

**Inspection Report On the Account of Resident Engineer, RSRDCC Ltd., Unit-IV, Jaipur for the year 2005-06 and 2006-07**

**PART- I-(A)**

**INTRODUCTORY:**

Rajasthan State Road Development & Construction Corporation Ltd., (R.S.R.D.C.C. Ltd.) has created a new unit at Jaipur named Resident Engineer, RSRDCC Unit-IV, Jaipur vide Office Order No. B-9(12)Vol-III/5995-6005 Dated: 13.07.05. The works for construction of double storey basement parking in SMS Hospital, Jaipur, Construction of New Block at SMS Hospital, Jaipur, Addition/alteration of CRI Bhawan at NIA, Jaipur, ward renovation in front of CRI Bhawan at NIA, Jaipur and consultancy for TCRC building, Jaipur were undertaken by this Unit on cost plus basis since inception.

**ORGANIZATIONAL SET-UP**

The Unit is headed by The Resident Engineer, who is assisted by Three Assistant Resident Engineer, Two Junior Engineers, One Accountant, and One Junior Accounts or Office Assistant. During the period covered under audit the charge of the following post was held by the Officer/official for the period noted against each.

1.	Shri N.M. Sharma	Resident Engineer	16.07.05 to continue
2.	Shri P.K. Tayal	ARE	16.07.05 to 18.07.06
3.	Shri A.K. Verma	ARE	16.07.05 to 15.01.07
4.	Shri M.K. Saini	ARE	23.07.05 to continue
5.	Shri Rajesh Gupta	JEN	18.07.05 to continue
6.	Shri Rajeev Sethi	JEN	16.07.05 to continue
7.	Shri V.K. Jain	Accountant	16.07.05 to continue
8.	Shri R.B.S. Shekhawat	O.A.	16.07.05 to 25.04.06
9.	Shri S.M. Mathur	Jr. Acctt.	11.08.06 to continue

No employee was deployed by this Unit on daily wages basis during the period under report.

**WORKING RESULT:**

No separate profit and loss account is prepared at Unit level. It is made at the head office for the company as a whole. Hence, the working results could not be prepared in audit for this Unit.

**EXECUTION OF WORK:**

The works executed by this unit during the year 2005-06 and 2006-07 are as under:-

S.No.		Rs. In lacs	
		2005-06	2006-07
1	No. of work	5	3
2	Sanctioned Amount	1348.00	1524.94
3	Actual Expenditure	508.43	641.07

The salary, wages and other administrative expenditure were Rs. 18,60,880.00 and Rs. 23,63,335.00 during the year 2005-06 and 2006-07 respectively, which were 3.66% to 3.69% of total expenditure incurred for execution of work.

**AUDIT:**

The Audit of the Resident Engineer, RSRDCC Ltd. Unit-IV Jaipur for the year 2005-06 and 2006-07 was conducted by Shri Nema Ram Assistant Audit Officer from 14.06.07 to 16.06.07 and 03.07.07 to 07.07.07 and supervised by Shri D.P. Jangir, Senior Audit Officer during 14.06.07 to 16.06.07.

**PART -1-B**

S.No.	Period of I/R	Outstanding Paras	Paras settled	Paras outstanding
----- NIL-----				

**PART-II-A**

-Nil-

## PART-II-(B)

### **1. Excess Payment Rs. 14.20 lakh due to non-invoking the General Conditions of the contract.**

Rajasthan State Road Development & Construction Corporation Ltd. (Company) entered (02.02.2005) into a Memorandum of Understanding (MOU) with Rajasthan Medical Relief Society (RMRS), Jaipur for construction work of “Double Storey Basement Parking in front of S.M.S. Hospital”, Jaipur on the basis of actual cost of work plus 7.5% agency charges. The construction area of 74500 Sq. ft. approximately was planned at a cost of Rs. 3.50 Crore as estimated by the company. This area was calculated on the basis of primary sketches prepared for discussion. The area approximate 1,15,000.00 Sq. ft. of parking was proposed in drawing dated 15.04.2005. The final drawing was issued on 13.06.2005 after incorporating construction area of 1,09,740 Sq. ft. Accordingly revised estimates of Rs. 5.95 Crore was submitted by the company on 25.10.2005 and post facto sanction was granted by Medical Superintendent of SMS. Meanwhile, a work order for construction of parking (structural work) was placed on M/s Bafna Projects Pvt. Ltd., Jaipur vide No. M.(Rec.) 2004-05/1 dated 17.03.2005 at a value of Rs. 99.80 lakh (i.e. 15.20% below the BSR 1998, PWD Rajasthan). As per clause-12 of the General conditions of the contract, the Engineer-in-charge shall have power to make any alterations in additions to the original specifications, drawings, designs, and instructions that may appear to him to be necessary or advisable during the progress of work and additional work which the contractor may be directed to do in the manner as specified for main work on same rates & conditions. Clause-13, further provided that the quantum of additional work for each item shall not exceed 50% of the original quantity given in the agreement and the total quantum of additional items shall not exceed 20% of the total contract value unless otherwise mutually agreed by both the parties.

It was however, noticed in audit that another order for the same work (i.e. additional structural work) placed on M/s Tulip Engineering & Services, Jaipur vide No. RE/JPR-IV/2005-06/3 dated 14.09.2005 at premium @ 9.15% on BSR 2004 (i.e. total value Rs. 41.19 lakh) without invoking aforesaid clause. This has resulted into excess payment to the tune of Rs. 14.20 lakh of the state Govt. by the company as detailed in the Annexure-‘A’. Thus awarding of work at higher rate to another contractor. The work which could have been given to working contractor as per clause -13 of agreement, an additional payment of Rs. 14.20 lakh has been made.

**2. Splitting the work in two tenders caused extra expenditure to the client amounting to Rs. 2.47 lakh.**

Rajasthan State Road Development & Construction Corporation Ltd. (Company) placed two orders on M/s Tulip Engineering & services, Jaipur vide No. 3 dated 14.09.2005 & 17 dated 22.12.2005 for main construction work of double storey basement parking in front of S.M.S. Hospital, Jaipur at premium @ 9.15% & 13.91% respectively above schedule-G amounting to Rs. 37.74 lakh & Rs. 51.97 lakh respectively, which were based on PWD BSR, 2004. This work was obtained by the company on cost plus basis.

The final drawings were issued by the Chief Architect PWD, Rajasthan, Jaipur on 13.06.2005, though the main work was again split in two tenders apart from work already awarded to M/s Bapna Projects Pvt. Ltd. Jaipur which caused extra expenditure to the client amounting to Rs. 2.47 lakh (Rs. 51,96,971 X Rate of extra T.P. @ 4.76%) needs to be justified. It was further revealed in audit that the following items of work envisaged in both the above tenders, showed proper quantum of work was not assessed while inviting NIT No. 55/2005-06 for the work costing 37.74 lakh, which resulted in an avoidable extra expenditure of Rs. 95658.55 incurred by the company as detailed below:-

Sr. No.	Descriptions of item	Quantum of work done in subsequent tender order	Rate of G-Schedule	Extra premium @ 4.76%	Avoidable extra exp. (Rs.)
1.	Labour charges for RCC & R.B. work	2,22,293.26 Kg.	2.50	0.12	26675.19
2.	Filling available excavated earth in trenches, plinth side of foundation etc.	4326.78 Cum	18.00	0.86	3721.03
3.	Brick masonry in super-structure	199.25 Cum	1116.00	53.12	10584.16
4.	Providing & laying cement, concreting in foundation & plinth (1:3:6)	448.69 Cum	702.00	33.42	14995.22
5.	60 mm thick cement concrete flooring with metallic concrete (1:2:4)	5869.28 Sqm.	113.10	5.38	31576.73
6.	Providing PVC/AC sheet strips in joint	6255.13 R.M.	12.00	0.57	3565.42
7.	P.F. Steel gate, granting & grills	2580 Kg.	37.00	1.76	4540.80
	<b>Total Rs.</b>				<b>95658.55</b>

**4. Undue benefit given to 9 firm amounting to Rs. 0.18 lakh**

Company (R.S.R.D.C.C.) placed two orders on M/s. Tulip Engineering and Services, Jaipur for construction of double storey basement parking in front of SMS Hospital, Jaipur vide No. 3 and 17 dated: 14.09.05 and 22.12.05 respectively interalia including providing and fixing steel gate grating and grills made of angles, tees, square bars or other flats black pipe with holdfast and fittings completed as per design and drawings including cutting, welding and fabrication with priming coat of red oxide of quantity of 1500 kg. and 6093 kg. @Rs. 40.38 per kg. and Rs. 42.15 per kg. respectively, against which work for 2580 kg. was carried out by the contractor under order No. 17 only.

It was however seen in audit that an order for the same item of work for qty. 7000 kg @Rs. 44.22 was placed on M/s. H.K. Iron Industries, Jaipur vide No. RE/JPR-IV/2007-08/73 Dated: 12.06.07.

Thus, an undue benefit of Rs. 18472.50 given to M/s. Tulip Engineering and Services, Jaipur as calculated below:-

1.	Ordered qty. 1500 kg. +Addl. Qty. @.50% = 2250 Kg. x Rate		
	Rs. 44.22 - Rs. 40.38	=	8640.00
2.	Qty. could be executed 4750 Kg. x Rate Rs. 44.22-Rs.42.15	=	9832.50
	<b>Total Rs.</b>	<b>=</b>	<b>18472.50</b>

**PART-III**

Nil

**Sr. Audit Officer/CAW-II.**

**3. Non compliance of labour regulations by the company-Undue advantage given to a contractor Rs. 4.28 lakh.**

Company (RSRDCC) placed (17.03.2005) an order on M/s Bapna Projects Pvt. Ltd., Jaipur for construction of under ground parking at SMS Hospital, Jaipur with condition that the contractor should submit P.F. Registration, other-wise deduction shall be made as per rules, because a legal undertaking had been given by them stating that the application for procurement of provident fund number is under process. The same will be submitted on receipt. In case of delay for reasons beyond their control the recoveries on account of provident fund may be deducted from running bills. Although the tender Documents should have been sold only P.F. Licence holder as per terms & conditions of NIT.

It was however observed in audit that the management deducted an amount of Rs. 87,574.00 on account of P.F. @ 5% upto the 5<sup>th</sup> running bills but thereafter stopped & also refunded the recovered amount vide voucher No. 49 dated 30.09.2005 stating that the contractor has submitted an affidavit saying the workers are being arranged through another one firm M/s Tulip Engineering & Services, who have deposited the P.F. to date and also be deposited regularly in future, without having any legal agreement.

Thus, due to violation of labour regulations, an undue advantage given to the contractor of Rs. 4.28 lakh (work carried out by the contractor amounting to Rs. 85,63,970.00 x @ 5%), which needs to be justified. The application of fair wage clause of the contract by both the contractors may also be ensured under intimation to audit.