

**Inspection Report on the accounts of Resident Engineer (Mechanical),
RSRDC, Jaipur for the period 2005-06 to 2006-07.**

PART-I-(A)

(I) Introductory:-

The main function of mechanical unit of Rajasthan State Road Development & Construction Corporation Limited Jaipur, are to procure the machines/equipments required for construction of buildings, roads etc. and utilize them for execution of works.

The mechanical unit of RSRDC is managed by Resident Engineer, who is assisted 3 Asstt. Resident Engineer, one Assistant Accounts Officer.

During the period under audit the charge of the following posts was held by the officers/officials shown against each.

<u>1. Resident Engineer</u>	<u>Period</u>
(I) Sh. V.K.Vyas	01.04.2005 to continued.
<u>2. Assistant Resident Engineer</u>	
(i) Sh. G.P.Sharma	01.04.2005 to Continued
(ii) Sh. M.L.Arora	01.04.2005 to continued
(iii) Sh. G.S.Gehlot	01.04.2005 to continued
<u>3. AAO</u>	
(iii) Sh. N.C.Joshi	07.03.2007 to continued
<u>4. Accountant</u>	
(i) Sh. S.K.Bhambhani	01.04.2005 to 12.01.2007
(ii) Sh. Sanjeev Arora (Charge)	13.01.2007 to 06.03.2007
<u>5. Jr.Accountant/ Cashier</u>	
(i) Sh. Sanjeev Arora	01.04.2005 to continued
<u>6. Store Keeper</u>	
(i) Sh. Ram krishan Nehra	01.04.2005 to continued.

There was no staff /workers deployed by this unit on daily wages basis during the period under report ,though the staff was engaged through security agencies in which the provisions of minimum wages Act have been followed/ensured.

(2) Working Results

The Working results of the Mechanical units for the last two years 2005-06 & 2006-07 is given below: -

(I)	<u>INCOME</u>	<u>2005-06</u>	<u>2006-07</u>
(i)	Hire charges of Machinery.	17507096/-	15750749/-
(ii)	Centage Charges	-----	-----
(iii)	Misc. Receipt.	<u>1004498/-</u>	<u>671919/-</u>
		<u>18511594.00</u>	<u>16422668.00</u>
(II)	<u>Expenditure:-</u>		
(i)	Pay & allowances	7884062.00	10384647.00
(ii)	Plant Running Exp. And Repair & maintenance.	18493814.00	15444390.00
(iv)	Depreciation.	<u>3118198.00</u>	<u>2589833.00</u>
		<u>29496074.00</u>	<u>28418870.00</u>
(I)	<u>Loss:-</u>	10984480.00	11996202.00

The unit is running in losses, which increased, from Rs.109.84 Lakh in 2005-06 to Rs.119.96 lakh in 2006-07. The main reason for losses were non revision of rate of hire charges of machines on logical basis, under utilisation of machines and heavy expenditure of repair and maintenance on old machines, but the Corporation has not taken remedial action.

(3) **Physical Performance:-**

Specific targets for physical and financial performance have not been fixed for mechanical unit.

(4) **AUDIT**

The audit of the RSRDCC Mechanical unit, Jaipur for the period or 2006-07 was conducted by Sh. Nema Ram, Assistant Audit Officer. during 09.07.2007 to 18.07.2007.

PART-I-B

(Position of outstanding Para's of old Inspection report)

Sr. No.	Year of I.R.	No. of Para's Outstanding	No. of Para settled	Balance outstanding
1.	2001-02 to 2002-03	1(1 of part II B)	1(1 of part II B)	-NIL-
2.	2003-04 to 2004-05	1(1 of part II A) 1(4 of part II B)	2(4 of part II B) (1 of Pt.-II-B)	Nil

PART-I-(C)

- NIL -

PART-II-(A)

Nil

PART-II-(B)

1. Procurement of Hot Mix Plants & Paver Finishers without its requirement- injudicious expenditure of Rs. 122.37 lakh.

Keeping in view of the massive programme of road Contraction, it was decided in the meeting held on 23.5.2002 in the Chamber of Secretary, Public works Department, that without waiting further, RSRDCC (Company) should procure 5 Hot Mix plants (HMPs) along with Paver Finishers (PFs) to be installed in Nohar (Hanumangarh Distt.), Khetri (Jhunjhunu Distt.), Baran (Baran Distt.) and Siker (Sikar Distt.), because the work as per the Govt. order should be done by the company in these critical districts. Accordingly, the company procured 3 HMPs and 6 PFs during the year 2002-03 at the cost of Rs. 122.37 lakh as detailed below No without analyse of requirements of these items was made although the company was already having 3 HMPs and 5 PFs at that time.

S.No.	Order No & Date	Name of supplier	Equipmen t	Landed rate (Rs)	Value (Rs)
1	A-5(M)/150-56 date-12.10.02	M/s Swastic Engg. Works ,Ahemdabad	3 HMPs	25,12,640.00	75,37,920.00
2	A-5(M)/138-40 dated-08.07.02	M/s Himakshi Road Constructions,. ,Mehasana	1 PF	8,17,787.00	8,17,787.00
3	A-5(M)/149 Dated-05.08.02	M/sAshirwad Industries, Mehasana	5 PFs	7,76,226.00	38,81,130.00
Total					1,22,36,837.00

Further a scrutiny in audit revealed that the utilization of HMPs and PFs since 1999-2000 was as listed in the annexure –“A”, against norms fixed by the Govt. of India, Ministry of surface Transport (Road wing) Vide their order No-RW-24011/1/88-RMP dated-05.05.1998.

It would be observed from the Annexure- “A”, that the utilization of old HMPs & PFs were 58.51%(4212.80Hrs /7200 Hrs.) & 49.25% (5910 Hrs/12000 Hrs) during 1999-2002, which was decreased/ increased to 43.41% (4167.75 Hrs/ 9600 Hrs.) & 54.99 % (9238 Hrs/16800 Hrs.) respectively during 2002-2007 and new HMPs & PFs were utilised 56.06% (5830 Hrs/10400 Hrs) & 42.76% (9377.75 Hrs/ 21933 Hrs) respectively since procurement/installation, thus there was no need to procure new HMPs & PFs, which caused injudicious expenditure of Rs. 122.37 Lakh , needs justification.

Furthers, due to under utilization of HMPs & PFs caused loss of Rs. 457.56 Lakh to the company equivalent to hire charges as fixed by itself as calculated below:-

1. Unutilized Hours of HMPs = 12999.45 Hrs (27200Hrs-14200.55 Hrs) X Rate Rs 2249.89 (Rs <u>150000</u> / 66.67 working hours in the month)	=Rs 2,92,47332.56
2. Unutilized Hours of PFs= 26206.25 Hrs (50733Hrs-24526.75 Hrs X Rate Rs. 629.97 / (Rs <u>42000</u> / 66.67 working hours in the month)	=Rs <u>1,65,09151.31</u>
Total Rs	<u>4,57,56483.87</u>

In this connection following further observations are made:-

1. Technically one PF is sufficient for working along with one HMP, however the management procured 6 PFs along with 3 HMPs, needs justification.
2. HMP-III was not utilised by the company around last 3 years, needs justification.
3. The following PFs were not utilised by the company even single hour in the year shown against each, needs to be justified.
 - (I) PF-I 2004-05
 - (II) PF-II 2004-05
 - (III) PF-III 2002-03
 - (IV) PF-V 2001-02,2004-05,2005-06 & 2006-07
 - (V) PF-VI 2004-05& 2006-07
 - (VI) PF-VII 2005-06
 - (VII) PF-VIII 2005-06
 - (VIII) PF-X 2005-06 &2006-07
4. Govt. of India, Ministry of surface transport vide their order No- RW-24011/5/93 RPM dated 30.12.1993, directed that the life achieved either in 12 years or 9000 Hrs, whichever is later will be taken for condemnation purpose of HMPs, PFs etc, however the company declared HMP-I as condemned after working only 7723 Hours in the month of Nov. 2005 and auctioned on 14.12.2005, needs justification.
5. As per minutes of the meeting held in the chamber of Secretary, PWD on 25.05.2002 , the allotment of work as per the Govt. order should be done by the concerning Chief Engineers to RSRDCC in aforesaid critical districts. If the same have been allotted to RSRDCC, the copies of the orders may also be furnished to audit.

During the discussion, RE (Mech.) stated that the machines were purchased as per direction of Govt. to carry out the works in few districts and detailed reply will be submitted, shortly.

2. Loss of Rs. 158.03 lakh due to non revision of rates of hire charges on logical basis.

Mechanical Unit of the Company is having Hot Mix plants and allied Machines for use in construction works carried out by various civil units. Hire charges of machines are debited to the concerned work based on the rates fixed by the company from time to time. There is no policy or guidelines laid down by the Company for issue to the machineries on hire charges basis and fixation of rates thereof.

Resident Engineer (mech.) proposed (12.07.2005) the rates of Hire Charges of Hot Mix Plants (HMPs) & allied machines for departmental works @ Rs. 299/- Per MT with POL for lead of 25 KM & if the lead increase, the transportation charges (P.O.L.) will be increased accordingly. Similarly, if the rate increases for HSD, POL charges may vary accordingly. The managing Director approved (22.10.2005) the same for carrying out departmental work at Hanumangarh only. Subsequently, the rates of hire charges for road works in Alwar district was approved (21.04.2007) by the Managing Director @ Rs. 605/- Per MT (Including hire charges of HMP & allied machineries @ Rs534/- Per MT), though the rates of HSD & LDO were not revised by the central Govt. during Nov. 2005 to April 2007.

This clearly indicates that there was no logical price mechanism was adopted by the company for revision of hire charges, caused loss to the mechanical unit while carrying out works at Hanumangarh amounting to Rs158.03 Lakh as calculated below:-

(A) Out put HMP-5 during Nov. 2005 to Aug. 2006.	36,868.97 MT
(B) Out put of HMP-6 during Dec. 2005 to Aug. 2006.	<u>35,094.99 MT</u>
Total out put	= <u>71,963.96 MT</u>
(C) Amount was to charge for works (71,963.96 MT x @ Rs.534/-)	Rs.3,84,28754.64/-
(D) Less: - Amount actually charged for works. (71,963.96 MT x @ Rs299/- Plus hike on POL portion, @ Rs15.40)	<u>Rs2,26,25,469.02</u>
Loss to the mechanical Unit	<u>Rs1,58,03,285.62</u>

RE (Mech.) replied while discussion that the hire charges rates were fixed as per nature of work and utilization of machine basis, which further needs to be justified with reference to MORTH guidelines.

4. Issue of diesel while Plant lying Idle amounting to Rs 93251/-

During the scrutiny of the POL Stock Register of HMP-6, It was noticed in audit that the diesel was issued to the plant & utilized when the same being idle. Details of which are as under:-

<u>S. No.</u>	<u>Idle Period of Plant</u>	<u>Reasons for Idling</u>	<u>Diesel issued liters</u>
1.	06.12.2005	No-available	150 Ltr
2.	15.12.2005	Non availability of bitumen	70 Ltr.
3.	18.12.2005	-----do-----	70 Ltr.
4.	20.01.2006	Non- availability of grits	130 Ltr.
5.	25.01.2006.	Holiday on account of Independence day	400Ltr.
6.	03.02.2006	Non availability of Grits	400Ltr.
7.	10.02.2006	-----do-----	200 Ltr.
8.	19.03.2006	-----do-----	150 Ltr.
9.	21.08.2006	Not available	640 Ltr.
		Total	<u>2210 ltrs</u>

Thus ,the diesel issued valuing Rs 73261.50/- (2210 Ltrs x @ Rs33.15) needs, justification. Further, the diesel of 603 Ltrs was issued from HMP-5 during 25.04.2003 to 19.05.2005 for vehicles & belcha @ 3 Ltr & 6 Ltr par day amounting to Rs19,989.45 also be justified with reference to rules & regulations made in this regard by the company.

On being pointed out by the audit, RE (Mech.) stated during discussion that supporting documents are being collected and reply will be submitted, shortly.

3. Undue benefit given to the Contractors amounting to Rs. 6.79 lakh.

There is no policy or guidelines or rules laid down by the Company for issue to the Machineries of Company to the contractors on hire charges basis and fixation of rates of hire charges thereof from time to time. To reduce losses in mechanical unit, a proposal for revision of hire charges was submitted by RE(Mechanical). The Managing Director (M.D) appointed, Sh. A.K. Sharma, Mechanical Engineer as a consultant to give their opinion for revision of hire charges of machines to be issued to the contractors, who submitted (08.04.2004) their report, which summarized as under:-

<u>S. No.</u>	<u>Particulars</u>	<u>Rate of hire charges (Without POL)</u>
1.	HMP/DMP (40-60 TPH Capacity)	Rs. 50/- Per MT or Rs 1.50 Lakh per month, which ever is higher.
2.	D.G.Sets (100/125 KVA)	Rs 7/- Per MT or Rs 21,000 per month, whichever is higher.
3.	Weigh Bridge	Rs 2/- Per MT or Rs 6000/- Per month, which ever is higher.
4.	Mechanical Paver Finisher	Rs 14/- Per MT or Rs 42,000/- Per Month, which ever is higher.

The same was approved by the Managing Director on 15.04.2004. In test check, audit noticed that the above rates were not recovered in the following cases.

(A) A HMP including DG Sets and a Paver Finisher were given on hire charges basis to M/s Shilpa Construction Jaipur vide order No-A-5(M)/issue of Corp. Machine on Hire /1471-73 dated 23.3.2006 and No-739-740 dated 07.10.2006 at the rate of Rs 1,11,000/- per month or Rs 37/- per MT, Which ever is higher and Rs 30,000/- per month or Rs 10/- Per MT which ever is higher respectively, which resulted in an undue benefit of Rs 5.77 lakh given to them as calculated below:-

(II) May 2006:-
(05.05.2006 to 31.05.2006.)

Out put was 1577.720 MT so the recoverable amount ,Rs 185516 (Rs148935+Rs36581)-
Charges effected to Rs 1,25,05/- = Rs **60,466/-**

(II) June 2006:-
(01.06.2006 to 30.06.2006)

Out Put was 1221.950 MT, So the recoverable amount Rs 2,13,000/- (Rs. 1,71,000+Rs 42,000)-
Charges effected to Rs 1,24,550 = Rs **88,450/-**

(III) July 2006:-
(01.07.2006 to 27.07.2006)

Out put was 1360.005 Mt, So the recoverable amount
Rs 1,85,516/- Charges effected to Rs 96,350
= Rs. **89,166/-**

(IV) 14.10.2006 to 18.01.2007 Out put was 50% of minimum Charges

So recoverable amount Rs 6,73,354/-

(Oct. Rs 123677+, Nov. Rs 2,13000+,

Dec. Rs 2,13,000+, Jan. Rs 1,23,677)

-Charges effected to Rs 3,34,300/-

(Rs1,08,100+Rs1,41,000+Rs85,200)

=Rs3,39,054

Sub total Rs 5,77,136/-

(B) An order vide No A-5(M)/issue of Corp. Machines on hire/9-13 dated 08.04.2005 was issued on M/s S.S.Enterprises, Jaipur for inter-alia giving HMP(40-60 TPH) with D.G.Set & Weigh Bridge @ Rs 50/- Per MT, which resulted into an undue benefit of Rs 1.02 Lakh given to them as calculated below:-

Amount recoverable for 27 days during 23.04.2005 to 19.05.2005

Rs1,59,300 (Rs 1,77,000 x 27/30) –

Charges effected to Rs 57,471

(Rs 41,032+Rs 16,432)

=Rs 1,01,829.00

Sub Total Rs **1,01,829**

Total (A+B) Rs **6,78,965/-**

Thus, Rs. 6.79 lakh have been under recovered from the contractors.

During the discussion, it was stated that the machines hire charges were analyzed on the basis of MORTH guidelines and machineries were issued to the contractors to earn revenue on prevailing approved rates. However approved of Competent Authority whether hire charges were to be recovered on the basis of MORTH guidelines or rates approved by the Managers Director on 15 April 2004.

5. Outstanding advances against the Private parties Rs. 6.19 Lakh.

The Rajasthan State Road Development Construction Corporation Ltd., has not framed its own rules and Regulations for advances to contractors/ suppliers. However, as per the Rules 509 (a) of Public works Financial & Accounts Rules, regarding contractors ledger, periodically all the personal accounts in the ledger should be examined to see: -

- (i) That the balances do not remain outstanding for a long time without justification and
- (ii) That in the case of running Accounts, bills are prepared at reasonable intervals.

Scrutiny of advances to private parties Register of Resident Engineer (Mech.) unit of RSRDCC for the period 2005-06 to 2006-07, since a long out standing advances shown against the private parties, as detailed in the Annexure- "B". No bill was found to paid/ be paid for a long interval. In most of the cases the advances are as old as 10-12 years.

The reasons for non-adjustment/recovery may be intimated to audit along with further progress of recovery/adjustment.

PART-III

Nil

Sr. Audit Officer/CAW-II.

OFFICE OF THE ACCOUNTANT GENERAL (C&R Audit) RAJ. JAIPUR

CAW Field Party-19 Camp RSRDCC, JAIPUR

No. CAWFP.19/2005-2007/POM-1

Dated: 09.07.2007

Subject -Requiosion for records

The audit on the accounts of the Resident Engineer.RSRDCC Mechanical Unit Jaipur for the period 4/2005 to 3/2007 has been taken up by the undersigned W.e.f. 09/07/2007. It is therefore requested that the following record / information may be provided for audit scrutiny urgently.

1. Cash Book and Vouchers for the audit period.
2. Stock and Store registers for the audit period.
3. Purchase files & disposal files regarding plant & machinery and other equipments if any.

4. Details of norms and procedure regarding utilisation of plant & machinery fixed by the head office and actual utilization reports for the last two years.
5. Records relating to sensation of regarding hire charges for various type of machinery & plants & vehicles.
6. Details of the work undertaken/procured during the last 2 year.
7. Details of the works along with correspondence files those were completed during the last 2 years.
8. Details of the contract/ work having value more than Rs. 25 Lakh for last 2 years.
9. Turn over statement & Trail Balance 2005-2006 & 2006-07.
10. Compliance of the old outstanding Audit paras of the previous inspection reports.
11. Establishment records.
12. Log books & History sheets of all machinery kept with the unit.
13. Records relating to plants & machinery given to Private Parties on hire charges basis.
14. Theft, fire & Embezzlement occurred or did any during last two years.
15. Records relating to legal cases pending & settled during last two years.
16. Any other records as desired by the audit.
- 17.

Procurement of Hot Mix Plants & Paver Finishers without its requirement-injudicious expenditure of Rs. 122.37 lakh.

Keeping in view of the massive programme of road Contraction, it was decided in the meeting held on 23.5.2002 in the Chamber of Secretary, Public works Department, that without waiting further, RSRDCC (Company) should procure 5 Hot Mix plants (HMPs) along with Paver Finishers (PFs) to be installed in Nohar (Hanumangarh Distt.), Khetri (Jhunjhunu Distt.), Baran (Baran Distt.) and Siker (Sikar Distt.), because the work as per the Govt. order should be done by the company in these critical districts. Accordingly, the company procured 3 HMPs and 6 PFs during the year 2002-03 at the cost of Rs. 122.37 lakh as detailed below without analysing its actual requirements, because the company was having 3 HMPs and 5 PFs at that time.

S.No.	Order No & Date	Name of supplier	Equipment	Landed rate (Rs)	Value (Rs)
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2	A-5(M)/138-40 dated-08.07.02	M/s Himakshi Road Constructions,, ,Mehasana	1 PF	8,17,787.00	8,17,787.00
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Total					1,22,36,837.00

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It would be observed from the Annexure- “A”, that the utilization of old HMPs & PFs were 58.51%(4212.80Hrs /7200 Hrs.) & 49.25% (5910 Hrs/12000 Hrs) during 1999-2002, which was decreased/ increased to 43.41% (4167.75 Hrs/ 9600 Hrs.) & 54.99 % (9238 Hrs/16800 Hrs.) respectively during 2002-2007 and new HMPs & PFs were utilised 56.06% (5830 Hrs/10400 Hrs) & 42.76% (9377.75 Hrs/ 21933 Hrs) respectively since procurement/installation, thus there was no need to procure new HMPs & PFs, which caused injudicious expenditure of Rs. 122.37 Lakh , needs justification.

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Total Rs	<u>4,57,56483.87</u>

The above facts & Figures may be conformed and remarks of the management if any, also be communicated. In this connection following further observations are made:-

6. Technically one PF is sufficient for working along with one HMP, however the management procured 6 PFs along with 3 HMPs, needs justification.
7. HMP-III was not utilised by the company around last 3 years, needs justification.
8. The following PFs were not utilised by the company even single hour in the year shown against each, needs to be justified.

(I)	PF-I	2004-05
(II)	PF-II	2004-05
(III)	PF-III	2002-03
(IV)	PF-V	2001-02,2004-05,2005-06 & 2006-07
(V)	PF-VI	2004-05& 2006-07
(VI)	PF-VII	2005-06
(VII)	PF-VIII	2005-06
(VIII)	PF-X	2005-06 &2006-07

9. Govt. of India, Ministry of surface transport vide their order No- RW-24011/5/93 RPM dated 30.12.1993, directed that the life achieved either in 12 years or 9000 Hrs, whichever is later will be taken for condemnation purpose of HMPs, PFs etc, however the company declared HMP-I as condemned after working only 7723 Hours in the month of Nov. 2005 and auctioned on 14.12.2005, needs justification.
10. As per minutes of the meeting held in the chamber of Secretary, PWD on 25.05.2002 , the allotment of work as per the Govt. order should be done by the concerning Chief Engineers to RSRDCC in aforesaid critical districts. If the same have been allotted to RSRDCC, the copies of the orders may also be furnished to audit.

During the discussion, RE (Mech.) stated that the machines were purchased as per direction of Govt. to carry out the works in few districts and detailed reply will be submitted, shortly.

Annexure-A

Statement Showing of utilization of HMPs & PFs.

S.No.	Name of plant	Year	Annual utilization norms/effective hours	Actual Utilisation (hours)	Percentage utilization (hours)
1	HMP-I (Old)	1999-2000	800.00	151.30	18.91
		2000-2001	800.00	321.25	40.16
		2001-2002	800.00	425.50	53.19

		2002-2003	800.00	673.50	84.19
2	HMP-II (Old)	2003-2004.	800.00	293.00	36.62
		2004-2005	800.00	40.00	5.00
		2005-2006	800.00	Auction on	Dated 14.12.05.
		1999-2000	800.00	206.50	25.81
		2000-2001	800.00	336.00	42.00
		2001-2002	800.00	785.00	98.12
		2002-2003	800.00	492.75	61.59
		2003-2004	800.00	522.75	65.34
		2004-2005	800.00	572.00	71.50
		2005-2006	800.00	00.00	00.00
		2006-2007	800.00	Auction on Dated 08.06.06	
3.	HMP-III (Old)	1999-2000	800.00	701.00	87.62
		2000-2001	800.00	536.25	67.03
		2001-2002	800.00	750.00	93.75
		2002-2003	800.00	949.25	118.66
		2003-2004	800.00	590.50	73.81
		2004-2005	800.00	34.00	4.25
		2005-2006	800.00	00.00	00.00
		2006-2007	800.00	00.00	00.00
4	HMP-IV (New)	2002-2003	266.67	283.50	106.31
		installed in Dec. 2002			
		2003-2004	800.00	386.00	48.25
		2004-2005	800.00	569.00	71.12
		2005-2006	800.00	111.00	13.87
5	HMP-V (New)	2006-2007	800.00	412.00	51.50
		2002-2003	266.67	161.00	60.15
		installed in			

		Dec .2002			
		2003-2004	800.00	840.00	105.00
		2004-2005	800.00	1020.00	127.50
		2005-2006	800.00	418.00	52.25
		2006-2007	800.00	410.00	51.25
6.	HMP-VI (New)	2002-2003 installed in Dec. 2002	266.67	138.50	51.74
		2003-2004	800.00	295.00	36.87
		2004-2005	800.00	162.00	20.25
		2005-2006	800.00	292.00	36.50
		2006-2007	800.00	332.00	41.50
7.	PF-I (Old)	1999-2000	800.00	578.00	72.25
		2000-2001	800.00	75.00	9.37
		2001-2002	800.00	185.00	23.12
		2002-2003	800.00	904.00	113.00
		2003-2004	800.00	580.00	72.50
		2004-2005	800.00	00.00	00.00
		2005-2006	800.00	Auction on	Dated-14.12.05.
8.	PF-II (Old)	1999-2000	800.00	126.00	15.75
		2000-2001	800.00	375.00	47.00
		2001-2002	800.00	396.00	49.50
		2002-2003	800.00	1530.00	191.25
		2003-2004	800.00	557.00	69.62
		2004-2005	800.00	00.00	00.00
		2005-2006	800.00	Auction on	Dated-14.12.05
9.	PF-III (Old)	1999-2000	800.00	536.00	67.00
		2000-2001	800.00	527.00	65.87
		2001-2002	800.00	602.00	75.25
		2002-2003	800.00	00.00	00.00
		2003-2004	800.00	261.00	32.62

		2004-2005	800.00	600.00	75.00
		2005-2006	800.00	624.00	78.00
		2006-2007	800.00	821.00	102.62
10.	PF-IV (Old)	1999-2000	800.00	786.00	98.25
		2000-2001	800.00	363.00	45.37
		2001-2002	800.00	122.00	15.25
		2002-2003	800.00	1366.00	170.25
		2003-2004	800.00	1010.00	126.75
		2004-2005	800.00	166.00	20.75
		2005-2006	800.00	274.00	34.25
		2006-2007	800.00	100.00	12.50
11.	PF-V- (Old)	1999-2000	800.00	1102.00	137.75
		2000-2001	800.00	137.00	17.12
		2001-2002	800.00	00.00	00.00
		2002-2003	800.00	256.00	32.00
		2003-2004	800.00	189.00	23.62
		2004-2005	800.00	00.00	00.00
		2005-2006	800.00	00.00	00.00
		2006-2007	800.00	00.00	00.00
12.	PF-VI (New)	2002-2003 Installed in 7/07	600.00	424.00	70.68
		2003-2004	800.00	551.25	68.91
		2004-2005	800.00	00.00	00.00
		2005-2006	800.00	117.00	14.62
		2006-2007	800.00	00.00	00.00
13.	PF-VII (New)	2002-2003 Installed in 9/02	466.67	278.00	59.57
		2003-2004	800.00	530.00	66.25
		2004-2005	800.00	427.00	53.37
		2005-2006	800.00	00.00	00.00

		206-2007	800.00	120.00	15.00
14.	PF-VIII (New)	2002-2003 Installed in Sept. 2002	466.67	589.00	126.21
		2003-2004	800.00	616.00	77.00
		2004-2005	800.00	168.00	21.00
		2005-2006	800.00	41.00	5.12
		2006-2007	800.00	00.00	00.00
15.	PF-IX (New)	2002-2003 Installed in Dec. 2002.	400.00	218.00	54.50
		2003-2004	800.00	437.00	54.62
		2004-2005	800.00	187.00	23.37
		2005-2006	800.00	179.00	22.37
		2006-2007	800.00	578.00	72.25
16.	PF-X- (New)	2002-2003 Installed in Dec. 2002	400.00	565.50	47.12
		2003-2004	800.00		
		2004-2005	800.00	295.00	36.87
		2005-2006	800.00	00.00	00.00
		2006-2007	800.00	00.00	00.00
17.	PF-XI (New)	2002-2003 Installed in Dec. 2002	400.00	487.00	121.75
		2003-2004	800.00	654.00	81.75
		2004-2005	800.00	1104.00	138.00
		2005-2006	800.00	401.00	50.12
		2006-2007	800.00	411.00	51.37

It would be observed from above that the utilization of old HMPs & PFs were 58.51% (4212.80Hrs /7200Hrs) & 49.26% (5911 Hrs./12000 Hrs) during 1999-2002, which was decreased/, increased to 43.41% (4167.75 Hrs/ 9600 Hrs.)54.99 % (9288 Hrs/16800 Hrs.) respectively during 2002-2007 and new HMPs & PFs were utilization 55.96% (5820 Hrs/ 10400 Hrs) & 42.76% (9377.75 Hrs/ 21933 Hrs) respectively since procurements/installation, that these were no need to process new HMPs & PFs, which caused intrusions expenditure of Rest. 122.37 Lack needs justifications.

Furthers, due to under utilization of HMPs & PFs causal loss of Rest 457.56 Lakh to the company aerialist to hire charges as fixed by it as calculated below:-

1. Unutilized Hours of HMPs = 12999.45 Hrs

	(27200Hrs-14200.55Hrs) Xrate Rs 2249.89	
	(Rs <u>150000</u> /66.67 Hours) working the month)	= 2,92,4733.56
2.	Unutilized Hours of PFs= 26206.25 Hrs	
	(50733Hrs-24526.75 Hrs x rate Rs. 629.97	
	(Rs <u>42000</u> /66.67 Hrs working in the month	= <u>1,65,09151.31</u>
		<u>4,57,56483.87</u>

The above facts & Figures may be conformed of the management if any also be communicated. In this connection following further observation are made:-

11. Technically one PF sufficient for working along with one HMP lower management provided 6 PFs along with 3 HMPs needs justification.
12. HMP-III was not utilised by the company around last 3 years needs justification.
13. The following PFs was not utilised by the company ever single lower in the year shown against each needs to be justified.
 - (I) PF-I 2004-05
 - (II) PF-II 2004-05
 - (III) PF-III 2002-03
 - (IV) PF-V 2001-02,2004-05,2005-06 & 2006-07
 - (V) PF-VI 2004-05& 2006-07
 - (VI) PF-VII 2005-06
 - (VII) PF-VIII 2005-06
 - (VIII) PF-X 2005-06 &2006-07
3. Govt. of India, Minister of surface transport vide these order No- RW-24011/5/93 RPM dated 30.12.1993, directed that the life achieved either in 12 years on 9000 Hrs which eve is latter will be taken for conditions purpose of HMPs & PFs etc, however the company declared HMP-I as condemned after working only 7723 Hours in the made of Nov. 2005 and auctioned on 14.12.2005 needs, justification.

Undue benefit given to the Contractors amounting to Rs. 6.79 lakh.

There is no policy or guidelines or rules laid down by the Board of Directors for issue to the Machineries of Company to the contractors on hire charges basis and fixation of rates of hire charges thereof from time to time. To reduce losses in mechanical unit, a proposal for revision of hire charges was submitted by RE(Mechanical). The Managing Director (M.D) appointed, Sh. A.K. Sharma, Mechanical Engineer as a consultant to give their opinion for revision of hire charges of machines to be issued to the contractors, who submitted (08.04.2004) their report, which summarized as under:-

<u>S. No.</u>	<u>Particulars</u>	<u>Rate of hire charges (Without POL)</u>
1.	HMP/DMP (40-60 TPH Capacity)	Rs. 50/- Per MT or Rs 1.50 Lakh per month, which ever is higher.
2.	D.G.Sets (100/125 KVA)	Rs 7/- Per MT or Rs 21,000 per month, whichever is higher.
3.	Weigh Bridge	Rs 2/- Per MT or Rs 6000/- Per month,

4. Mechanical Paver Finisher which ever is higher.
Rs 14/- Per MT or Rs 42,000/- Per Month,
which ever is higher.

The same was approved by the Managing Director on 15.04.2004.

In test check, audit noticed that the above rates were not complied by the Managing Director it self without recording reasons in the following cases as discussed below:-

- (A) A HMP including DG Sets and a Paver Finisher were given on hire charges basis to M/s Shilpa Construction Jaipur vide order No-A-5(M)/issue of Corp. Machine on Hire /1471-73 dated 23.3.2006 and No-739-740 dated 07.10.2006 at the rate of Rs 1,11,000/- per month or Rs 37/- per MT, Which ever is higher and Rs 30,000/- per month or Rs 10/- Per MT which ever is higher respectively, which resulted in an undue benefit of Rs 5.77 lakh given to them as calculated below:-
- (III) May 2006:- Out put was 1577.720 MT so the recoverable
(05.05.2006 to 31.05.2006.) amount ,Rs 185516 (Rs148935+Rs36581)-
Charges effected to Rs 1,25,05/- = Rs **60,466/-**
- (II) June 2006:- Out Put was 1221.950 MT, So the recoverable
(01.06.2006 to 30.06.2006) amount Rs 2,13,000/- (Rs. 1,71,000+Rs 42,000)-
Charges effected to Rs 1,24,550 = Rs **88,450/-**
- (III) July 2006:- Out put was 1360.005 Mt, So the recoverable amount
(01.07.2006 to 27.07.2006) Rs 1,85,516/- Charges effected to Rs 96,350
= Rs. **89,166/-**
- (IV) 14.10.2006 to 18.01.2007 Out put was 50% of minimum Charges
So recoverable amount Rs 6,73,354/-
(Oct. Rs 123677+, Nov. Rs 2,13000+,
Dec. Rs 2,13,000+, Jan. Rs 1,23,677)
-Charges effected to Rs 3,34,300/-
(Rs1,08,100+Rs1,41,000+Rs85,200)
=Rs3,39,054
Sub total Rs 5,77,136/-

(B) An order vide No A-5(M)/issue of Corp. Machines on hire/9-13 dated 08.04.2005 was issued on M/s S.S.Enterprises, Jaipur for inter-alia giving HMP(40-60 TPH) with D.G.Set & Weigh Bridge @ Rs 50/- Per MT, which resulted into an undue benefit of Rs 1.02 Lakh given to them as calculated below:-

Amount recoverable for 27 days during 23.04.2005 to 19.05.2005
Rs1,59,300 (Rs 1,77,000 x 27/30) –
Charges effected to Rs 57,471
(Rs 41,032+Rs 16,432) =Rs 1,01,829.00

Sub Total Rs **1,01,829**

Total (A+B) Rs **6,78,965/-**

Thus, the undue benefit given to the contractors amounting to Rs 6.79 Lakh, needs to be justified.

During the discussion, it was replied that the machines hire charges were analyzed on the basis of MORTH guidelines and machineries were issued to the contractors to earn revenue on prevailing approved rates. Hence, the rates analysis along with MORTH guidelines also be furnished.

Loss of Rs. 158.03 lakh due to non revision of rates of hire charges on logical basis.

Mechanical Unit of the Company is having Hot Mix plants and allied Machines for use in construction works carried out by various civil units. Hire charges of machines are debited to the concerned work based on the rates fixed by the company from time to time. There is no policy or guidelines or rules laid down by the Board of directors for issue to the machineries on hire charges basis and fixation of rates thereof.

Resident Engineer (mech.) proposed (12.07.2005) the rates of Hire Charges of Hot Mix Plants (HMPs) & allied machines for departmental works @ Rs. 299/- Per MT with POL for lead of 25 KM & if the lead increase, the transportation charges (P.O.L.) will be increased accordingly. Similarly, if the rate increases for HSD, POL charges may vary accordingly. The managing Director approved (22.10.2005) the same for carrying out departmental work at Hanumangarh only. Subsequently, the rates of hire charges for

road works in Alwar district was approved (21.04.2007) by the Managing Director @ Rs. 605/- Per MT (Including hire charges of HMP & allied machineries @ Rs534/- Per MT), though the rates of HSD & LDO were not revised by the central Govt. during Nov. 2005 to April 2007.

This clearly indicates that there was no logical price mechanism was adopted by the company for revision of hire charges, caused loss to the mechanical unit while carrying out works at Hanumangarh amounting to Rs158.03 Lakh as calculated below:-

(A) Out put HMP-5 during Nov. 2005 to Aug. 2006.	36,868.97 MT
(B) Out put of HMP-6 during Dec. 2005 to Aug. 2006.	<u>35,094.99 MT</u>
Total out put	= <u>71,963.96 MT</u>
(C) Amount was to charge for works	
(71,963.96 MT x @ Rs.534/-)	Rs.3,84,28754.64/-
(D) Less: - Amount actually charged for works.	
(71,963.96 MT x @ Rs299/-)	
Plus hike on POL portion, @ Rs15.40)	<u>Rs2,26,25,469.02</u>
Loss to the mechanical Unit	<u>Rs1,58,03,285.62</u>

RE (Mech.) replied while discussion that the hire charges rates were fixed as per nature of work and utilization of machine basis, which further needs to be justified with reference to MORTH guidelines.

Outstanding advances against the Private parties Rs. 6.19 Lakh.

The Rajasthan State Road Development Construction Corporation Ltd., has not framed its own rules and Regulations for advances to contractors/ suppliers. However, as per the Rules 509 (a) of Public works Financial & Accounts Rules, regarding contractors ledger, periodically all the personal accounts in the ledger should be examined to see: -

- (i) That the balances do not remain outstanding for a long time without justification and
- (ii) That in the case of running Accounts, bills are prepared at reasonable intervals.

Scrutiny of advances to private parties Register of Resident Engineer (Mech.) unit of RSRDCC for the period 2005-06 to 2006-07, since a long out standing advances shown

against the private parties, as detailed in the Annexure- “B”. No bill was found to paid/ to be paid for a long interval. In most of the cases the advances are as old as 10-12 years.

The reasons for non-adjustment/recovery may be intimated to audit along with further progress of recovery/adjustment.

Draft Inspection Report on the accounts of Resident Engineer (Mechanical), RSRDC, Jaipur for the period 2005-06 to 2006-07.

PART-I-(A)

(I) Introductory:-

The main function of mechanical unit of Rajasthan State Road Development & Construction Corporation Limited Jaipur, are to procure the machines/equipments required for construction of buildings, roads etc. and utilize them for execution of works.

The mechanical unit of RSRDC is managed by Resident Engineer, who is assisted 3 Asstt. Resident Engineer, one Assistant Accounts Officer and one Accountant.

During the period under audit the charge of the following posts was held by the officers/officials shown against each.

1. Resident Engineer

Period

(I)	Sh. V.K.Vyas	01.04.2005 to continued.
3.	<u>Assistant Resident Engineer</u>	
(i)	Sh. G.P.Sharma	01.04.2005 to Continued
(ii)	Sh. M.L.Arora	01.04.2005 to continued
(iii)	Sh. G.S.Gehlot	01.04.2005 to continued
3.	<u>AAO</u>	
(iii)	Sh. N.C.Joshi	07.03.2007 to continued
4.	<u>Accountant</u>	
(i)	Sh. S.K.Bhambhani	01.04.2005 to 12.01.2007
(ii)	Sh. Sanjeev Arora (Charge)	13.01.2007 to 06.03.2007
5.	<u>Jr.Accountant/ Cashier</u>	
(i)	Sh. Sanjeev Arora	01.04.2005 to continued
6.	<u>Store Keeper</u>	
(i)	Sh. Ram krishan Nehra	01.04.2005 to continued.

There was no staff /workers deployed by this unit on daily wages basis during the period under report ,though the staff was engaged through security agencies in which the provisions of minimum wages Act have been followed/ensured.

(2) Working Results

The Working results of the Mechanical units for the last two years 2005-06 & 2006-07 is given below: -

(I)	<u>INCOME</u>	<u>2005-06</u>	<u>2006-07</u>
(v)	Hire charges of Machinery.	17507096/-	15750749/-
(vi)	Centage Charges	-----	-----
(vii)	Misc. Receipt.	<u>1004498/-</u>	<u>671919/-</u>
		<u>18511594.00</u>	<u>16422668.00</u>
(II)	<u>Expenditure:-</u>		
(i)	Pay & allowances	7884062.00	10384647.00
(ii)	Plant Running Exp. And Repair & maintenance.	18493814.00	15444390.00
(viii)	Depreciation.	<u>3118198.00</u>	<u>2589833.00</u>
		<u>29496074.00</u>	<u>28418870.00</u>
(IV)	<u>Loss:-</u>	10984480.00	11996202.00

The unit is running in losses, which increased, from Rs.109.84 Lakh in 2005-06 to Rs.119.96 lakh in 2006-07. The main reason for losses were non revision of rate of hire charges of machines on logical basis, under utilisation of machines and heavy expenditure of repair and maintenance on old machines, but the Corporation has not taken remedial action.

(3) **Physical Performance:-**

Specific targets for physical and financial performance have not been fixed for mechanical unit.

(4) **AUDIT**

The audit of the Mechanical unit was conducted by Sh. Nema Ram, Assistant Audit Officer. during 09.07.2007 to 18.07.2007.

PART-I-B

(Position of outstanding Para's of old Inspection report)

Sr. No.	Year of I.R.	No. of Para's Outstanding	No. of Para settled	Balance outstanding
1.	2001-02 to 2002-03	1(1 of part II B)	1(1 of part II B)	-NIL-
2.	2003-04 to 2004-05	1(1 of part II A) 1(4 of part II B)	1(4 of part II B)	1(1 of part II A)

PART-I-(C)

- NIL -

Issue of diesel while Plant lying Idle amounting to Rs 93251/-

During the scrutiny of the POL Stock Register of HMP-6, It was noticed in audit that the diesel was issued to the plant & utilized when the same being idle. Details of which are as under:-

S. No.	Idle Period of Plant	Reasons for Idling	Diesel issued liters
1.	06.12.2005	No-available	150 Ltr
2.	15.12.2005	Non availability of bitumen	70 Ltr.
3.	18.12.2005	-----do-----	70 Ltr.
4.	20.01.2006	Non- availability of grits	130 Ltr.
5.	25.01.2006.	Holiday on account of Independence day	400Ltr.
6.	03.02.2006	Non availability of Grits	400Ltr.

7.	10.02.2006	-----do-----	200 Ltr.
8.	19.03.2006	-----do-----	150 Ltr.
9.	21.08.2006	Not available	<u>640 Ltr.</u>
		Total	<u>2210 ltrs</u>

Thus ,the diesel issued valuing Rs 73262.50/- (2210 Ltrs x @ Rs33.15) needs, justification. Further, the diesel of 603 Ltrs was issued from HMP-5 during 25.04.2003 to 19.05.2005 for vehicles & belcha @ 3 Ltr & 6 Ltr par day amounting to Rs19,989.45 also be justified with reference to rules & regulations made in this regard by the company.

On being pointed out by the audit, RE (Mech.) stated during discussion that supporting documents are being collected and reply will be submitted, shortly.