

**Inspection report on the accounts of the Resident Engineer, Rajasthan State Road Development and Construction Corporation Ltd. Unit, Kota for the period 2005-07**

**PART-I-(A)**

**Introductory:**

The Rajasthan Road development and Construction Corporation Limited (Head Office, Jaipur) executes development works of Roads, Bridges & Building on behalf of State Government through its field units either on centage basis or on tender basis. The field units of company are headed by the Resident Engineers.

The unit at Kota was created vide H. O. order No. B-9(12) Vol. IV/2156 dated 16.05.2002 and came into existence with effect from 18.05.2002 At present only one unit viz. RE, RSRDC, Kota is functioning at Kota for execution of work in the Kota, Baran & Swaimadhapur district. The unit of Swaimadhapur was merged in the unit w.e.f. 21.12.2005 vide Head office order No. B-9(12)/Vol. IV/598 dated 13.7.2005.

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

|                      |                      |                      |     |
|----------------------|----------------------|----------------------|-----|
| 1. Resident Engineer | Sh. B.L. Malav       | 01.04.05 to 31.12.05 |     |
|                      | Sh. N.S.purawat      | 1.1.2006 to 30.04.06 |     |
|                      | Sh. B.L. Malav       | 1.05.200 to 31.03.07 |     |
| 2. Accountant        | Sh. H.L. Gupta       | 01.04.05 to 31.03.07 |     |
| 3. Cashier           | Sh. G.S. Vaishnav    | 01.04.05 to 20.3.06  |     |
|                      | Smt. Menakshi Sharma | 21.03.06 to 15.08.06 | Sh. |
| G.S. Vaishnav        | 16.08.06 to 31.03.07 |                      |     |
| 4. Staff             | Smt. Menakshi Sharma | 01.04.05 to 31.03.07 |     |

During audit period following works were executed by the unit .

| S. No. | Particular           | No of works executed | Amount (Rs.) 2005-06 | No of works executed | Amount (Rs.) 2006-07 |
|--------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1.     | Tender works PMGSY   | 13                   | 15214381.00          | 1                    | -534555.00           |
| 2.     | Deposit Works        | 13                   | 47169570.00          | 18                   | 73388935.00          |
| 3.     | Turnover of the Unit | <b>26</b>            | <b>62383951.00</b>   | <b>19</b>            | <b>72854380.00</b>   |

Profit & loss Account are prepared at head office level.

**Working results:**

The working results of the unit were as under –

## 1. Revenue

| Particular      | Year 20065-06  | Year 2006-07   |
|-----------------|----------------|----------------|
| Centage charges | Rs. 3787642.00 | Rs. 5774062.00 |

## 2. Expenditure

|                      | (Rs.)          | (Rs.)          |
|----------------------|----------------|----------------|
| (A) Salary wages     | Rs. 3628956.00 | Rs. 2060152.00 |
| (B) Office expenses  | Rs. 333226.00  | Rs. 19509.00   |
| (C) R & M of vehicle | Rs. 668289.00  | Rs. 363531.00  |

The audit of accounts of Resident Engineer RSRDC Unit Kota for the period 2005-06 was conducted by Shri S. L. Sharma, AAO, during the period from 08.06.2007 to 18.06.2007

**PART -I-(B)**

The position of the previous inspection Reports and the outstanding paras was reviewed during the current audit & final position emerge as follows:

| S. No. | Period of I. R.     | No. of Paras O/S                 | Settled | Balance |
|--------|---------------------|----------------------------------|---------|---------|
| 1      | 4/2002 to<br>3/2004 | 2 of Pt.-II-B (1)                | Nil     | 1       |
| 2      | 4/2004 to<br>3/2005 | 2( AB) & 4 (AB<br>of pt-II-B (2) | Nil     | 2       |

Final compliance of outstanding paras may please be expedited.

**PART -I-(C)**

Nil

**PART-II-(A)**

Nil

## **PART -II-(B)**

### **1. Loss of toll revenue Rs. 22.81lacs**

Construction of Bridge on Parvati River was entrusted to RSRDC in Baran district on National Highway-76 on toll basis. Accordingly as per Rajasthan Toll act, toll collection on bridge is continuing. The contract for toll tax collection was awarded to Shri Ghasi Ram s/o Shri Shivji Ram Jat by the Resident Engineer vide its order no. RE/KT/Parvati toll/837-847 date 20.10.2005. The contract was for one year i.e. 20.10.05 to 20.10.06 at a value of Rs. 5151189.00. The amount was payable in 12 installments. As per terms and condition of the contract, the contract period may be extended for further three months by the committee in special circumstances after review of toll tax rates.

As the contract period was going to be expired on 20.10.06 the contractor Shri Ghasi Ram requested to the Resident Engineer dated 12.09.2006 that extension may be granted to him. On the request of contractor extension was granted upto 20.11.06. Again Shri Ghasi Ram requested dated 18.10.06 that extension may be granted for three months. Accordingly and on the recommendations of Resident Engineer extension was granted to the contractor and finally extension granted upto 04.01.07 vide letter no. 1535-1544 dated 19.12.06. In compliance of order the work of collection was taken over by the unit w.e.f. 04.01.07

However during audit it was found that collection of toll tax was not collected by departmentally, but was being collected by Shri Ghasi Ram w.e.f. 04.01.07 6PM. to 13.01.07. During this period he collected Rs. 1,47,148 lacs. Circumstances under which without any order Shri Ghasi Ram was allowed to collect the tax may be justified to audit.

From 13.01.07 & till further order the contract of collection was awarded to M/s Surya Ex-Serviceman welfare co-operative society limited by the Resident Engineer vide its letter no. 1728-1730 dated 12.01.2007. The society collected toll tax w.e.f. 13.01.07 to 01.05.07. Thereafter contract was awarded to M/s Parvat Singh S/o Roop Singh, Kota on a value of Rs. 97.00 lacs w.e.f. 01.05.07 to 01.05.08

Audit examined the records and observed followings: -

1. The Resident Engineer assessed reserve price for further tender amounting to Rs. 58.81 lacs sent to H.O. Vide letter no. 834, dated 25.08.06, 70.67 lacs sent to H.O. vide letter no. 1200, dated 17.10.06 & Rs. 75.25 lacs sent to H.O. vide letter no. 1742, dated 17.01.07. The original contract was going to be expired on 20.10.06. However NITS were not floated even knowing that there was a higher value can be obtained. Extension was granted on the request of contractor where as it should have been originated from the company.

2. From 13.01.07 contract was awarded to M/s Surya. Tenders were invited on 01.02.07 (No. 52) in which offer of Shri Parvat Singh S/o Roop Singh was the highest i.e. Rs. 97.00 lacs per year. But the tenders could not finalized because M/s Surya obtained stay order from Hon'able high court on 15.02.07. This stay was dismissed on 27.04.07

Thus, tenders were invited belately without any reason and for time being contract was given to M/s Surya without any approval. The procedure adopted by the company was not in order and this has resulted not only procedural burden on the company but also put in to loss of toll collection Rs. 22,19,987 lacs as detailed below: -

- (i) Schedule completion period of contract 20.10.2006  
(ii) New contract finalized & awarded 01.05.07  
(iii) Delay in awarding the contract 12 days 6 months

A. Old rate (Rs. 5151189+7½) Reserve price (Rs. 7067475) Difference/ Amount of loss  
1. Period 2. 3. 4.  
(1x3)

|                    | Rs.         | Rs.       | Rs.       | Rs.                     |
|--------------------|-------------|-----------|-----------|-------------------------|
| Per day 12 Days    | 15382.02    | 19631.87  | 4249.87   | 50998.00                |
| Per month 6 Months | 46146068.00 | 588956.00 | 127496.00 | <u>815974.00</u>        |
|                    |             |           |           | <b><u>866972.00</u></b> |

B. Old rate (Rs. 5151189+7½) New rate Rs. 97.00 lacs

|           |           |           |           |                          |
|-----------|-----------|-----------|-----------|--------------------------|
| Per day   | 15382.00  | 26944.00  | 11562.00  | 138749                   |
| Per month | 461460.68 | 808333.00 | 346873.00 | <u>2081238.00</u>        |
|           |           |           |           | <b><u>2219987.00</u></b> |

In reply to audit memo it was replied that due to meeting and negotiation of head office with NHAI to get seed money & intent of state government from NHAI was in process so that NIT was not called at head office level. Reasons for delay in floating the NIT's and records there of was not produced to audit. Further there was no direction from state government to discontinue collection of toll tax. He further discussed that this revenue loss may not be counted because actual collection was done at toll booth with records of receipts & traffic crossed at the booths.

Reply not acceptable because contract is awarded on lumpsum basis and not on actual collected tax. It does not mean that whether contractor is collecting tax more or less but he has deposit the revenue as agreed to contract. The R.E. it self reported that there was heavy loss of revenue to state government.

Therefore comments of the management one solicited.

- 2. I. Loss of revenue Rs. 17.31 lacs**  
**II. Non reimbursement of claim Rs. 22.70 lacs.**

The Rajasthan Road development and Construction Corporation Limited executes development works of Roads, Bridges and buildings on behalf of State Government. The corporation executes works on the basis of actual cost plus over head charges. The company received an order for civil work from Rajasthan Rajya Vidyut Utpadan Nigam Ltd., Jaipur vide no. D-65 dated 10.02.2006 with an estimated amount of Rs. 4336676.00. The scope of work was as under: -

- (a) Construction of boundary wall around plant area.
- (b) Construction of Roads.
- (c) Installation of tube wells 2 No.
- (d) Construction of field hostel building
- (e) Construction of Store shed.

As per work order clause No. 3 these preliminary works were required to be completed on priority, targeted to be completed within nine months from the date of handing over site. In response to the letter of intent of Utpadan Nigam dated 06.01.2006 the company invited short term NITS on 27.01.2006 to execute and complete the above works. After finalization of tenders work orders were placed on the sub contractors in the month of March 2006

While reviewing the progress of the civil works it was found that the company has submitted construction programme for the above works according to which these works were to be completed in all respect by September 2006 but the progress of the works was very slow since beginning as agencies engaged by the company has not arranged sufficient man power, T & S, construction materials etc. The Resident Engineer vide its letter no.1309 dated 01.08.2006 intimated to head office that RVUNL was also responsible for slow progressive to delay in giving the clear site, layout & drawings. But the client did not accept the facts & informed to the company vide its No. 548 dated 10.10.06 that as the RSRDC could not fully mobilize for the works as the sub contractors engaged by the company were not having required man power, material & T & P hence under the above circumstances, RVUNL has no option but to withdraw the works from company and close the contract on 30.11.2006. In response to the letter the R.E. vide its letter No. 1309 dated 06.11.2006 accepted that condition at site were not favorable to sub contractors so the balance work after 30<sup>th</sup> Nov. 2006 may be withdrawn accordingly RVUNL withdrawn the work.

A review of works which were allotted by the company to sub contractors revealed following position

| S. No. | W. O. No. & date | Name of work                    | Name of firm                   | W. O. value Rs. | Schedule of completion | Work executed upto Rs. 30.11.06 |
|--------|------------------|---------------------------------|--------------------------------|-----------------|------------------------|---------------------------------|
| 1      | 14/10.03.06      | Barbed wire fencing             | M/s Rajesh Kumar               | 3443228         | 18.06.06               | 3006389                         |
| 2      | 15/13.03.06      | Cosnt. of field hostel building | M/s Abhishek enterprises, Kota | 5958184         | 21.09.06               | 1253557                         |
| 3      | 16/13.03.06      | Cosnt. of office & store shed   | M/s Abhishek enterprises, Kota | 6143648         | 21.09.06               | 3689247                         |
| 4      | 17/13.03.06      | Cosnt. of Road work             | M/s Rajesh Kumar               | 4868712         | 21.09.06               | 2878191                         |
| 5      | 18/13.03.06      | Cosnt. of Boundary wall         | M/S Archana Enterprises        | 8409429         | 21.09.06               | 2474104                         |
| 6      | 16/01.07.06      | Cosnt. of Boundary wall part B  | M/s Sita Ram Patuariya         | 8416917         | 09.01.07               | 450775                          |

In this connection audit observed following

That companies main business is to execute the works on actual plus over head charges basis and to earn profit/income from these works. The RVUNL placed an order valuing to Rs. 4.33 crore & cost of which was enhanced to Rs. 8.16 crore due to change in drawings, design. The company could get more income by executing these works. The company did not protest to RVUNL while giving the consent for withdrawing the work. As all the works could not be got completed in schedule time due to change in scope of work & drawing & designs.

Had the management protested against the withdraw of the work then company could have got Rs. 1731708.45 as income from this project as detailed

Below: -

|                             |                  |
|-----------------------------|------------------|
| (a) Total work order issued | Rs. 43366176.00  |
| (b) Work executed           | Rs. 20276730.00  |
| (c) Work withdrawn          | Rs. 23089446.00  |
| 7½% of C                    | Rs. 173170845.00 |

(B) Non reimbursement of claims Rs. 22.70 lacs.

The company has executed works upto November 2006 for Rs. 21729871.00 for which bills have been raised (upto IX Running bill) but against the claims the RVUNL reimbursed only Rs. 194.60 lacs. Remaining Rs. 22.70 lacs is yet to be reimbursed.

(C) Non taking of advance Rs. 105.41 lacs

As per the guide line issued by the government of Rajasthan vide No. F-8(27)/PW/79. Jaipur dated 4, October 1979 the company may advance funds against the accepted contracts upto 25% of the contract value depending upto the quantum of work & needs of the corporation. Accordingly, the chief project manager of the company vide its No. A-6 (830) T/175-94-97 dated 19.01.2006 demanded advance from the RVUNL Neither the RVUNL deposited the advance nor it was insisted by the company. The contract value was Rs. 43366176.00 and on which 25% works out to Rs. 10841544.00

Had the management insisted for advance deposit then it could be very difficult to withdraw the work.

In reply to audit memo it was replied that it is choice of client to execute the work part or full. It is expected loss & can not be actual.

Reply is not acceptable because main business of the unit is to execute the work. It was a big project work and without any fault of the company the client has withdraw the work for which unit/ head office not protested. For final payment reimbursement bill will be claimed soon.

Therefore comments of the management for withdrawal of work & non taking advances are required.

Matter is brought to the notice of the management.

### **3. Non recovery of advance Rs. 1.11 lacs**

An order for construction of High-level bridge across river Chambal near Palighat, Swaimadhapur was awarded to M/s Gammon India Ltd. Bombay by the company in March, 1989 amounting to Rs. 245 lacs. There was a clause for advance payment and according to that a lum sum advance not exceeding 2% of the contract value was payable to contractor. Recovery of this advance was to be deducted from every interim bill in a suitable percentage in relation to the progress of work. So that all sum advance was to be recovered by the time, work amounting to nearly 80% of the contract sum completed.

A review of records revealed that the work was completed on 03.03.1995 but the final bill was prepared 20.12.2005 for Rs 28035703.00, which was passed payment on 23.01.2006 for Rs. Nil.

In this regard audit observed following: -

1. On what date/period the measurement of the work was taken, was not recorded in the measurement book. The work was completed in March 1995 however it has been passed by a delay of 12 years. Reasons there of may please be furnished to audit.
2. Rs. 1,11,085 was still recoverable under the head "Advance". As the advance was to be recovered by the time when the 80% of work completed. But this was not done. As per clause No. 50.5 of the agreement interest @ 18% per annum was recoverable from unutilized advance amount. There were no details in the unit that how much advance was given to the contractor and in what manner it has been recovered.
3. Therefore, advance amount may please be recovered as per agreement clause

In reply to audit memo and during discussion it was started that recovery & other claims are under arbitration. But it was not clarified as why to the advance was not recovered in time i.e. when 80% of the work was completed.

#### **4. Theft of Retro reflective sign board Rs. 22,000/-**

Two Retro reflective sign board size 1800x1200mm was installed at Kali Sindh bridge. N.H.-76 on 15.08.2005. The contract for toll tax collection was awarded to Smt Saroj Gupta. JhunJhunu. In the event of damage or any loss of material, the contractor was required to report promptly the facts to the notice of Resident Engineer.

Out of two sign board, one board was found missing/theft. This fact was noticed by the Resident Engineer during his visit on 09.09.05 for which FIR was lodged with the police station Simlia (No. 157/05 dt. 22.09.05)

In this connection audit observed. Following: -

- (i) Why as to contractor not reported immediately after occurrence of incidence, it means that she was not vigilant about company's property.
- (ii) Whether the said signboard has been received? if not what action has been taken to recover the loss.
- (iii) All such type of cases i.e. theft, embezzlement in store/cash, took place in audit period may please be furnished, to audit.

In reply to audit memo it was started that action taken by the police not received. Either the loss may be write off or case may be pursued with police to recover the sign board. Progress of the case may be intimated to audit.