

कार्यालय महालेखाकार (वाणिज्यिक एवं प्राप्ति लेखा परीक्षा), राजस्थान, जयपुर  
सी.ए.डब्ल्यू. ॥/आई-13011/के. 33/ आर.एस.आर.डी.सी./ 2004-05 दिनांक

प्रबन्ध निदेशक,  
राजस्थान राज्य सडक विकास एवं निर्माण निगम लिमिटेड,  
मुख्यालय, जयपुर

विषय: — निरीक्षण प्रतिवेदन प्रबन्ध निदेशक, आर. एस. आर. डी. सी. लि., मुख्यालय  
जयपुर की अवधि 2004-05 तक के लेखा के निरीक्षण प्रतिवेदन के क्रम  
में।

महोदय,

उपरोक्त वर्णित निरीक्षण प्रतिवेदन के बकाया आक्षेपो की स्थिति माह फरवरी वर्ष 2008 में आयोजित निरीक्षण / विचार विमर्श के समय देखी गई तथा उसके परिणाम निम्न प्रकार से है।

1. परिच्छेद संख्या ..... निरस्त कर दिये गये हैं/ दिया गया है।
2. परिच्छेद संख्या ..... की अनुपातना का सत्यापन आगामी निरीक्षण के समय किये जाने के लिए अंकित किया गया है।
3. परिच्छेद संख्या ..... की नवीनतम स्थिति वर्ष ..... के निरीक्षण प्रतिवेदन में समयाविष्ट करके निरस्त कर दिये गये हैं।
4. परिच्छेद संख्या ..... पर ..... की टिप्पणी अपेक्षित है।
5. परिच्छेद संख्या ..... वसूली की प्रगति से अवगत कराया जावे।
6. परिच्छेद संख्या 1, 2, 2-II-A, 1, 2, 5, 6, 8, 9, 12, 15-II-B अभी तक अनुपालना के अभाव में बकाया है।
7. अतः आप उपरोक्त बकाया आक्षेपो की अनुपालना कर सूचित करें।
8. अतः निरीक्षण प्रतिवेदन को समाप्त समझा जावे।

भवदीय

वरिष्ठ लेखा परीक्षा, अधिकारी  
सी.ए.डब्ल्यू.— ॥

प्रतिलिपि आवश्यक कार्यवाही हेतु पेषित है: —

- 1.
- 2.

वरिष्ठ लेखा परीक्षा, अधिकारी  
सी.ए.डब्ल्यू.— ॥

कार्यालय महालेखाकार (लेखा परीक्षा)– II, राजस्थान, जयपुर  
सी.ए.डब्ल्यू. II / नि.प्र. / आर.एस.आर.डी.सी. / के-33 / 2004-05 दिनांक

प्रबन्ध निदेशक,  
राजस्थान राज्य सडक विकास एवं निर्माण निगम लिमिटेड,  
सेतु भवन, झालाणा डूंगरी, आगरा बाईपास,  
मुख्यालय, जयपुर

विषय: – निरीक्षण प्रतिवेदन प्रबन्ध निदेशक, आर. एस. आर. डी. सी. लि., मुख्यालय  
जयपुर लेखा वर्ष 2004-05

मैं निरीक्षण प्रतिवेदन भेजकर उसमें वर्णित अनियमितताओं के शीघ्र सुधार एवं आवश्यक कार्यवाही हेतु प्रेषित करता हूँ।

1. आपसे अनुरोध है कि इस निरीक्षण प्रतिवेदन के आक्षेपों की अनुपालना एक माह में आपके विभाग के प्रधान अधिकारी के द्वारा भिजवाये, इनहे इस निरीक्षण प्रतिवेदन की एक प्रति अलग से सीधे सूचनार्थ एवं आवश्यक कार्यवाही हेतु प्रेषित की जा रही है।
2. नीचे लिखे परिच्छेदों की अनुपालना विशेष रूप से शीघ्र भेजे क्योंकि ये परिच्छेद अंकेक्षण प्रतिवेदन (वाणिज्यिक) में सम्मिलित किए जाने के लिए प्रस्तावित है।

1. आक्षेप संख्या	1 से 3	Part II-A	विषय
2. आक्षेप संख्या	1 से 15	Part II-B	विषय
3. आक्षेप संख्या			विषय

भवदीय

वरिष्ठ लेखा परीक्षा, अधिकारी  
सी.ए.डब्ल्यू- II

प्रतिलिपि: प्रति नि.प्र. के सूचनार्थ एवं आवश्यक कार्यवाही हेतु पेषित है: –

1. .... कृपया निरीक्षण प्रतिवेदन की अनुपालना प्राप्त कर अपनी टिप्पणी सहित इस कार्यालय को भेजे। क्रम संख्या में वर्णित परिच्छेदों की ओर से आपका ध्यान विशेष आकृष्ट किया जाता है।
2. .... कृपया उपरोक्त निरीक्षण प्रतिवेदन की अनुपालना प्राप्त करके निर्धारित समय में भिजवाए।

वरिष्ठ लेखा परीक्षा, अधिकारी  
सी.ए.डब्ल्यू- II

**INSPECTION REPORT ON THE ACCOUNTS OF THE MANAGING DIRECTOR, RAJASTHAN STATE ROAD DEVELOPMENT AND CONSTRUCTION CORPORATION LIMITED, (HEAD OFFICE), JAIPUR FOR THE PERIOD 1<sup>ST</sup> APRIL 2004 TO MARCH 2005**

**Part – I – (A)**

**INTRODUCTORY: -**

**(1) Organization Setup**

The erstwhile Rajasthan State Bridge and Construction Corporation Limited 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 const plus fixed centage charges and also participate in open tenders invited by State/ Central Government Organization and private parties.

The Management of Company is vested in the Board of Directors As on 31.03.2006 there were 10 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 officers as indicated below: -

**(1) Managing Director: -**

Shri N. K Sharma                      01.04.2004 to 31.03.2005

**(2) Financial Advisor/ Chief Accounts Officer: -**

Shri D. C. Choudhary                01.04.2004 to 31.03.2005

**(3) Store Keeper: -**

Shri Kishan Pal                        01.04.2004 to 31.03.2005

**(4) Cashier: -**

Shri Jagdish Prasad                  01.04.2004 to 01.10.2004

Shri P. S. Sharma                      02.10.2004 to 06.10.2004

Shri G. K. Mittal                       07.10.2004 to 14.02.2005

Shri D. K. Jain                         15.02.2005 to 31.03.2005

(2) **Working Result: -**

<b>Income</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Operating Receipt	1050.64	924.51	1667.03
Non Operating Receipt	893.19	938.95	779.72
<b>Total</b>	<b>1943.83</b>	<b>1863.46</b>	<b>2446.75</b>

<b>Expenditure</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Pay & Provisions for Employees	541.47	600.44	657.10
Other Administration Expenditure	257.86	270.89	323.00
Interest Payment	720.76	723.45	729.35
Depreciation	232.70	197.49	577.00
Loss of J. F. Works	--	--	--
Less: Provisions in Previous year Longer Require	(-) 00.53	(-) 00.22	--
<b>Total</b>	<b>1752.26</b>	<b>1792.05</b>	<b>2286.45</b>

<b>Profit</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Profit Before Tax	191.57	71.40	160.30
Tax Provision	(-) 22.51	(-) 19.76	(+) 2.21
Profit After Tax	169.06	51.64	162.51
Add/ Deduct Prior Period Adjustment	(-) 13.28	(-) 17.50	(-) 18.95
Profit/ Loss after Prior Period Adjustment	<b>155.78</b>	<b>34.14</b>	<b>143.56</b>

From the above it could be seen that the profit of Company had decreased in 2003-04 & 2004-05.

## Part – II – A

### 1. **Avoidable expenditure of Rs. 89.26 lakh due to abnormal delay in prepayment of high cost HUDCO loan.**

Rajasthan State Road Development and Construction Corporation Ltd. (Company) borrowed funds from Housing & Urban Development Corporation Ltd. (HUDCO) for executing major Government Projects (Bridges & Bye Pass) on usual terms and conditions of HUDCO. The borrowed funds attracted interest rates varying from 12.0% to 16.50% P.A. In view of decreasing trend of interest rate, the HUDCO restructured its financial pattern (dated 16.11.02) for resetting of all existing loans. The expected rates of interest on resetting was 10.50% p.a. (approx) and therefore the Company conveyed its acceptance (27.01.03) with the request for waiver of one time resetting charges. The HUDCO delayed the resetting on the plea of reconciliation/confirmation of loan account. Meanwhile new financial pattern date 20.05.03 was also introduced in which the rate of interest was further reduced to 9.65% with floating concept. As the new financial pattern was considered to be more beneficial by Rs. 79.00 lakh, the company requested HUDCO to reset the loan accordingly. HUDCO vide its letter dated 22.07.03 informed that the pattern dated 20.05.03 was not applicable to old released loan. The interest rate were ultimately resetted in September 2003 @ 10.28% p.a. (fixed) w.e.f. 01.07.03 terms of financial pattern dated 16.11.02 after depositing 1% resetting charges and on request, the rate was further made applicable from 01.04.03.

The HUDCO revised financial pattern w.e.f. 18.11.03 in which the interest rate on floating basis was chargeable around 8.75%. The revised pattern also offered for acceptance of prepayment of whole/ part of loan subject to deposition of 1% charges towards prepayment. The company requested (31.12.03) for conversion of resetted interest into floating rate of interest w.e.f. 01.01.04 as it was considered in interest of the company by saving of Rs. 295.38 lakh. The HUDCO again as usual took plea of non confirmation of outstanding balance and delayed the resetting. Ultimately loan of Rs. 110.74 crores @ 6.95% was taken from ICICI Bank and an amount of Rs. 105.87 crores was prepaid to HUDCO on 29.10.04 towards principal, interest and prepayment charges @ 1% (Actually claimed 2%).

It is observed from the above that proposal of RSRDC for conversion of interest rate to floating w.e.f. financial pattern dated 20.05.03 was rejected. After rejection, the company neither took up this matter to appropriate authorities (Chairman of the Company) for resetting at floating rates, nor benefit of prepayment in terms of financial pattern dated 18.11.03 was availed where only 1% prepayment charges were payable (against claim of 2% for the prepayment made in 10/04). Since the HUDCO was reluctant in resetting on floating rates basis due to decreasing trend of interest, therefore prepayment of loan (if not entire) at least to an extent made in 10/04, could have saved interest of Rs. 89.26 lacs, (during 1/04 to 10/04) which was avoidable as under: -

Period from	Principal amount (Rs. in lacs)	Interest rate chargeable	Prevailing interest rate	Diff.	Period	Amount (Rs. in lacs)
Jan. 04	10398.55	10.28 %	8.50 %	1.78 %	1 Month	15.42
Feb. 04 to Oct. 04	10398.55	10.28 %	8.00 %	2.28 %	9 Months	177.82

Extra simple interest	193.24
Less: Prepayment charges @ 1%	103.98
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Avoidable Interest	Rs. 89.26 Lakh
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In this connection following be clarified to audit: -

1. Justification for putting the Company to loss of Rs. 89.26 lakh due to improper handling of resetting be furnished.
2. Reasons for non- taking up the matter of resetting on floating rate basis at the level of Chairman, RSRDC being involvement of huge public money.
3. Request of Company for floating rate was rejected in July 03 and offer for prepayment @ 1% charge was available in November 03. In view of above, why the prepayment was not made upto July 03 itself in general and from January 04 particularly?

4. Reconciliation statement shows difference of Rs. 264.03 lakh (As on 31.12.05) payable, which may be confirmed and reasons for difference be clarified.
5. Whether HUDCO has agreed for acceptance of prepayment @ 1% charge against claim of 2%.
6. In letter No. C-10/Pt. III/ 15598 dated 27.01.03, the request for resetting was made for outstanding principal of Rs. 1662.92 lakh (as on 31.12.02), which appears to be incorrect, kindly confirm the same.

**2. Avoidable extra payment of Sales Tax due to non-opting for automatic exemption for Rs. 12.77 lakh.**

The Corporation has purchased bitumen amounting to Rs. 1,92,54,658.00 in 2003-04 for executing of the work of the following projects entrusted to the Corporation:

<b>S. No.</b>	<b>Name of Project</b>	<b>Cost of Project (Rs. in lakh)</b>
1.	PMGSY – III Dholpur (PMGSY – III)	516.00
2.	RUIP – II, Dholpur	404.22
	<b>TOTAL</b>	<b>920.22</b>

The Corporation has paid Sales Tax of Rs. 26,57,143.00 (@ 12% S.T. + 15% Surcharge i.e. 1.38%) on the purchase of Bitumen, from outside State during 2003-04.

It was further observed that in exercise of powers conferred by S-15 RST Act. 1994 in respect of works contract enumerated in the list given below, the State Government exempted from tax, the transfer of property in goods involved in the executing of contract as mentioned in the list given below on the following conditions:

1. That the contractor claiming exemption shall have to get entered in the contract a specific clause to the effect that he is opting for automatic exemption fee or in the alternate shall furnish the under taking in accordance with rule 12(2).
2. That such contractor shall pay exemption fee at the rate specified in column 3 of the list given below:
3. That the contractor shall be entitled to use declaration forms to purchase goods at concessional rate of tax without paying tax for being used in the execution of such contract.
4. That where the contractor uses declaration forms in purchasing any goods in violation of condition No. 3 apart from paying exemption fee, he shall be liable to

pay tax on the said purchases at the rate notified under section –4 with interest thereon. However, if he has paid any tax at the time of such purchase, tax so paid shall be allowed as set off against the tax payable by him, and

5. That all the provision of rule 12 RST Rules, 1995 shall mutates mutandis apply on such contracts.

Item No.	Desertion of Work contract	Rate of automatic exemption fee % of the value of the contract
1.	Work contract relating to buildings, roads, bridges, dams, canals, sewerage system	1.5 %

In the light of these provision the Corporation has two options and it was free to opt any of the options which was beneficial and in the interest of Corporation:

- (i) To pay tax @ 13.8% on the cost of Bitumen purchase.
- (ii) To opt for automatic exemption fee @ 1.50% of value of contract.

In audit it was observed that the option (ii) was beneficial to the Corporation but the Corporation failed to analyze/ calculate tax/ amount payable in both. The options available with the Corporation due to which Corporation has paid extra payment of sales tax amount to Rs. 12.77 lakh as per details given below:

I	Tax paid by the company	Rs.	26,57,143.00
II	Had the corporation opted option (ii) the tax payable would be as under		
	Total value of contract for which bitumen purchased		Rs. 920.22 lakh
	Automatic exemption fee payable 1.5% of 920.22 lakh.	Rs.	13,80,330.00
	Thus Corporation has paid extra amount on A/c of Sales Tax (26,57,143.00 – 13,80,330.00)	Rs.	12,76,813.00

Had the Corporation analyzed/ calculated the amount payable, in both the options and opted for the option No. (ii), which was beneficial to Corporation, The Corporation, could have saved Rs. 12.77 lakh paid on A/c of Sales Tax on the Bitumen purchased by the Corporation. The avoidable extra expenditure of Rs. 12.77 lakh on purchase of Bitumen may be justified.

**3. Loss due to extension toll collection period by three months Rs. 48.86 lakh.**

Tenders for toll collection at Bhilwara bye pass road were invited and opened on 16.03.01. On opening of tender M/s. Sangam India Ltd., Bhilwara was found highest bidder. His offer was Rs. 10,08,00,000.00 for the period 01.04.2001 to 31.03.2002. The manager (M&R) RSRDC, Head Office, Jaipur intimated on 17.03.2001, RE, RSRDC, Bhilwara that collection of toll tax has been approved for the period 01.04.2001 to 31.03.2002 in favour of M/s. Sangam India Ltd., Bhilwara and he was directed to get deposited necessary amount and execute the agreement as per terms and conditions. The agreement was executed on 24<sup>th</sup> March 2001 for the toll collection period of 01.04.2001 to 31.03.2002. At the time of approving toll bid the road work was complete but shifting of unguarded railway level crossing was not done by Railway authorities and finally level crossing was shifted at the end of June 2001, firm was asked to collect the toll w.e.f. 01.07.2001 and deposit as Rs. 1,76,40,000.00 as first installment. As per condition 2(i) of the agreement in addition to the amount of security deposit. 17.5% of the highest bid value shall be deposited within 14 days of the date of acceptance of the bid as before starting the toll collection whichever is earlier. The firm deposited the amount on 04.07.01 as per clause 9 of the agreement the toll tax collection period will be for one year from the date of approval/ sanction, which can be increased/ decreased for any administrative reasons. The Chief Accounts Officer in his note date 30.04.02 stated that agreement was signed on 24<sup>th</sup> March 2001 with mention of commence of toll collection from 01.04.2001 to 31.03.2002. Beyond 31.03.2002 the agreement was no longer effective and toll collection should not have continued during April 2002. MD RSRDC in his note mentioned in view of provision of clause 9 of agreement if the bidders request is considered for extension of 60 days then he will have to pay extra amount which proportionately work out as under:

$$\text{Rs. } (10,08,00,000.00 \times 2/12 = 1,68,00,000.00$$

In this contract CAO opined that any extension of contract period for 2 months on payment of proportionate installment as suggested by MD does not seem in the interest of RSRDC as higher bids are expected on tendering due to increase in tariff despite of this the toll collection period was extended upto 04.07.02. Further tenders for toll collection

05.07.02 to 04.07.203 were invited and opened on 20.06.02. Four bidders participated and highest under was M/s. Singh Toll Murana, His offer was 12,03,45,671.00 for one year. RE, RSRDC Ajmer unit vide letter dated 04.07.02 authored M/s. Singh Tolls Murena (MP) for collection of toll tax for the period 05.07.02 to 04.07.03. Had, the toll collection period been not extended the Corporation could have earned more toll amount to the extent of Rs. 48.86 lakh as per details given below: -

Rates offered by New Bidder Rs.	12,03,45,671.00	per annum
Rates offered by previous bidder Rs.	10,08,00,000.00	per annum
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Difference in rate	Rs. 1,95,45,671.00	per annum
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Under realization of amount for three months (April 02 to June 02)

$$\text{Rs. } (1,95,45,671.00 \times 3) / 12 = 48,86,418.00$$

In this connection it was observed in audit that: -

The agreement for toll collection was for the period 01.04.2001 to 31.03.2003 and beyond this date agreement was not remained effective and as per clause 9 of general terms and condition of toll collection “The toll collection period will be for one year from the date of sanction and it can be increased/ decreased due to administrative reasons. Non- extending the contract period and inviting of fresh tender was in the interest of Corporation. Had the Corporation invited tenders instead of extending the contract period of previous contractor, if could have earned more revenue of Rs. 48.86 lakh. Non-inviting tenders and extending the contract period may be justified.

**Part – II – B**

**1. Loss due to Non- recovery of T.C.S. on toll collection Rs. 10.88 lakhs.**

As per provision under section 206 C (1C) of Income Tax Act 1961 (New provisions came to force by the Finance Act, 2004), the Corporation was liable for tax collection at source on the toll collection contracts @ 2% plus surcharge @ 10% plus education on Cess 2% i.e. 2.244%. The new provision of section 206 C (1C) of Income Tax Act 1961 were made applicable from 01.10.04. During test of record of toll tax collection it was observed that the Corporation has received Rs.4,84,95,783.00 on account of contract awarded for toll tax collection during October 2004 to March 2005 as per details given annexure. Corporation should have recovered T.C.S. amounting to Rs. 10,88,245.37 (4,84,95,783.00 x 2.244%) from the firms to whom toll tax collect on contracts were awarded. The Corporation did not implement the Provision of Finance Act 2004 (except Bikaner) and due to which it failed to recover T.C.S. amount to Rs. 10.88 lakhs from the toll collection contractors. As per provision of the Financial Act 2004 Corporation is liable to pay this amount to the income tax authorities. The Corporation has suffered loss of Rs. 10.88 lakh, due to non-collection/ recovery of T.C.S. from the toll bidders, which may be justified.

**2. Avoidable expenditure of Rs. 145.89 lakh due to acceptance of counter offer without market rate analysis**

Widening and strengthening of Challa Neem Ka Thana Kotputali Road Km. 60/8 to 125(64-2 Km length) was awarded to RSRDEC on Build, Operate and Transfer (BOT) basis by PWD. Government of Rajasthan vide letter No. F-7(87)/ BOT Cell/ 2003-04/ D-50 dated 12.05.2004. The work was sub-grouped into three Zones viz. 60.8 to 80 Km (zone-A), 80 to 100 Km (Zone-B) and 100 to 175 Km (Zone-C) and tenders were invited by RSRDC (Company). The tenders were opened on 11.05.04 and the lowest rates received were 10.01%, 11.21% and 11.25% respectively below the Basic schedule of Rates (BSR) 2003. The quoted rates were considered on higher side when normalized to BSR 1998.

Tender Approval Committee (TAC) meeting was held on 05.06.2004 and decided that rate of 10.84, 12.50 and 13.50% respectively below BSR was reasonable. In compliance of TAC decision, offer on above rates were given to lowest tenderer (14.06.04). Action of the TAC was approved by Executive Committee on 08.06.2004. All the three lowest tenderers were agreed to complete the work on offered rates. Accordingly counter offers were accepted and work order issued. Expenditure of Rs.423.32 lakh (Zone-A) Rs. 426.76 lakh (Zone-B) and Rs. 471.44 lakh (Zone-C) was incurred and work completed on 30.03.2005.

It was observed by audit that offers given by the company to lowest tenderers were without analysis of market rates prevailing in tender works of similar nature. This is evident from the fact that similar work of Alwar- Bhiwadi BOT project (210 to 225 Km). Was awarded to M/s. Shivalya Construction Co., Rohatak @ 5.46 below BSR 1998 vide letter dated 30.01.04 but this fact was not taken into account. Thought the Chief Accounts Officer clearly mentioned at N/49 dated 31.05.04 (File No. A-6 (27) BOT/ CNK/ 2004-05) that comparing the lowest rate ranging from 6.43% to 7.75% above BSR 1998, with recently approved rate i.e. at per and 5.46% below (BSR 1998), for Alwar- Bhiwadi Road the received rates were certainly on higher side. Further, the CAO strongly proposed counter offer to all lowest tenderers by comparing with recently approved rate i.e. 5.46%

below (BSR 1998) without wasting time because the tender rates were comparable with tender rates and not with departmental work which stated to be equal to 6.02% above BSR 1998. On account of giving offer without comparison of recently prevailing market rate/ tendered rate i.e. 5.46% below (BSR 1998) and acceptance of the same counter offer, the Company had incurred avoidable expenditure of Rs. 145.89 lakh as detailed in Annexure "A".

Justification for non- offering rates equal to 5.46 below (BSR 98) be furnished.

**5. Split-up construction work to avoid sanction/ approval of Board of Directors causing irregular expenditure**

With reference to the bid dated 25.02.2004, work of Widening and Strengthening of Sir Ganganagar- Hanumangarh Road Km 1/500 to 56/0 (length of 54.5 Km) was allotted to Rajasthan State Road Development and Construction Corporation Ltd. (RSRDC) by Public Work Department (PWD), Rajasthan on competitive bidding basis. The work was awarded by office of Chief Engineer (Roads), PWD Rajasthan vide letter of acceptance No. F-7(125)/ BOT Cell/ 2002-03/ D-51 dated 12.05.2004 for bid cost of Rs. 1602.87 lakhs.

The work was split- up into two works viz. (a) WBM and BT Work by paver in Km 1/500to 29/0 and (b) WBM and BT Work by paver in 29/0 to 56/0. The tenders for execution of work were invited by RSRDC vide NIT NO. 220/2004-05.

The tenders were opened on 11.05.04 and the rates received found/ considered on higher side by the TAC after scrutiny. Therefore, on the basis of market rate analysis, it was decided to give counter offer to the bidders to avoid time and uncertainty involved in negotiation. Acceptance to the counter offers was accorded as under: -

S. No.	Work Particulars	Contractor	Rate below BSR 2003	Work order amount (Rs. in lakh)	Work order issued on
(a)	Widening and Strengthening of Sri Ganganagar- Hanumangarh Rod from Km. 1/500 to 29/0.	M/s. Singla Construction Co., Bhatinda	6.72 %	682.54	16.06.04
(b)	Widening and Strengthening of Sri Ganganagar- Hanumangarh Rod from Km. 29/0 to 56/0.	M/s. Singla Construction Co., Bhatinda	7.01 %	689.86	17.07.04

Both the works were completed by the contractor (M/s. Singla Construction Co., Bhatinda) ahead of scheduled time. Final cost of the work with deviation was Rs.1353.10 lakh (Rs. 652.06 lakh + Rs. 701.04 lakh).

According to schedule of power (SOP), tender committee/ Executive committee headed by Vice- Chairman, (Managing Director, General Manager and Chief Accounts Officer is members) is empowered to accept tenders for work upto Rs. 1000 lakh by inviting tenders. Acceptance of tenders for work above Rs. 1000 lakh vests with board of Directors (under Chairmanship Hon'ble Minister for Public Work, Government of Rajasthan). Further Appendix XIII of general limitation and condition of P.W.D., F.&R. provides that splitting of work/ tenders for the purpose of keeping tenders in his own competence by subordinate officers is an irregularity, which should not be resorted to. However, in genuine cases prior permission of authority competent without split up, must be obtained and the competent authority should mention reasons for splitting of work before according permission.

In this regard the following observations are made: -

1. Single Work of Widening and Strengthening of Road (BOT Project) for length of 54.5 Km road was awarded by PWD Jaipur and competent authority to accept the above tender was Board of Directors. To avoid attention/ approval/ sanctions of Board of Directors the work was split up into two and awarded to the same and single contractor i.e. M/s. Singla Construction Co., Bhatinda. Accordingly work to an extent of Rs. 1372.40 lakh was awarded without approval of competent authority, which may be justified.
2. Work (a) was awarded @ 6.72% below SOR and work (b) @ 7.01% below. Had the Company issued Notice Inviting Tender (NIT) as single work/ project, the project could have been executed at economical rates due to volume of work, which is evident from the fact that work (a) was costlier than work (b) by 0.29%, which requires justification.
3. The Managing Director approved splitting upto optimize earliest completion of the project being a BOT Project. However, the project was successfully

completed by the single contractor well-in-advance. It may explained to the audit as to how earliest completion by splitting-up in two work was ensured by awarding to single contractor.

**6. Raising of funds by issue of Bonds without requirement – Loss due to non-reimbursement of interest and expenditure by the Government.**

Board in its 98<sup>th</sup> Meeting held on 4<sup>th</sup> August 1999 decided and raise funds upto Rs.50.00 crore (with retention of excess subscription upto 10%) by way of secured non convertible redeemable and taxable bonds in the nature of promissory notes on private placement basis for a period on nine years, mainly to finance the following projects: -

S. No.	Name of Project	Estimated Cost (Rs. in lakh)
1.	Const. Of ROB on Ajmer Bhilwara Chittorgarh Road Km. 47/257 (Bandanwara) and Km. 103/300 at Raila	1800.00
2.	Widening and Strengthening of Sirohi Mandawar Road upto State Border (S.H. 27) Phase - I (km. 197 to 214/0)	890.28

It was further mentioned that the funds will be kept on P. D. A/c of Government of Rajasthan only after getting necessary approval with regard to timely payment of interest (P. D. A/c interest together with difference between interest rate of P. D. A/c and Bond). The Board accorded approval & seek permission from State Government to bear the cost incurred for raising of the bonds by the Corporation particularly fee payable to the respective agencies like credit rating agencies, arrangers, trustees, advertising agencies etc. and other related cost incurred by the Corporation for the purpose of raising of the above bonds. The firm M/s. CARE of New Delhi was appointed credit rating agency for the proposed Bond issue for a total payment of Rs. 7,98,287.50 Sh. Shyam L. Agrawal & Co., Jaipur was appointed as Advisor/ Consultant to issue of bonds at a consolidated remuneration of Rs. 50,000.00 plus actual expenditure and traveling expenses for outside Jaipur Journey. The Special Secretary, Finance Department Government of Rajasthan vide order No. F-5 (10) FD/ Exp. IV & PI/ 2000 dated 24.03.2000 issued guarantee for repayment of principal and payment of interest<sup>6</sup> on non-

convertible redeemable taxable bonds to be issued by the Corporation during the financial year 1999-2000. The issue time was fixed from 29<sup>th</sup> March 2000 to 5<sup>th</sup> May 2000. Funds of Rs. 56.88 crores mobilized by the arrangers from 13.04.2000 to 09.05.2004. Put/ Call option was decided as at the end of 5 years. In may 2003 it was mentioned by CAO that interest rate of 11.65% is very costly to the Government in present days and Government may be informed to liquidate the entire debt of Rs. 56.88 crores. As call back option/ put back option was after 5 years so these not be redeemed after 3 years. In audit it was observed that the cost of projects for which these bonds were raised was Rs. 2690 lakh only whereas funds were raised by issue to bonds of Rs. 56.88 lakh only whereas funds were raised by issue to bonds of Rs. 56.88 crores i.e. double of the projects. Reasons for raising the funds double to the const of projects is not on record. Further these projects have neither came in existence nor the work for execution of these projects have been allotted to the Corporation till date. Thus raising of funds for these projects proved unfruitful.

The Corporation has incurred expenditure/ paid interest amounting to Rs. 3313.26 lakh (Rs. 6,62,65,200/-) per year for 5 year and also incurred an expenditure of Rs. 9.37 lakh from the year 2000-01 & 2004-05 of which the Government has reimbursed Rs.22,86,34,954/- on account of interest paid t6o Bond holders as per details given below: -

Date on which amount Credited in P. D. A/c.	Amount (Rs.)
01.06.02	3,00,00,000/-
27.05.03	6,61,04,554/-
25.05.04	6,62,65,200/-
23.05.05	6,62,65,200/-
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Total	22,86,34,954/-
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Thus still a sum of Rs. 10.27 crores on account of interest on Bonds and Rs. 9.37 lakh being expenditure incurred from issue of bonds till redemption of Bonds has not

been reimbursed by the Government in this connection following audit observation are made: -

1. Raising of funds by issue of Bonds Rs. 56.88 crores for execution of work of projects costing Rs. 26.90 crores may be justified.
2. As per projects for which funds were raised were neither came in existence nor the work of these projects was allotted to Corporation then raising of funds without requirement may be justified.
3. Board has suffered loss of Rs. 10.27 crores + Rs. 9.37 lakh due to non reimbursement of interest paid on Bonds & expenditure incurred on issue of Bonds which may be justified.

In reply it has been stated that expenditure of Rs. 63.00 lakh incurred as preliminary expenses on issue of bond has been reimbursed by the Government but no relevant record regarding reimbursement of Rs. 63.00 lakh was furnished to audit. Further the Sr. Accounts Officer (Accounts) has stated that how much amount pertains to interest on bonds & how much amount pertain to deposit of clients is to be bifurcated.

Factual position may be furnished to audit.

**8. Avoidable payment of Interest, Penal Interest etc. due to wrong calculation of per payment amount and delay in payment of installments Rs. 6.98 lakh.**

The Corporation took loan of Rs. 395 lakh from National Capital Region Planning Board (NCRPB) for construction of tunnel in Jindoli Ghati (Bharatpur- Alwar- Behror Road) during 1995 to 1998 @ 12% per annum. Looking to the higher rate of interest the CAO of RSRDC requested to Joint Director NCRPB to give acceptance to pre payment of loan. In response to this in NCRPB refused to accept prepayment of loan. It was further observed that NCRPB vide letter 05.08.04 introduce scheme of “Revision of interest rates and other terms and conditions to loan assistance given by NCRPB”.

The rate of interest reduced to 7% per clause –C of the order in NCRPB can accept prepayment not more than 25% loan component released for the particular project. In accordance to this order the Corporation was required to deposit Rs. 98.75 lakh (25% of loan Rs. 395 lakh) with 1% of prepayment charges (Rs. 98,750.00) of the outstanding loan amount. In response to this the CSO of the Corporation send cheque No. 407437 date 16.09.04 amounting to Rs. 57,58,334.00 (25% of outstanding amount Rs. 2,30,33,336.00) and cheque for Rs. 57,583.00 on a/c of prepayment charges. RSRDC wrongly deposited less amount of Rs. 41,16,666.00 (amount was to be deposited Rs. 98,75,000.00 – amount deposit Rs. 57,58,334.00) hence for resetting of loan further amount (Rs. 41,57,833.00 balance additional payment + Rs. 41,167.00 balance prepayment charges) was deposited by Corporation vide cheque No. 407434 dated 07.10.04. As the Corporation did not deposit Rs.11,81,069.00 on a/c of interest on loan due upto date of prepayment of loan and upfront fee Rs. 1,64,479.00 in NCRPB vide letter-dated 08.12.04 requested to Corporation to deposit total amount of Rs. 13,45,548.00 for resetting of interest charges. Interest charges were deposited vide cheque No. 407436 dated 20.12.04. The Chief Accounts Officer vide letter No. 407436 dated 20.12.04. The Chief Accounts Officer vide letter No. C-3/ Acctts./ NCRPB/ 1410 dated 23.04.05 requested to “NCRPB” to give benefit of resetting from 20.12.04. The NCRPB allowed resetting for 23.12.04. Due to wrong calculation and non- deposition of

correct and due amount on time the Corporation had made additional payment of interest penal interest amount to Rs. 6,97,902.00 as per details given below: -

Difference of interest for the period 05.08.04 to 23.12.04	Rs.	3,40,744.00
Interest on delayed payment from 11.10.04 to 22.10.04	Rs.	1,04,600.00
Difference of up front fee	Rs.	85,186.00
Difference of Guarantee Commission	Rs.	32,896.00
Penal interest for the amount due on 23.12.02, 06.03.03, 20.03.03, & 31.03.03 was deposited on 28.02.03, 15.03.03 & 29.03.03 respectively	Rs.	1,34,476.00
<b>Total</b>	<b>Rs.</b>	<b>6,97,902.00</b>

Had the Corporation followed the orders issue by NCRPB for resetting of loan amount in correct way and properly and deposited the required amount in time the payment of interest penal interest of Rs. 6,97,902.00 could have been avoidable. Avoided payment of Rs. 6.98 lakh may be justified. It was stated that matter is under sentiment with NCRPB authorities. The progress made in this regard may be intimated to audit.

**9. Loss due to refusal of taking supply of balance ordered quarterly of cement from M/s. Om Cement – Rs. 2.05 lakh.**

Order for supply of cement was place on M/s. Om Cement Co., Jodhpur vide No. 671-90 dated 13.04.04 for Rs. 2,54,800.00 bags, order NO. 691-710 dated 13.04.04 for 84,580 bags and order No. 931-34 dated 17.04.04 for 8,800 bags and Rs. 129.81 per bag. The supply was to be completed by 31.08.04. As per clause 4 of terms and conditions of supply of the contractor fails to supply the material within stipulated time within satisfactory reason has earnest money may be forfeited. M/s. Om Cement Co. supplied 2,91,029 bags upto stipulated period i.e. 31.08.04. The supplier vide Fax letter dated 06.09.04 intimated to Manager (BPC) Head Officer, Jaipur that he is ready to supply the balance qty. of cement @ Rs. 121/- per bag. (Fresh order were issued on M/s. Laxmi Cement @ Rs. 122.50 per bag). In this situation the Corporation has two options: -

- (i) To accept of supply of balance order qty. @ Rs. 121/- per bags which was cheaper than further ordered sale & was also in the interest of the Corporation.
- (ii) To forfeit Earnest Money as per clause of Terms and conditions of supply.

In audit it was observed that the official did not take action in this regard in the interest of the Corporation as neither the supply of balance ordered qty. was taken on offered rates no the earnest money was forfeited on account of non- completion of supply within stipulated period. The officers of the Corporation were interested in taking the supply on higher rates i.e. @ Rs. 122.50 per bag instead of offered rate (Which were cheaper than from ordered rate) that offer given subsequent to award of fresh order appears to be foul intention and it questions the sanctity of whole tenders process and further stated that the Government Rules does not permit to entertain such subsequent offer. In this connection following audit observations are made: -

1. The General Manager's plea that Government rules does not permit to entertain subsequent offer is not correct in this situation as the offer was not given for the opened fresh tenders but it was given for the balance qty. to be supplied for the order already placed on the firm comments of the Management may be offered.
2. Manager (BPC) has given plea for not taking supply of balance ordered qty., that the contractor/ supplier failed to complete the supply within the stipulated period i.e. upto 31.08.04. In this situation why the provision of clause – 4 of terms and conditions of supply was not implemented and why the earnest money of supplier was not forfeited?
3. General Manager pinned that subsequent offer tantamount to foul intention of supplier and also question the sanctity of the whole tender proves. In this situation why the action and black list the supplier, who adopts such foul tactics, was not taken may be intimated to audit.
4. Avoidable extra expenditure of Rs. 2.05 lakh the cured of procurement of balance qty. of cement, not supplied by M/s. Om Cement Co., may be justified.

This reply is not tenable as supplier was ready to supply the balance ordered quantity at cheaper rate.

**12. Loss due to non- availing benefit of rebate for timely payment of House Tax  
Rs. 3.12 Lakhs.**

During scrutiny of records to payment of House Tax to Nagar Nigam, Jaipur it was observed that the Corporation has availed rebate for timely payment of house tax from 1999-2000 to 2003-04 of has paid house tax @ Rs. 13,24,526.00 for each year. During the year 2004-05 & 2005-06 the rebate of timely payment was not availed and Corporation has paid house tax @ Rs. 15,58,618.00 each year. Reasons for not availing rebate for timely payments is not on record. It was further observed that Corporation vide letter No. C- Accts./ House Tax/ 2967 dated 28.05.04 engaged R. C. Dangayach for valuation of property of the Corporation. He submitted valuation report on 16.06.04 in which value of property was mentioned as Rs. 53.14 Crore. A sum of Rs. 54,000.00 were paid to the valued vide cheque No. 670394 dated 12.08.04. In this connection following audit observations are made:

1. For what purpose the valuation of property was got done.
2. Reason for non- availing benefit of timely payment of House Tax may be intimated to audit.
3. Due to non- availing benefit of timely payment of House Tax the Corporation has paid extra amount Rs. 3.12 lakh, which may be justified.

**13. Avoidable payment of interest due to delay in deposition of loan amount in Bank Rs. 1.14 lakh.**

A loan of Rs. 400 lakh @ 6.95% was taken by the company from ICICI Bank on 05.11.04, which was passed on to M/s. SPINFED @ 9%. The loan was repaid by M/s. SPINFED on 09.03.05, which was deposited by the Company in ICICI Bank on 24.03.05 i.e. 15 days after the amount received from M/s. SPINFED. Ex-post facto approval of Board was taken in the 18<sup>th</sup> Board Meeting held on 18.03.05. Due to delay in deposition/repayment of loan to ICICI Bank the Corporation has made avoidable payment of interest of Rs.1,14,247.00 (6.95% on Rs. 400 lakh for 15 days). Reasons for delay in deposition of loan amount to ICICI Bank may be intimated to audit. Extra payment of interest Rs. 1.14 lakh made to ICICI Bank may be justified.

**15. Irregular Payment of Medical Bill of Shri ram Avatar Sharma, PS for Rs.50,519.00**

In audit it was observed that in pursuance of Board resolution No. 9.6 of the 9<sup>th</sup> Board of Director's Meeting held on 26.03.03, it was decided by the management to recognize new hospital in empanelment in which Bhagwan Mahaveer Cancer Hospital was included. The cost of medicines purchased from the shop situated in above said hospital campus and run by the management will be reimbursed without production of N.A.C., it was also mentioned that the hospital will give 10% discount. In case of outdoor patient existing requirement of NAC from Rajasthan Rajaya Upbhokta Sangh Ltd., shop will continue.

In audit was observed that Mr. Keshav S/o Shri Ram Avatar Sharma was admitted in Bhagwan Mahaveer Cancer Hospital, Jaipur on 07.07.04 and was discharged on the same date at 3.31 PM. The Corporation has also passed the bill of Rs. 45,260.00 for the medicines purchased from Life Saver, Nehru Bazar, Jaipur on 25.06.04 and 09.07.04 respectively for which neither prescription of the doctor nor the NAC was found enclosed with the bill. It was also noted that the one medical bill for Rs. 2,400.00 pertain to SMS Hospital but was wrongly counter signed by Doctor of Bhagwan Mahaveer Cancer Hospital, Jaipur was also passed without exercising proper check as per medical rules.

Irregular payment of medical claim may be justified alongwith reasons for payment of medical claim without asking to submit prescription of concerned doctor and NAC of Rajasthan Rajaya Upbhokta Sangh Ltd.