toll regarding toll collection wherein it has been mentioned that in unusual circumstances the tender committee may extend the existing contract agreement for three months by increasing the bid price by 7.5 percent. However during security of records it was observed that despite non – participation of any bidder against NIT 71 and 95 with dates of opening as 8 August 2008 and 2 September 2008 respectively the company did not extend the earlier toll contract awarded to M/s K. G. Agro Processor which was to be expired on 7 September 2008.
- (ii) During the period between 07.09.2008 to 07.10.2008, the toll collection was made departmentally amounting to Rs. 30.33 lakh i.e. average per day collection of Rs. 1 Lakh only. Departmental

Toll collection is being continued till 27 November 2008. Had the earlier contract of toll collection awarded to M/s K. G. Agro Processors would have been extended as per rules, the company could have avoided the loss on toll collection due to departmentally managed as detailed below: -

(i)	Previous bid (existing contract for the period between 07.09.2007 to 07.09.2008)	Rs. 576.00 lakh
(ii)	Add 7.5 percent of above	Rs. 43.20 lakh
		Rs. 619.20 lakh
(iii)	Departmentally toll collection between (07.09.2008 to 27.11.2008) at an average rate of Rs. 1.00 lakh per day.	Rs. 79.58 lakh
	(-) Expenditure on departmental toll collection.	(-) Rs. 1.77 Lakh
	TOTAL	Rs. 77.81 Lakh
(iv)	Minimum Collection that would have been received had the earlier contract extended Rs. 619.20 X 82/365	Rs. 139.11 lakh
(v)	Loss incurred	Rs. 61.30 lakh

Thus, it could be observed from above that due to non- invoking the terms and condition of the tender, the company lost revenue of Rs. 61.30 lakh due to toll collection departmentally.

It may be observed from above that due to lack of for sightedness and imprudent decision making which is expected among the higher officers, the corporation could have avoided the loss of Rs. 61.30 lakh.

Non extending the earlier toll contract may be justified.

POM No. 3 dated 05.12.2008 was issued to management. Reply is still awaited.

Para 2. Infructuous expenditure of Rs 10.00 lakh incurred on providing lunch during Indian Road Congress session.

The Government of Rajasthan organized the 68th Annual session 2007 for Indian Road Congress 2007 and invited delegates of IRC session held at Officers Training School (OTS) centre at Jaipur. It was proposed (October 2007) that the local organization committee of IRC has requested RSRDC (Company) to sponsor to host lunch/ dinner for the delegates of IRC session. It was further proposed vide above note that about 3000 delegates are expected to participate in the session and likely cost of lunch/ dinner would be approx. Rs. 10.00 lakh and the necessary arrangement for this shall be made by the local organization committee and RSRDC has been requested to sponsor a lunch/ dinner, as RSRDC Ltd. is a leading construction agency in Rajasthan.

The proposal was approved (9 October 2007) by the Chairman of the Company who was also the Minister, Public Works Department, Government of Rajasthan, Jaipur. The aforesaid lunch was hosted on 17 November 2007.

The Company obtained quotations on 17.11.2007 from three caterers viz. M/s Gyanjee Sweets and Caterers (P) Ltd., M/s Sweet Cateress and M/s R.R. Caterers who quoted the rates as Rs. 325, Rs. 350 & Rs. 340 per person respectively excluding service tax, Education cess and VAT. Accordingly the work order for arrangement of lunch was awarded on 17 November 2007 to the lowest offerer i.e. M/s Gyanjee

Sweets and Caterer (P) Ltd. @ Rs. 325 per person excluding taxes. The company paid Rs. 10 lakh for providing lunch for 2576 delegates including all taxes through cheques dated 19 November 2007. In this connection following audit observation are made: -

- (i) During scrutiny of records, no direction/ request either from Government of Rajasthan or local organization committee of Indian Road Congress was found on record. It seems perhaps on verbal request from local organization committee of Indian Road Congress, the company decided to provide lunch for this session.
- (ii) The company did not obtain quotations from Rajasthan Tourism Development Corporation or Rajasthan Hotels Corporation limited which are state owned public sector undertakings in this field.
- (iii) The company incurred infructuous expenditure of Rs 10 lakh for which no benefits seems to be arrived by the company. Besides above, the company paid Fringe Benefits Tax of Rs. 67980 as applicable on business promotion expenses.
- (iv) The above expenditure was incurred after obtaining approval from the Chairman of the company. The company did not obtain approval from either Board of Directors or Empowered Committee. The competency of the Chairman for approval of this expenditure may please be justified.

The justification of Rs. 10 lakh incurred on providing lunch for the delegates of Indian Road Congress and non-obtaining the quotations from RTDS or Hotel Corporation may please be furnished to audit.

The matter was intimated to the management vide POM No. 8 dated 10.12.2008. Reply is still awaited.

PART-II-(B)

Para 1. **Procurement of TMT Steel Bars on Higher rates.**
Loss of Rs. 49.97 lakh.

The work of construction of Lecture theatre complex, school of Molecular Medicine and Student Cultural Centre at JNU, New Delhi was awarded to RSRDC Ltd. by RITES Ltd. vide letter of award dated 05.09.2007. The work was to be commenced from 15.09.2007. Resident Engineer, RSRDC Ltd., Gurgaon unit submitted a note to procure Fe 415 grade TMT bars of TATA, RINL, SAIL make 500 MT Steel for JNU work and short terms NIT for supply 500 MT of Fe 415 grade TMT Steel bars at JNU New Delhi with approx cost Rs. 150 lakh for approval. (08.10.2007). Management approved the NIT on 10.10.2007.

The above 500 MT material was not available for urgent supply with the manufacture. On request of the company, RITES Ltd. conveyed approval vide letter dated 20.11.2007 to use Rathi, Kamdhenu, Amba make TMT grade Fe- 415 steel in place of TATA, RINL, SAIL make in the work.

Short term NIT No. 264/2007-08 was published on 27.11.2007 for above material with estimated cost of Rs. 67.50 lakh without mentioning

the quantity. Two suppliers submitted their bids, out of which M/s G S Aloyes & Steel was L1. A supply order dated 19.12.2007 was issued to M/s G S Aloyes for 217 MT, TMT Steel bars of grades Fe-415 of various dia for amount of Rs. 6715243.00 @ Rs 32279 to 30179 per MT.

A revised supply order dated 20.12.2007 was issued to M/s G S Aloyes & Steel for supply 239 MT. Rathi make TMT Steel Fe-415 including 10% material as per clause 4 of NIT. M/s G.S. alloys & Steel supplied only 218. 305 MT Steel bars as per completion certificate dated 04.09.2008.

RE, Gurgaon submitted (17.01.2008) requirement of 399 MT, TMT steel Fe-415 grade for the offered work. Accordingly, NIT No. 308/2007-08 was invited on 02.02.2008 for supply TMT Steel bars Fe-415 ISI mark with estimated cost Rs. 135.00 lakh. Only one supplier M/s Rathi Bars Limited submitted bid rate of Rs. 40849.00 to 39449.00 per MT and accordingly supply order for 418 MT of TMT steel bars Fe-415 amounting to Rs. 16576528.00 was issued to M/s Rathi Bars Ltd. on 11.03.2008.

M/s. Rathi Bars Ltd vide letter dated 19.03.2008 refused to supply since the supply order was issued after delay of 22 days and stated that the rates of steel in market were increased. The earnest money of Rs.270000.00 was forfeited.

A new NIT No. 345/2007-08 was published on 25.03.2008 to supply TMT steel bar (Fe-415 ISI make Rathi Amba, Kamdhenu make). Estimated cost of supply was Rs. 90.00 lakh. Lowest rates were submitted by M/s kamdhenu steel Ltd. (Rs. 53500 to 51800). Counter offer was given to Kamdhenu Steel vide letter Dated 17.04.2008 which were accepted by the supplier firm. The rates were accepted and confirmed by Manager (BPC) vide letter No. A-5(BPC)/176152-A/750 dated 17.04.2008 (Rs. 50700 to 49200). The offer was accepted by the supplier

firm. Supply order was issued on 17.04.2008 for 260 MT material of various dia amounting to Rs. 1,30,62,000. @ Rs. 50700 to Rs. 49200 per MT.

Audit observations in the matter are as under: -

1. RE submitted requirement of 500 MT for JNU works (20.11.2007). However management decided to procure 217 MT steel bars only. Subsequently due to total demand was not fulfilled, two NIT's were issued and finally 260 MT material was procured from M/s Kamdhenu Ispat Ltd., in April 2008. Rate difference was as under:

-

	Qty procured from Kamdhenu	Rate of Kamdhenu	Rate of G.S. Aloys (Rs.)	Difference (Rs.)	Loss (Rs.)
8 MM	30	50700	32279	18421	552630
10 MM	50	50200	31179	19021	951050
12 MM	05	49200	30179	19021	95105
16 MM	05	50200	30779	19421	97105
20 MM	50	50200	30779	19421	971050
25 MM	120	50200	30779	19421	2330520
	260				4997460

Thus the company suffered a loss of Rs. 49,97,460.00 due to material not procured in required quantity as per requirement placed by RE Gurgaon i.e. 500 MT initially.

2. A supply order No. 419 dated 20.12.2007 was issued to M/s G.S. Aloys and steel for 239 MT for various types of dia TMT bars Fe-415. The supplier supplied only 218.305 MT material. Thus 21 MT material was less supplied. Due to this the company has suffered loss of Rs. 407841.00 on procurement on higher rates. It was

however, observed that completion certificate was issued and earnest money was refunded to the supplier which may be justified.

3. The supply order against NIT 308 was issued in favour of M/s. Rathi Bars Ltd. for supply of 418 MT TMT Steel. On refusal to supply this quantity, the company merely forfeited the EMD of Rs. 2.70 Lakh. However no legal action was found taken on record. The reason for not initiating any legal action against M/s. Rathi Bars or blacklisting the firm may please be justified.

POM No. 1 dated 24.11.2008 was issued to management. Reply is still awaited.

Para 2. **Avoidable loss due to Administrative delay in allotment of toll contracts in time - Rs. 3.94 lakh.**

(A) **Delay in awarding toll collection contract of Mangalwar – Nimbahera route.**

RSRDC Ltd. in general practice collects toll from BOT toll projects by awarding 1 year contracts to the highest bidder submitted against reserve price. The essence of awarding a toll contract is the time element so as to minimize loss due to departmental collection as is evident from records.

The Resident Engineer plays a vital role in toll contracts because the reserve price is calculated on the basis of traffic census conducted by him.

Mangalwar-Nimbahera Road toll collection contract was to be expired on 09.04.2007 for which proceedings for awarding new contract had to be initiated timely. The Road traffic census for determining reserve price with reference to above contract was conducted by Resident Engineer Udaipur during 16.02.2007 to 23.02.2007. NIT for the expiring contract was issued by RSRDC Ltd on 26.03.2007 for which tenders were opened on 09.04.2007.

The tender committee approved in favour of the highest bidder M/s jai Singh & Company, Park Road, Gohena, Disst:- Sonipath, Haryana on the same day. The contractor was awarded contract for the same on 02.05.2007.

During the above period i.e. from 09.04.207 to 02.05.2007 toll collection was made departmentally by the company.

In light of above since the traffic census was completed by R.E. on 23.02.2007 there was a long unreasonable gap in awarding contract which resulted in loss to the company calculated as follows: -

Actual amount collected departmentally from (09.04.2007 to 02.05.2007)	(A)	1689049.00
Expenditure incurred thereon	(B)	<u>155769.00</u>
Net collection	(A)-(B)	<u>1533280.00</u>
Highest bid received on 09.04.2007		27375000.00
Amount of Toll as per highest bid i.e. Toll from (09.04.2007 to 02.05.2007) (27375000 X 24)/365	=	1800000.00
Loss borne by department (1800000.00 – 1533280.00)	=	266720.00

(B) Delay in awarding toll collection contract of Banaswara-Dahod Route

The problem of administrative delay was also reflected in the case of Banaswara- Dahod Road Toll collection (Km 396to 411/0).

In the above mentioned case the toll contract which was awarded on 26.03.2006 was to be expired on 26.03.2007. Traffic census for the above project was conducted by Resident Engineer from 17.02.2007 to 23.02.2007. NIT for toll collection was issued on 16.03.2007 for which tenders were opened on 26.03.2007 (date of expiry of previous contract). The tender committee accorded its approval in favour of highest bidder

on the same day. The contract was awarded to the highest bidder on 20.04.2007, during which the toll collection was made departmentally.

The loss resulted to the company due to administrative delay in the above project is calculated as follows: -

Actual toll collected by department from (26.03.2007 to 20.04.2007)		566901.00 (As reported)
Actual Expenditure incurred during this period		Nil (As Reported)
Highest bid received on 26.03.2007		9751189.00
Amount of Toll from (26.03.2007 to 20.04.2007) on the basis of above (9751189 X 26) /365	=	694605.00
Loss (694605.00 – 566901.00) =		127704.00

It was intimated by Resident Engineer, Udaipur that no expenditure on toll collection during the period between 26.03.2007 to 20.04.2007 was incurred by the O/o Resident Engineer, Udaipur via fax letter dated 24.11.2008. In this connection the details of staff deployed for toll collection may please be furnished to audit.

In view of above, it was observed during audit that due to delay in awarding the toll contracts, the toll collection was made departmentally which resulted into short recovery of toll amounting to Rs. 3.94 lakh which needs justification.

The matter was intimated to management vide POM No. 2 dated 26.11.2008. Reply is still awaited.

Para 3. **Avoidable expenditure of Rs. 2.97 lakh towards power factor surcharge and excess demand charges.**

Rajasthan State Road Development & Construction Corporation Ltd. is having a non-domestic electricity connection with a contract demand of 65KVA. According to provisions of tariff of Jaipur Discom, the consumer has to maintain average power factor at .90 and in case it goes below it, power factor surcharge will be levied in percent equal to points goes below. Similarly, the consumer should not allow to exceed the contract demand any time & in case it is done excess demand surcharge will be levied on energy charges.

A review of energy bills of the company, revealed that during the period 4/2007 to 3/2008, average power factor was recorded between .58 to .88. This has resulted in levy of power factor surcharge Rs. 57704.04 as per details given in annexure 'A'. Similarly demand used by the company was recorded 94.00 KVA to 107.00 KVA in summer season from 5/2007 to 11/2007 as against contract demand of 65 KVA. This has resulted in levy of excess demand charges Rs. 2,39,207.47 as per details given in Annexure 'A'.

The company did not take any corrective step to maintain correct average power factor by installation of capacitor and to assess its demand to apply extension in contract demand although two electrical units of the company are working in the Head Office building. Reasons for the avoidable expenditure may be justified and correct the position under intimation to audit.

The matter was intimated to management vide POM No. 4 dated 05.12.2008. Reply is still awaited.

Para 4: Levy of ABB charges. Loss of Rs. 2.43 lakh.

During scrutiny of record relating to cash transaction of the company, it was noticed that the company having their current account in three banks i.e. bank of Rajasthan Ltd., SBBJ and Syndicate Bank. During the period of 4/2007 to 8/2008, Rajasthan Bank (A/c No. 1003393) levied Rs. 242843.00 any where banking charges (ABB charges) on funds transferred from unit offices to Head Office and Head Office to unit offices.

It was further observed that SBBJ and Syndicate banks were not levying such charges on such transactions made by the Company. However, the company made transfer of funds through BOR further, these charges were levied by BOR which were not in accordance with terms and conditions of the agreement entered into with bank. The company persuaded the bank to credit these charges but in vain. This has resulted in loss to the company for Rs. 2.43 lakh, which may be justified.

The matter was intimated to management vide POM No. 9 dated 11.12.2008. Reply is still awaited.

Para 5. **Non- recovery/ adjustment of long outstanding advances from staff – Amounting to Rs. 1.23 lack.**

As per rules the amount of unutilized advance must be returned immediately and further advances shall not be sanctioned in favour of such officers/ officials till previous advance is not deposited by them.

A review of position of outstanding advances revealed that a sum of Rs. 1,23,387/- were outstanding against the serving officers/ officials of the company. Details of outstanding against these staff are enclosed herewith vide Annexure – B.

Audit observed that in many cases further advances were allowed to officers/ officials without recovering previous advances for example, in case of Sh. M. J. Sunni the outstanding amount as on 31.03.2007 was Rs. 9,000/- however, no action was taken to recover and further advance on 31.03.2008 Rs. 5,000/- was provided without recovering the amount of old advances making total outstanding advance Rs. 14,000/- as on 31.03.2008.

The justification for non – recovery/ non – adjustment of these staff advance may please be furnished to audit along with the present status of advances outstanding against staff.

The matter was intimated to management vide POM No. 5 dated 08.12.2008. Reply is still awaited.

Para 6. **Heavy outstanding against client Rs. 2180.93 lakh.**

During scrutiny of records, it was noticed that a sum of Rs. 2180.93 lakh was outstanding as on 31.03.2008 against the client department for works done by various units of company on their behalf. The details of unit wise outstanding are given in Annexure-‘C’.

It is pertinent to mention that the works have been completed long back and handed over to the client departments. The company carried out the work through borrow funds on which huge interest was paid. In this connection it was noticed that a recovery cell has been constituted and assigned responsibility of pursuance of recovery but concrete step are not being taken for effecting recovery except issue of reminders for release of payment.

In order to safeguard commercial and financial interest of the company, sincere efforts for speedy recovery is required, which may be made and further progress made in recovery may be intimated to audit.

The matter was intimated to management vide POM No. 7 dated 08.12.2008. Reply is still awaited.

**Para 7. Advance recoverable from Govt. Department/
Private parties amounting to Rs. 25.26 lakh.**

During scrutiny of record records, it was noticed that advance given to private parties/ Government department amounting to Rs. 25,26,445 were pending for recovery since last many years. The details of outstanding advances are enclosed herewith as per Annexure-‘D’.

It was observed during audit that out of total outstanding advances of Rs. 25.26 lakh a major part of advances amounting to Rs. 23.89 lakh pertains to the period between 1982-83 and 1999-2000, the details of which were not made available to audit. No action to recover these advances from the concerned department/ parties were found taken by the company. Since these advances are quite old, chances of recovery of these outstanding amount is very bleak.

The steps taken by the company to recover these amount or adjust them may please be intimated to audit.

The matter was intimated to management vide POM No. 6 dated 08.12.2008. Reply is still awaited.

Part – III

-Nil-

Sr. Audit Officer/CAW-II

