

Inspection Report on the accounts of Resident Engineer, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC), Alwar for the period 2006-07 to 2007-08

Part- I- (A)

I- Introductory:

The Resident Engineer, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC Ltd.), Alwar unit was mainly entrusted with the work of construction of buildings, bridges and roads on tender as well as centage basis. This unit also auction of bridges for toll and collect toll on behalf of State Government. Previously the unit was merged with the Unit –III (Jaipur) and working separately independent w.e.f Feb., 2007.

The Resident Engineer was incharge of the unit and also was assisted by two Assistant Resident Engineers, the work of accounts side is looked after by the Accountant.

During the period covered under audit the charges of the following posts were held by the officers/officials noted against each:-

Name of Officers/ Officials	Period
<u>Resident Engineer</u>	
1.Sh. N.S. Choudhary	03.02.2007 to 31.03.2008
<u>Assistant Resident Engineer</u>	
1.Sh. Lala Ram Saini	16.3.07 to 31.3.08
2. Sh. R.K.Mali	24.3.07 to 31.3.08
3. Sh. D.K.Fulwaria	21.5.07 to 31.3.08
4. Sh. Jai Singh Yadav	29.3.07 to 31.3.08
<u>Accountant</u>	
Sh. Rakesh Gupta	03.02.2007 to 05.06.2007
Sh. N.K. Bhatnagar	31.5.2007 to 31.03.2008

II- Working Results:

The financial position of the unit for the last three years was as under:

(Rs in lakhs)

Sl. No.	Particulars	2005-06	2006-07	2007-08
A	Income			
	1. Centage Charges	23.52	2.48	NA
	2. Other Income	-	-	-do-
	Total Income	23.52	2.48	-
B	Expenditures			
	1. Salary & wages	11.17	0.39	4.00
	2. Office Expenses	0.81	0.27	0.63
	3. R& M of vehicles	2.55	-	-
	4. Other expenditures	0.61	0.07	0.14
	Total Expenditures	15.14	0.73	4.77

III. Scope of Audit:

The audit of the Resident Engineer, RSRDCC Ltd. Alwar for the period 2006-07 to 2007-08 was conducted by Shri O.P.Bairwa, Section Officer (Commercial) from 01.04.2008 to 11.04.2008 under the supervision of Shri G. L. Gupta, Sr. Audit Officer for the same period.

Part- I- (B)

(Position of Outstanding Paras)

Resident Engineer, RSRDCC Ltd. Alwar 2003-04 to 2004-05	
Part-II-B- 2. Outstanding advances of Rs. 27.54 lakh against contractors/ suppliers	Para Settled

Part-I-(C)

(Persistent Irregularities)

-Nil-

Part-II-(A)

Nil

Part- II-(B)

1. (A) Excess expenditure of Rs. 29.44 lakh due to non-operating Risk & Cost clause

Chief Engineer (Roads) PWD Rajasthan, Jaipur entrusted to RSRDCC Ltd., Jaipur the work of modernization & upgradation of various roads in Alwar district at actual plus 7.5% vide Govt. order no. F-7 (1143) Sec.II/2006/D-443 dated 12.1.2007. Accordingly Rajasthan State Road Development & Construction Corporation Ltd. awarded the work of Grit of various sizes at Hot Mix Plant near Malakhera for moderisation & upgradation of various roads Phase- II & III of RMUP in Alwar District, to M/s Ganga Singh Choudhary vide work order no. RE/Alwar/2007-08/ 13 dated 2504.2007 for Rs. 87,93,500. The date of completion of the above work was 27 September, 2007.

The contractor has executed part supply valuing of Rs. 29,87,813.95 by the period of 09.12.2007. The bill for Grit supplied was passed on 15.12.2007 without detaining financial hold for Rs. 29,87,813.95 as detailed below:-

Sl No.	Grit Size	Ordered Quantity (in Cum)	Rate (Rs.)	Executed Quantity (in Cum)	Amount (Rs.)
1.	13.2 mm	10200	435	3411.13 cum	14,83,841.55
2.	11.2mm	5100	430	1670.13 cum	7,18,155.90
3.	6.7mm	4700	425	1848.98 cum	7,85,816.50
				Total Rs.	29,87,813.95

M/s Ganga Singh had not supply the balance quantity of 6788.87 cu.m., 3429.87 cu.m. and 2851.02 cu.m. of Grit of 13.2mm,11.2mm and 6.7mm respectively. For required quantity of various sizes of Grit 4750, 2375 & 2425 cum were awarded to M/s Om Construction Company and Bhupendra Saini, Alwar after inviting tenders @ Rs. 629.00 for 4750, @ 619 for 2375 and @ 609 for 2425 Cum. This has resulted in extra payment of Rs.18,16,575 (Rs. 9,21,500 (4750 + Rs..194) + 448875 (2375 X Rs.189) + 4,46,200 (2425 X Rs.184).

Similarly Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC) awarded the work of Grit of various sizes at Hot Mix Plant at Bambora Ghat for modernization & upgradation of various roads to M/s Jagdish Prasad Agarwal vide work order No RE/Alwar/07-08/1 dated 18.04.2007 for Rs. 87,25,200. The date of completion of the above work was 27.09.2007. The contractor has executed part supply of Rs. 29,99,149. The bill for supplied grit was passed on 31.12.2007 without detaining financial hold for Rs. 29,99,149/- as detailed below:-

Sl No.	Grit Size	Ordered Quantity (in Cum)	Rate Per Cum.(Rs.)	Executed Quantity (in Cum)	Rate Per Cum. (Rs.)	Amount (Rs.)
1.	13.2 mm	10200	436	951.06cum 2375.61cum	426 436	4,05,152 10,35,766
2.	11.2mm	5100	425	113.12 cum 1796.80cum	415 420	46,945 7,54,656
3.	6.7mm	4700	415	1162.83 cum 696.79cum	405 410	4,70,946 2,85,684
				Total Rs.		29,99,149

M/s Jagdish Prasad Agrawal had not supplied the balance quantity of grit but RSRDCC Ltd. has not taken any action as per Risk & Cost of clause of contract.

For required quantity of various sizes of grit order for 4700,1300 and 1300 cum was awarded to M/s Bhupendra Saini, Alwar @ Rs.590, @580 and @ 570 per cum respectively after re-tendering. This has resulted in extra payment of Rs. 11,26,800 (Rs.7,23,800 (4700 x Rs. 154) + Rs. 2,01,500 (1300 x Rs. 155)+ Rs.2,01,500(1300 x Rs. 155).

In this connection Audit observed that company paid full payment to the defaulter supplier without detaining financial hold except 10% security deposit. Due to short supply of order quantity by M/s Gangasingh Choudhary and M/s Jagdish Prasad Agarwal Company had to purchase at higher rates from other suppliers.

Thus due to non operation of Risk and Cost clause against the defaulter suppliers company had to bear extra payment of Rs. 29.44 lakh.

POM No. 5&6 dated 9.4.08 & 10.4.08 was issued to company.

Resident Engineer stated that appropriate action shall be taken for realization.

Final action may be taken under intimation to audit.

2. Un-due benefit to the contractor by way of extension of contract period- Rs. 166.61 lakh

An agreement was signed on 02.04.2007 for Toll Tax collection upon the Alwar-Bhiwadi Road (SH-25) (BOT Road) between RSRDCC Ltd. and M/s Shees Ram, Alwar for the period of one year i.e. 02.04.2007 (12 hrs noon) to 02.04.2008 (12 hrs noon) for total price of Rs. 752 lakh as per terms and conditions of agreement as applicable.

As per toll tax rules, regulations & conditions, the present contract may be extended maximum upto three months by increasing 7.50% amount of tender price by the higher authority, then the tender committee in the casual circumstances.

A review of toll tax files/ records it was observed that the company (RSRDCC) extended the present contract period for next 6 months i.e. 02.04.2007 to 14.09.2008 by increasing 7.5% amount of tender price for total price of **Rs. 366.55 lakhs** which was beyond the rules, regulations & conditions of toll tax. The contractor was benefited unduly by the company by way of awarding of contract for the period of next three months i.e. **02.04.2008 to 14.09.2008 of Rs. 1,66,61,364/- (Rs. 3,66,55,000/ 5.5 months x 2.5 month).**

Management replied (April 1 2008) that the extension granted in the interest of the corporation & no undue benefit is likely to accrue to the contractor. The reply is not tenable as the toll tax rules, regulation & condition is not permitted. Comments of extension of authority may be furnished.

3. Non-recovery of interest on Toll Tax installments for delay deposited by the contractor- Rs. 5.78 lakh

An agreement was signed on 02.04.2007 for Toll Tax collection upon the Alwar-Bhiwadi Road (SH-25) (BOT Road) between RSRDCC Ltd. and M/s Shees Ram, Alwar for the period of one year i.e. 02.04.2007 (12 hrs noon) to 02.04.2008 (12 hrs noon) for total price of Rs. 752 lakh as per terms and conditions of agreement as applicable.

Clause- 16 of agreement provides that if any installment is not paid by the contractor on due date, the contractor will be liable to pay minimum one month interest at the rate of 18 per cent per annum from the date of default. The maximum delay in

payment of installment will however not exceed 10 days. On expiry on this period, the security deposit may be adjusted against the outstanding money and the work of collection of toll tax will be started departmentally by the Resident Engineer after canceling the contract.

A review of toll tax files/ records it was observed that the contractor deposited the installments after due dates (**as per annexure enclosed-'A'**). For delay in deposit of installment of toll tax, the company (RSRDCC) neither recovered of interest thereon nor forfeited the security deposit's money which was with the company. The interest on late deposit of installments was work out to Rs. 5,77,875/- for the period May, 2007 to March, 2008 (as per annexure enclosed).

The Resident Engineer in reply to the observation stated (April 2008) that the interest due will be recovered from the contractors security deposit. Final action to recover the interest may be taken under intimation to audit.

4. Delay in completion of works.

Clause -2 of General Conditions of contract provides that the work will be strictly observed by the contractor and will be reckoned from 10th day after the date of written order to commence the work given to the contractor. If the contractor does not commence the work within the period specified in the work order, he will stand liable for the forfeiture of the amount of Earnest Money. Besides appropriate action may be taken by the Engineer in charge/ competent authority to debar him from taking part in future tenders for a specified period or black list him. The work shall through out the stipulated period of completion of the contracts, be proceeded with all due diligence, time being essence of the contract, on the part of the contractor. To ensure good progress during the execution of work, the contractor shall be bound in all cases in which the time allowed for any work exceeds one month, to complete 1/8th of the whole of the work before 1/4th of the whole time allowed under the contract has elapsed, 3/8th of the work before 1/2th of such time has elapsed, 3/4th of the work before 3/4 of such time has elapsed. If the contractor fails to complete the work in accordance with this time schedule in terms of cost in money, and the delay in execution of work is attributable to the contractor, the

contractor shall be liable to pay compensation as prescribed in this **Clause 2.5% to 10%** of scheduled work remained un-executed on the last day of contract.

A review of work orders files/ records in audit revealed that **15 nos.** of work orders issued / awarded during 2007-08 to the various contractors which were not completed within stipulated date of completion period as shown in **annexure-‘B’ enclosed**. Competent authority neither levied compensation/ penalty from the contractor nor time extension has been given till date upto march, 2008 as per the terms and conditions of the said contracts.

The Resident Engineer in reply stated (April 2008) that final decision regarding contractor’s liability will be taken on completion of work & accordingly action as per contract clause will be taken. Further progress may be intimated to audit.

PART-III

(Test Audit Note)

Nil

Sr. Audit Officer/CAW-II.

3. Payment of Bank Charges- Rs. 1.05 lakh

Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC Ltd.) unit – Alwar has opened Current Account vide **No. 8315307001391** in Syndicate Bank, Branch Taj Mandi, Station Road, Alwar for the purpose of remittances and deposit of funds through Collection Account and surplus funds transfer to Head Office in main Collection Accounts.

A review of Bank Statements and Bank Charges files/ General Ledger revealed that the Bank has charged Bank Charges of **Rs.1,05,189/-** for preparation of Demand Drafts for making payment to the suppliers/ Pvt. Parties by unit (RSRDCC Ltd.- Alwar) for the for the period Feb.2007 to March 2008 (**Annexure enclosed**). It could be seen from the Bank Statement (Annexure enclosed) that in crores of Rupees were lying in the Current Account of the unit at the end of the each month which was enjoying by the bank, of the company's funds and charging bank charges also from the unit for preparation of Demand Drafts.

Had the matter been taken up with higher management of Syndicate Bank for exemption of DD Charges, such charges would have been avoided. The reasons for not taken up the matter with higher management may be intimated to audit.

Part-III

(Test Audit Note)

Nil

(G.L.Gupta)
Sr. Audit Officer (I)
CAW/ FP- 04