

**EIGHTY-EIGHTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1981-82)**

*CR*  
(SEVENTH LOK SABHA)

**NATIONAL HIGHWAYS**

MINISTRY OF SHIPPING AND TRANSPORT

(ROADS WING)



*Presented in Lok Sabha on . . . . .*

*Laid in Rajya Sabha on . . . . .*

**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 1982/Chaitra, 1904 (Saka)*

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\*PART—II

Minutes of sittings of the Committee held on 29-9-1981 (FN) & (AN)  
and 23-3-1982.

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\*Not printed (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

**PUBLIC ACCOUNTS COMMITTEE**  
(1981-82)

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2. Shri D. C. Pande—*Chief Financial Committee Officer.*
3. Shri K. K. Sharma—*Senior Financial Committee Officer.*

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\*Ceased to be a Member of the Committee consequent on his appointment as a Deputy Minister w.e.f. 15 January, 1982.

\*\*Ceased to be a Member of the Committee consequent on his appointment as a Minister of State w.e.f. 15 January, 1982.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf, this Eighty-eighth Report of the Public Accounts Committee (Seventh Lok Sabha) on paragraph 13 of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil) on National Highways relating to the Ministry of Shipping and Transport (Roads Wing).

2. The Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil) was laid on the Table of the House on 27 April, 1981. The Public Accounts Committee examined the audit paragraph at their sittings held on 29 September, 1981 (FN & AN). The Committee considered and finalised this Report at their sitting held on 23 March, 1982. The Minutes of the sittings of the Committee form Part II\* of the Report.

3. The neglect shown towards the development of National Highways since Independence has caused anxiety to the Committee. While in 1947 the total length of National Highways was 21,440 kms., only 9,918 kms. have been added in the last 34 years and on 31 March, 1981 the total length was 31,358 kms. This falls far short of the target of 51,200 kms, contemplated in the Bombay Plan. A number of items, namely, double or multi-laning route lengths, construction of missing links, strengthening of bridges, construction of culverts and over/under bridges on railway lines need immediate attention of Government so that economic development of the country is not retarded. The Committee have also adversely commented upon the inadequate allocation of funds for National Highways during the Plan periods. During the 6th Plan, only a meagre sum of Rs. 50 crores has been allocated for new additions to National Highways.

4. In this Report, the Committee have *inter-alia* recommended that in view of the tendency on the part of contractors to back out of agreements after completing only part of the construction work and causing delay in the completion of work and resulting in avoidable extra expenditure, the antecedents and past performance of the contractors should be thoroughly checked before awarding contracts to them. The Committee have expressed the view that it would be more prudent to undertake departmentally as many works as possible.

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\*Not printed (one cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library).

(vi)

5. The Committee have expressed unhappiness over the fact that although the proposal for the construction of a road bridge across the Pamban Strait near Mandappam was initiated in 1956, the work was sanctioned only in March 1972. The work was allotted to the contractor in November, 1974 *i.e.* after a delay of 2½ years. While the work was to be completed in 1978, the same is still incomplete inspite of incurring an expenditure of Rs. 456.87 lakhs as the contractors have stopped the work and there is no likelihood of the work being resumed in the near future. During the course of execution of the work a number of irregularities and overpayments have been noticed. The Committee have recommended that the matter should be investigated by the CBI to bring out the facts and fix responsibility.

6. A Statement showing the conclusions and recommendations of the Committee is appended to the Report (Appendix V). For facility of reference, these have been printed in thick type in the body of the Report.

7. The Committee place on record their appreciation of the assistance rendered to them in the examination of the subject by the Office of the Comptroller and Auditor General of India.

8. The Committee would also like to express their thanks to the Officers of the Ministry of Shipping and Transport (Roads Wing), Planning Commission and representatives of State Governments of Tamil Nadu, Andhra Pradesh and Kerala for cooperation extended by them in giving information to the Committee.

NEW DELHI;

March 26, 1982.

Chaitra 5, 1904 (S).

SATISH AGARWAL

*Chairman*

*Public Accounts Committee.*

# REPORT

## CHAPTER—I

### PRESENT POSITION OF NATIONAL HIGHWAYS

1.1. Roads have been recognised as a basic infra-structure necessary for the development of a region or area. Due to its adaptability, flexibility, quick and door to door service, there has been a continuously increasing growth and diversion of traffic from other modes of transport to road transport. Apart from carrying traffic independently from point to point, our road system is the main feeder to the rail system and ports and harbours and forms part of an integrated transport network. Roads are also one of the basic infrastructures for socio-economic development particularly of backward areas. In vast areas of the country, which are not served by Railways, roads are the only means of transport and communications.

1.2. Roads in India have been divided into the following categories:

1. National Highways
2. State Highways
3. District Highways
4. Village/Rural Roads
5. Urban Roads
6. Project Roads.

1.3. The present total length of the National Highways is about 31,358 km. Although the length of National Highways is only about 6 per cent of the total surfaced road length in the country, these are estimated to carry 25 to 30 per cent of the total road traffic and serve as the arterial routes running throughout the length and breadth of the country connecting State Capitals, foreign highways, major ports, large industrial complexes, tourist centres and also serve the strategic and economic requirements of the country.

1.4. The Ministry of Shipping and Transport is responsible for the overall planning, sanctioning of projects and provisioning of funds from the Central budget for expenditure on national highways. The Central Government is directly responsible for development and maintenance of national highways under the National Highways Act, 1956. However, the actual work of construction and maintenance of national highways has been entrusted to the respective State Governments on an agency basis under the provisions of article 258 of the Constitution. The estimates of work are prepared by the Public Works Department of the concerned State Government and forwarded through the State Government to the Ministry of



**Shipping and Transport for technical approval and financial and administrative sanction. Based on the sanctions accorded by the Ministry, the State Public Works Divisions execute the work.**

1.5. The expenditure incurred by the Divisions, which is recorded initially in the State section of accounts (under a suspense head in the Public Account), is reimbursed to the State Government by the Ministry of Shipping and Transport monthly (on receipt of accounts through the State Accountant General concerned) and adjusted finally in the Union accounts.

1.6. The Ministry of Shipping and Transport have intimated that the following criteria have been laid down for declaration of new roads as National Highways:—

- (i) They should be the main highways running through the length and breadth of the country.
- (ii) They should connect foreign highways.
- (iii) They should connect capitals of States.
- (iv) They should connect major ports and large industrial or tourist centres.
- (v) They should meet strategic requirements.

1.7. While agreeing to these criteria, emphasis is also laid on economic considerations and opening up of backward and under-developed areas. The National Transport Policy Committee (B. D. Pande Committee) while agreeing to the above criteria, have in their report (1980) mentioned that substantial reduction in travel time and distance may also be included as a criteria for declaring State roads as National Highways. The Committee enquired whether any decision had been taken on the above recommendation made by the National Transport Policy Committee. In reply, the Ministry have stated:—

“The recommendations made by the National Transport Policy Committee of the Planning Commission are presently under the consideration of the Government and a final decision is yet to be taken.”

1.8. The Ministry of Shipping and transport have furnished a statement (Appendix-I) indicating the position of works sanctioned on national highways since the Fourth Five Year Plan. It is seen therefrom that 5834 projects were sanctioned from Fourth Plan to Sixth Plan and out of it 4295 projects have been completed. 1539 projects were in progress upto 30 September, 1981. The Ministry have also furnished

a list of the major works numbering 25, costing Rs. 2 crores and above giving details of the work sanctioned during the period (Appendix-II). Out of these 25 projects, 6 projects have been completed, 15 projects were still in progress and information regarding 4 projects had not been given. As many as 5 projects were sanctioned more than a decade ago and are likely to be completed between June, 1982 and September, 1985. The Ministry have also furnished a statement giving the number of projects which were sanctioned before 1 April, 1976, but were still in progress as on 1 April, 1981 (Appendix-III). It would be seen from the statement that the work on 376 projects was in progress for more than five years in 21 states.

1.9. In a note furnished to the Committee, the Ministry have stated that the total length of national highways as on 1 April, 1974 was 21,440 kms. Till the end of 1980-81 (first years of the Sixth Five Year Plan 1980-85, 9,918 kms. were added. The total length of National Highways, Plan-wise is indicated below:—

	Length added during the period	Total length at the end of the period
(length in Km.)		
(i) Length as on 1-4-1947 . . . . .	..	21,440
(ii) Length added during pre-First Plan (1947-51) . . . . .	815	22,225
(iii) Length added during First Five Year Plan (1951-56) . . . . .	..	22,255
(iv) Length added during Second Five Year Plan (1956-61) . . . . .	1,514	23,769
(v) Length added during Third Five Year Plan (1961-62) . . . . .	179	23,948
(vi) Length added during interregnum period (1966-69) . . . . .	52	24,000
(vii) Length added during Fourth Five Year Plan (1969-74) . . . . .	4,819	28,819
(viii) Length added during Fifth Five Year Plan (1974-78) . . . . .	158	28,977
(ix) Length added during interregnum period (1978-80) . . . . .	46	29,023
(x) Length added in 1980-81 of the Sixth Five Year Plan (1980-85) . . . . .	2,335	31,358

1.10. Referring to the above statement, the Committee desired to know the reasons for adding only 2539 km. in National Highways during 1974-81. The Ministry have stated:

“Financial constraints have been primarily responsible for small addition to the NH System during 1974—81. It is only

during the Sixth Plan period that some allocations have been approved by the Planning Commission for new additions to the existing National Highway system and against this a length of 2335 Km. has been added to the N.H. System in 1980-81.

The remaining length was added earlier due to realignment of N.H. 17 in Kerala and additions of N.H. 1—8 in Jammu & Kashmir and N.H. 8-C in Gujarat. Although there was no provision for this item in the finalized V Plan programme as well as in the erstwhile craft 1978—83 Plan, these three roads were declared as National Highways on special considerations."

1.11. During evidence, the Committee enquired about the funds asked for the development of National Highways by the Ministry of Shipping and Transport and the amount allocated by the Planning Commission. The Director General (Road Development), Ministry of Shipping and Transport stated:

"The Central Roads set up includes the National Highway schemes, a scheme called strategic roads; it includes a scheme of sensitive border area roads; a scheme of state roads of economic and or inter-state importance. There are also a few other schemes for research and development and the like, there is a scheme for development of tribal and backward areas, then we have also proposed a scheme for works of national importance, or schemes for linking major projects. The demand was for Rs. 1,225 crores against which Rs. 830 crores are allotted. So far as the National Highways are concerned when we submitted the plans, for the provision of the National Highways, their length was 29,000 kilometres. We had also asked for a special allocation for inclusion of new National Highways and for that also the Commission allotted Rs. 50 crores out of these Rs. 830 crores."

1.12. At the instance of the Committee, the Ministry have furnished the following information regarding Plan outlays for the development of National Highways during the Fifth and Sixth Plans:

	Fifth Plan 1974-78	Erstwhile 6th Plan (78-80 portion) 1978-83	Sixth Plan 1980-85 1980-85
National Highways	Rs. 327.62 crores	Rs. 159.25 crores	Rs. 660.00 crores

**The break-up of Rs. 660 crores is as follows:**

Spillover works from the Fourth Plan onwards	Rs. 250 crores
New road works and reconstruction of bridges	Rs. 360 „
New additions to national highways	Rs. 50 „
<b>TOTAL</b>	Rs. 660 crores

1.13. The Committee desired to know the requirements of funds for new national highways during the Sixth Five Year Plan period as projected by the Ministry of Shipping and Transport and the new national highways together with kilometrage which was proposed to be added during the Sixth Five Year Plan. In a note furnished to the Committee, the Ministry have explained as follows:

”In the Sixth Five Year Plan 1980—85, the Ministry of Shipping and Transport projected a requirement of Rs. 75 crores for expenditure during the Sixth Plan period on roads to be added in that Plan period to the national highways system, the balance of the cost being spread over the subsequent plan periods.

There have been pressing demends for new additions to the existing national highway system from various quarters including Members of Parliament, Members of the Consultative Committee, various Chief Ministers, P.W.D. Ministers and other authorities. The National Transport Policy Committee of the Planning Commission have also recognised the need for new additions to the national highways net work and this Ministry identified a route length of about 15,000 K.M. for this purpose. Depending upon the availability of resources and the *inter-se* priority of individual schemes on all-India basis and the criteria laid down for declaration of national highways, these roads projected to the Planning Commission and the Ministry of Finance for concurrence for inclusion in the N.H. system. However, due to financial constraints, this proposal has not materialised so far except for some roads in the North Eastern Region and extension of N.H. No. 12 from Jaipur to Biaora.”

1.14 The Committee asked about the amount actually allocated and released in the Sixth Five Year Plan for new additions to the national highways. The Ministry have stated:

“The Planning Commission for the Sixth Five Year Plan 1980—85 have allocated an amount of Rs. 50 crores for new additions

to the national highway system. During the year 1981-82 the Planning Commission have approved an outlay of Rs. 120 crores for the Central Sector Road Schemes, which, *inter-alia*, includes an amount of Rs. 3.5 crores for expenditure on the development of new national highway routes. However, during 1980-81, no funds were allocated for this purpose as there was no likelihood of any expenditure being incurred on the newly declared national highways (declared in September 1980) during 80/81."

1.15. At the instance of the Committee, the Ministry have given the following details of new national highways added so far in the Sixth Plan period and the new national highways proposed to be added during the remaining period of Sixth Plan:

"On the recommendation of the Secretaries' Committee and the Cabinet Committee on political and Economic Affairs, the following New national highways were added to the N.H. system with effect from 1-9-80 for accelerating the development of the North Eastern region:

N.H. No.	Route
(i) 31C	Material road in West Bengal and Assam (declared as a NH in September, 1980).
(ii) 51	Paikan-Tura-Dalu (declared as NH in September 1980) in Assam and Meghalaya.
(iii) 52	Baihata-Charali-Tezpur-Bander Deva-North Lakhimpur-Passighat-Tezu-Sitapani-Saikhoaghat (declared as NH in September, 1980).
(iv) 52A	Road link to Itanagar, capital of Arunachal Pradesh (Bander Dewa on NH 52 in Assam and terminating at Itanagar) declared as NH in September, 1980.
(v) 53	Badarpur-Silchar-Jirighat-Imphal declared as NH in September, 1980.
(vi) 54	Silchar-Aizawal-Lungle declared as National Highway in September 1980 in Assam and Mizoram.

In addition, the existing N.H. No. 12 was extended from Biaora to Jaipur so as to connect capital of Madhya Pradesh and Rajasthan to meet the needs of the traffic of the area.

Against the provision of Rs. 50 crores approved by the Planning Commission for this purpose. Rs. 40 crores is required for

the six roads declared in September 1980 as National Highways in the North-Eastern region. A sum of Rs. 5 to 6 crores is required for the development of extended portion of N.H. No. 12 from Biaora to Jaipur. Thus, this would leave a very small amount against which hardly any sizeable programme can be drawn up. In order to overcome this difficulty, the Minister of Shipping and Transport had written to the Planning Minister to consider providing the aforesaid provisions of Rs. 50 crores over and above the money needed for the development of recently declared national highways in the North Eastern region. The Planning Minister, however has expressed his inability to accede to our request and has suggested that we have to meet the expenditure on the recently declared national highways in the North Eastern region from within Rs. 50 crores only. In view of this, no more roads are proposed to be added to the NR System for the time being and to review the position at the time of mid-plan review. In case at that time any additional allocation is forthcoming for this purpose from the Planning Commission, further additions to national highway system will be considered depending upon the availability of resources, the *inter-se* priority of different routes on all-India basis and the criteria they fulfil for declaring them as national highways."

1.16. In 1957, Chief Engineers-in-charge of road and bridge development of the Central and State Governments met and formulated a new road plan for the period 1961—81, popularly known as Bombay Plan. This plan had set up a target of 51,200 km of National Highways by 1981.

1.17. The Committee wanted to know the reasons why against a target of 51,200 km of National Highways by 1981 as laid down in Bombay Plan, the actual realisation has been only 31,358 km. In reply, the Ministry of Shipping and Transport have stated in a note:

"The Bombay Plan for 1961—81 was intended to serve only as a broad guide for the Centre and State Governments in framing their detailed 5 year Plans which were of *prima facie* to be based on the actual resources position. The Govt. of India were, therefore not committed to the target of 51,200 Km suggested by the 20 year Plan for the NH system to be achieved by 1981. This is quite clear from the disclaimer published on the first page of the Report indicating that the Govt. of India are not committed to the views contained in the Report and that the Report is pub-

lished for general information only. As already mentioned, additions to the National Highway system have not been possible for long periods due to lack of allocation for the same."

*Revenue from road transport*

1.18. As regards collection of tax under the Motor Vehicles Act, the Director General (Road Development), Ministry of Shipping and Transport stated during evidence:

"With regard to the collection of tax under the Motor Vehicles Act. actually three and a half paise per litre, out of the customs and excise duties on the petrol is taken out towards a central road fund and that central road fund is distributed. This collection is on the sale of petrol within the respective States. For instance if one particular State has a greater sale of petrol their share in the central road fund is obviously greater. So it is on that basis that three and half paise litre of petrol sold is collected. This has been there for quite some time".

1.19 In reply to a question, the witness stated that nothing was contributed towards the central road fund out of the excise duty levied on diesel. The total annual collection out of customs and excise duties on petrol was about Rs. 6.50 crores to 8 crores. 80 per cent of this collection was credited to the States concerned as State allocation account and 20 per cent went to a common account known as the Central Road Fund Ordinary Reserve. This amount was meant to be used primarily for research and development, training etc. The road tax realised by the States was credited to the general revenues.

1.20 The Committee desired to know the total amount collected as road tax throughout the country in each year during the last five years, the amount actually spent on the development and maintenance of roads each year during this period and the percentage of amount collected as road tax which has been spent on the development and maintenance of roads in each year. In reply, the Ministry of Shipping & Transport have stated in a note that the total revenue collected from road transport from 1974-75 to 1978-79 was to the tune of Rs. 7666.16 crores. Against this, a total expenditure of Rs. 2955.07 crores was estimated to have been incurred during these years covering both development and maintenance of roads as also non-plan expenditure incurred by bodies like Border Roads Organisation etc. Information about expenditure incurred by local bodies like Municipal Corporations etc. was not readily available.

1.21 It is noted that the Estimates Committee (1974-75) in para 3.98 of their 75th Report (5th Lok Sabha) on the Ministry of Shipping and Transport—Transport Coordination had also recommended as follows:

“The Committee note that main reason for the present unsatisfactory state of affairs is that adequate allocations are not being made for roads in the Five Year Plans. While the Government has been earning annual revenues amounting to more than Rs. 800 crores from road transport, only a sum of Rs. 305 crores approximately, is being invested in the construction and maintenance of roads which amount to about 38 per cent of the revenue earned. The Committee feel that as roads provide vital links and a good road can bring in considerable economy in operation and fuel cost, there is an imperative need for stepping up investments in road sector considerably. The Committee feel that there should be a definite linkage between the revenues earned from the road sector and investments in the roads. Even if Government may not find it possible to invest the entire revenues, at least a large portion of the revenues earned from the road sector should be invested in the road sector.”

1.22 The Ministry have further stated:

“On the basis of the position indicated above, the percentage of expenditure on roads incurred *vis-a-vis* revenue collected from road transport work out to 38.35 per cent. It may, however, be indicated that in the context of the planned economy of the country there is no linkage as such between the revenue collected from road transport and the expenditure incurred on road development. Funds for road development are found directly from out of general revenues where the revenues for road transport is credited.

It may be added that the expenditure on road development under the 1980—85 Plan has been stepped up considerably as 1930—85 Plan includes a provision of Rs. 3439 crores for a 5-year period covering both Central and State Sectors which works out to an average of Rs. 687 crores per year. In addition, a sum of Rs. 450 crores per year is expected to be incurred from non-plan sources covering maintenance etc. This would mean a total expenditure of Rs. 1137 crores or so per year which is much more than what was being spent in the earlier years.”



1.23 When asked why Government were not spending even 50 per cent of the taxes collected from motor vehicles for the development and maintenance of roads, the representative of the Ministry of Shipping and Transport (Roads Wing) stated in evidence before the Committee:

"That is Government's policy. As roads people, we have been trying for more money for the roads. But the argument is that all the revenues must first go to the general revenues and money will be allocated according to priorities on a national basis."

*Present condition of National Highways*

1.24 The National Transport Policy Committee in their Report submitted in March 1980 have given in following assessment about the present condition of National Highways:

"Development of national highways has lagged behind both in route length and load-carrying capacity. Numerous representations were made to us during our visits to States that the present national highway network is grossly inadequate to meet traffic requirements. First, the present route length constitutes only 6 per cent of the total surfaced road length of the country, while it carries an estimated 25 to 30 per cent of total road traffic. Secondly, 37 per cent is still single-lane route length while traffic intensity on some important sections requires double or even multi-laning, particularly at the approach to the cities. Thirdly, culverts, bridges (about 2500 bridges were deficient as on 1st April, 1978) and cross-drainages in several sections are reported to be narrow and weak. Road and bridge works for improvement of low-grade sections, widening and construction of approaches to bridges included in the earlier Plan, have not been taken up due to inadequate financial allocations. Fourthly, efficiency of these highways, particularly of single-lane sections, is severely limited by frequent interruptions caused by slow moving traffic and by a large number of road inter-sections. During our travels by road and from evidence placed before us, we are convinced that the existing national highway network is grossly inadequate in route length, width, crust thickness and quality of roads and is, therefore, not being optimally used. We recommend that the existing network should be suitably strengthened by improvement of pavement thickness, construction of bypasses, wherever necessary, double-laning of the remaining 37 per-

cent route length barring such sections where traffic is minimal and replacement of weak bridges and culverts, so that serviceability of the grid is optimised.

1.25 The Committee wanted to have the opinion of the representative of the Ministry of Shipping & Transport (Roads Wing) about the condition of National Highways in India as compared to National Highways in foreign countries. In reply, representative of the Ministry stated in evidence before the Committee:

“Today, out of the 31,000 kms. of national highways that we have, including the six newly declared national highways, there is not a single km which has got adequate thickness to meet the present-day requirements of traffic, as well as excess loading.

We have the know-how. We send people to other countries including Persian Gulf where they have received laurels. Unfortunately, financial constraints do not permit us to achieve the standard obtaining in foreign countries. Today we have no choice.”

#### *Missing Links*

1.26 As regards the number of missing links in national highways in the country, the Ministry have stated:

“At the beginning of the 4th Five Year Plan, the total length of missing links in the country aggregated to 487 K.M. and construction of all these missing links was taken in hand in the 4th Five Year Plan. Out of this, a length of 399 K.M. of missing links have already been completed and the remaining 148 K.M. of missing links are in advanced stage of progress and targetted to be completed by the end of 1981-82. In addition to this, during the 4th Five Year Plan, 4819 K.M. of road length was added to the National Highway system which included 169 K.M. of missing links in the States of Bihar, Orissa, Maharashtra and Karnataka. This length of missing link will go up further by the addition of missing links which may have to be constructed on the six roads recently declared as National Highways in the North Eastern Region and which are inventorised currently for an assessment of deficiencies required to be made up.

In the Sixth Five Year Plan, the Ministry of Shipping and Transport projected a demand of Rs. 400 crores for expenditure during 1980-85 on new improvement work on National Highways existing as on 1-4-80. But, the Planning Commission only approved an outlay of Rs. 300 crores. The investment involved in removal of deficiencies in the National Highway system, as on 1-4-80 at the current price level, was of the order of Rs. 2500 crores, and obviously within the meagre allocations made available for new improvement works, the whole of these deficiencies could not be tackled in one Plan period only. In view of this, only those missing links have been included in the VI Plan 1980—85 for which alternative routes are either not available or are longer in length. As regards the remaining missing links, these will be considered in subsequent Plan periods.”

#### *Widening of National Highways*

1.27. The Committee have been informed that most of the roads which were taken over as National Highways since 1947 were generally lower grade roads and were deficient in all respects including formation width as well as pavements. Even at present there are about 8000 K.M. of National Highways which are single lane and need to be widened to double lanes because of traffic requirements. Also, there are about 2000 K.M. of National Highways stretches in the country which require widening from two-lanes to four-lanes standards. In the Sixth Five Year Plan, (1980—85) about 2500 Kms. are proposed to be widened from single lane to double lane and about 300 K.M. could be provided for widening to 4-lanes because of overall financial constraints. Many roads in the country are still deficient in road land width as well as roadway width because of certain constraints like built up areas/land acquisition problems etc.

1.28. The Committee asked whether Government had formulated any time bound programme to widen national highways in order to remove these deficiencies. The Ministry have replied as follows:

“Prior to the formulation of the Sixth Five Year Plan 1980—85, the Ministry assessed the deficiencies in the existing national highway system and as per the present price level, in financial terms, the overall deficiencies in relation to 1980 traffic needs would involve a minimum outlay of Rs. 2500 crores for their removal on the National Highway system existing as on 1-4-80. Obviously, these deficiencies cannot be removed in one Plan

period because of the huge outlay involved, and the task has to be accomplished in a phased manner. Keeping in view the financial constraints, the Ministry projected a requirement of Rs. 400 crores for taking up new improvement works on these existing national highways, which, *inter-alia*, covers widening of single-lane road to two-lanes for a length of 3000 km. However, the Planning Commission agreed for an outlay of Rs. 300 crores only. Obviously, within the reduced outlay, the whole programme had to be pruned and it is now proposed to take up this scheme in a length of 2100 km. The remaining lengths will, however be considered in the subsequent Plans.

Similarly as regards widening to 4-lanes, we had indentified about 2000 kms of stretches on various national highways where traffic would be in excess of 10,000 pous and which require widening to 4-lanes. Due to paucity of funds we had proposed such widening for 800 kms.

However, with the reduced outlay as mentioned above, the length now provided for in the 1980-85 Plan is only 300 kms. The remaining length will have to be considered for inclusion in the subsequent Plans.

It may also be mentioned that there are other deficiencies also in the existing national highway system which require improvements, such as improvement of low-grade sections, strengthening of weak 2-lane sections, reconstruction/widening of weak narrow culverts, providing by passes around congested towns, construction of missing major bridges, replacement of submersible bridges, reconstruction of weak and damaged major bridges, construction of minor bridges, etc. The provisions for these items in 1980—85 Plan have also been reduced in the light of the reduced outlay made available by the Planning Commission. The remaining deficiencies in these items will also have to be tackled in the subsequent Plans.”

1.29. Explaining the procedure for selecting National Highways which should have double lanes for the stretches which need to be widened, the Ministry have stated:

“Since National Highways are the main arteries running through the length and breadth of the country, connecting State capitals major ports, industrial complexes, etc., they carry heavy traffic and need two-lane carriageways throughout its length so

as to provide reasonable service and safe passing and overtaking manoeuvres. The following capacity norms serve as a broad guide for widening the roads to two-lanes and more.

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(i) Single-lane roads with satisfactory shoulders	Upto 1000 Passenger car Units (p.c.us.) per day.
(ii) Single-lane roads with 5/ wide all-weather shoulders on either side.	Over 1000 p.c.us. but less than 2500 p.c.us. per day.
(iii) Two-lane roads	Over 2500 p.c.us. but upto 10000 p.c.us. per day.
(iv) 4-Lane Roads	Over 10000 p.c.us. per day.

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The various sections qualifying for widening to two-lanes on the above criteria are selected and their *inter-se* priority is fixed depending upon the quantum of traffic and other priority considerations.”

#### *Road overbridges/under bridges on Railway Crossings*

1.30 The Committee have been informed that there were 362 railway crossings on National Highways which had been identified, where over/under bridges were required to be provided. 52 Nos. of road over/under bridges had been provided in the Sixth Five Year Plan (1980—85) at an estimated cost of Rs. 10.92 crores. During the year 1980-81, one over bridge costing Rs. 0.15 crore had been sanctioned.

1.31 The Committee wanted to know as to why only one over bridge had been sanctioned against 52 over/under bridges which had been provided in the Sixth Five Year Plan and also to know the number of over/under bridges sanctioned in 1981-82. The Ministry have replied:

“The Sixth Five Year Plan 1980-85 for development of existing National Highways was finalised in June 1981 after the N.D.C./ Planning Commission finally approved the outlay for the Central sector roads in March 1981. After the approval by the Planning Commission, this Plan document was circulated to all the States for the preparation and submission of the estimates in a phased manner. Till then only those works which were of urgent and inescapable nature and could not be postponed to further period were considered for sanction. Obviously the replacement of level crossings with over/under

bridges has to be given relatively lower priority than other categories of improvement works. On this basis, only one climate for road over bridge was sanctioned during the period 1980-81.

During the year 1981-82, programme has been formulated to sanction 16 overbridges. The estimates for these overbridges are being prepared by the State P.W.Ds. in consultation with the concerned Railways and are awaited. It is expected that these overbridges will get sanctioned during 1981-82."

1.32. As regards chalking out of programme for completion of 52 over/under bridges during the Sixth Five Year Plan, the Ministry have stated:

"The Planning Commission approved an outlay of Rs. 300 crores for taking up new improvement works on the existing National Highways for the Sixth Five Year Plan, 1980—85. Against this amount, the Ministry has prepared a programme of sanctions for Rs. 600 crores which includes 52 overbridges also. The completion of the overbridges to be sanctioned during the Sixth Five Year Plan will depend as to when it is sanctioned and the fund made available by the Planning Commission which are allocated on year to year basis in the Annual Plans.

It may, however, be mentioned that the completion of an over-bridge normally takes 4 to 5 years from the time of its sanction as the work of the structure itself has to be carried out by the Railways who have to fit it into their own programme of construction."

#### *Maintenance of National Highways*

1.33 The Committee pointed out that when the roads, bridges and culverts were constructed, the laden load of the vehicle was quite less. The Committee enquired whether in view of the heavy laden load now, the Ministry had provided more funds for the maintenance of roads etc. The Director General, Ministry of Shipping and Transport stated, during evidence:

"There are thousands of culverts and bridges which are still to be reconstructed and strengthened. Physically we have taken note of them. So far as the bridges and culverts are concerned, ever since the national highways have come up, all new culverts and bridges are designed for the heaviest loading that is going to be there in the foreseeable future and that heaviest

loading is primarily a defence type of loading and whatever we foresee on the civil side is very near to that. Some of the older culverts are 80 to 100 years old. Those are the ones which we have identified, we have got a plan for their replacement, we have got a list of all the culverts which are required to be strengthened or replaced. The second part is regarding maintenance. You are very right that the 1968 norms are old. We have updated them three years ago. But I would like to submit that the 1968 norms were primarily on physical basis. That is part of the maintenance which we call periodical renewal, which is done every 5 to 6 years. So, updating that norm only means updating primarily the cost which can be done at any time. This is what we are doing."

1.34. The witness further stated:

"In the last 4-5 years the maintenance funds have gone up from Rs. 25 crores to Rs. 40 crores and we are hoping that in the current year although the initial allocation is Rs. 40 crores we will be able to get another few crores on this basis. The requirement based on updated norms is coming to about Rs. 50 to Rs. 55 crores. So we are getting less money than what the norms really provide. . . . There is no doubt that the maintenance money is less, we are only getting about 60 per cent."

1.35 The Adviser (Transport) Planning Commission added:

"On the question of maintenance, while we do get involved in the policy-making regarding maintenance because it affects fuel consumption and general economy, the actual allocation of funds on maintenance is done by the Finance Ministry because it is a non Plan expenditure. The formula which is being quoted here is being determined by them and they have direct consultation with the Ministry of Shipping and Transport."

1.36 It is seen that while the Ministry of Shipping & Transport is responsible for the overall planning sanctioning of projects and provisioning of funds from the Central budget for expenditure on national highways, the actual work of construction and maintenance of national highways has been entrusted to the respective State Governments on an agency basis.

1.37 The Committee desired to know if the present arrangement was working satisfactorily and whether representations had been received from the State Governments for delegation of more powers of regarding delays in technical approval etc. and how the Ministry of Shipping and Transport

ensures that the National Highways are being properly maintained by the State Governments. In reply, the Ministry of Shipping & Transport have stated in a note:

“The National Highway Scheme came into being with effect from 1-4-47 and since then the execution of works relating to maintenance and development of National Highways are being carried out by the respective Provincial (now States) Governments. This system is working by and large satisfactorily although difficulties about delays in completion of works, quality control and cost escalation have been encountered from time to time, specially for works sanctioned during the early seventies in oil crisis period. However, with a view to strengthening the existing system further to make it more efficient it is propose to appoint a High Powered Committee shortly to review the working of the existing agency system.

The State Government have already delegated the following powers for the execution of National Highway Work:—

- (a) All original road and bridge works costing upto Rs. 10 lakhs can be sanctioned by the respective State Governments themselves (executing agency) after these have been administratively approved by the Ministry.
- (b) To accept tenders if the excess over the sanctioned estimate does not go beyond the value determined on the basis of schedule of rates current at the time of receipt of tenders by 15 per cent subject to the condition that the revised estimates for the works for which tenders are so accepted are submitted to the Ministry for sanction immediately and in and case within two months of the acceptance of tenders.

There have been some representations from the States for liberalisations of the above delegated powers particularly in regard to acceptance of tenders. It is, however, not considered desirable to give more powers to the State keeping in view that the above delegation of powers was made only in 1976. Moreover, delegation of further powers would involve huge financial repercussions and need detailed examination. This aspect will also be covered by the proposed High Power Committee referred to in para 2 above.



One of the important function of the Roads Wing Officers is to carry periodic inspection of National Highway Works in the country from time to time. These inspections are utilised *inter-alia* to see that the development and maintenance work is going on all right. Deficiencies wherever noticed, are pointed out to the Local Officers, State Chief Engineer and to State Government through inspection notes etc. Specific areas of maintenance requiring special attention like special repairs and flood damage repairs works are also kept in view during the inspection. In addition the Regional Officers and Engineer Liasion Officers of this Ministry also carryout inspection for finalisation of the Annual Renewal Programmes in association with the Local Officers, as also to over see the other development works. Their observations are also brought to the notice of the State P.W.D. Officers for necessary action. Further, if necessary, issues requiring personnel attention of the top authorities in States are also discussed between the Director General (Road Development), Addl. Director Generals and Chief Engineers in the Roads Wing and State Chief Engineers/PWD Secretaries during review meetings and other discussions held periodically either in Delhi or State Headquarters to review the progress of individual projects and other programmes. All this goes a long way in hedp- ing the Ministry to ensure that National Highways are being developed and maintained by the States properly.”

1.38 The representative of the Ministry of Shipping & Transport (Roads Wing) stated in evidence before the Committee:

“A new High Power Committee is being set up under the directions of the Prime Minister to review the agency system and to overcome these problems. It will include Members from Finance, other Ministries and our Ministry to go into the reviewing of the agency system. Its composition has also been approved.”

1.39 When asked about the composition and the terms of reference of the High-Powered Committee set up to review the agency system, the Ministry of Shipping & Transport have stated in a subsequent note:

“The Committee has not yet been actually set up as the appointment of the Chairman is yet to be approved by the Prime Minister and the concurrence of the State Governments and various Central Organisations concerned regarding their representatives on the Committee is still to be received.”

*National Highways in North-Eastern Region*

1.40 Asked to state if attention was being given, to the construction maintenance of national highways in the North-Eastern region as laid down in the Sixth Five Year Plan document, the representatives of the Ministry of Shipping and Transport stated in evidence:

“There are now three different groups of agencies working on behalf of the Centre for the development of this region—specially, Arunachal Pradesh, Nagaland, Manipur and Mizoram. The first is the Border Roads Development Board. A vast majority of the road system is being constructed by the Border Roads Development Board where the money is going from the Central Government. The second agency is the North-Eastern Council; that has been established and the North Eastern Council is being given money from the Central funds and they have a very big programme of construction of roads and even other improvement in the North Eastern region. Apart from that, we come in, and as I mentioned a little earlier six new national highways have been declared coming roughly to 1800 kms and the highest priority has been given to their development during the current Plan. That is why, out of the amount of Rs. 50 crores that has been allotted for new additions to the National Highways system, at least Rs. 30 crores are supposed to come as first charge to these National Highways. That is why, as I mentioned earlier, we are not in a position to sanction any new National Highways in the current Plan for any other part of the country unless and until the Plan is revised.”

1.41. In reply to a question, the witness stated:

“The Border Roads Development Board functions altogether separately. It is a non-Plan project.”

1.42. In reply to another question, the witness stated:

“The Border Roads do work departmentally while the National Highways system is working on a contract system. The Border Roads have a direct line of control and that is why they are able to do the work in time.”

*Monitoring of Projects in the Planning Commission*

1.43 The Audit para points out a number of cases relating to National Highways where the completion of the projects had been considerably delayed and there had been cost escalations. Similar cost escalations and heavy delays have been noticed in case of projects in other sectors of the economy also.

1.44. The Committee enquired from the representative of the Planning Commission the part played by them in monitoring the progress of the projects to ensure that they were completed in time and within the approved sanctions. The Adviser (Transport), Planning Commission replied:

“After the Five Year Plan has been made, individual projects which cost a certain crores of rupees, above a certain monetary limit, come for clearance of Government. We are involved in the clearance procedure. At the time of the Annual Plan discussion, we review the progress of projects. We have recently started a system of quarterly review meetings with each Ministry. Of course, there was a monitoring system and we used to get reports from Ministries. There is a monitoring cell in the Planning Commission. We have now streamlined the machinery seeing that the implementation is the most important and the weakest link in the whole system of Plan formulation and implementation. We are now having quarterly meetings with each Ministry. They send us a background note in advance and we prepare our note also pointing out the areas where physical progress or financial progress has been low. We discuss the causes for it and what can be done. If there are any inter-ministerial problems, we try to sort them out. That has had a good effect. It helps the people in being more keyed up and in being more committed to fulfilling the targets. We are having these meetings and we are trying to do as much monitoring as we can in the Commission.”

1.45. The Committee desired to be furnished with the details of projects since independence which have been completed within the target date and within the original sanctioned amount. In reply, the Planning Commission have stated in a note as follows:

“Comprehensive data on this subject covering all projects of all sectors since independence is not readily available in the Planning Commission. However, an analysis of quarterly status reports prepared in the Monitoring Division of the Planning Commission during the years 1978-79, 1979-80, 1980-81 and April-June 1981, for certain selected sectors, shows that the following projects were completed within the scheduled date but with escalation in cost:

- (1) Kudremukh iron ore project (September'80)
- (2) Kandla Fertiliser Expansion Programme (IFCO (July, 1981).”

1.46. The Committee pointed out that it had been experienced that on account of changes in the design of a project or undertaking the same work in piecemeal the cost of construction had risen many times. The Committee enquired whether the Planning Commission had given thought to this problem. The Adviser, Planning Commission replied:

“As you rightly highlighted, this is one of the serious problems of our economic development. As you know, when the Plans are made, the projects are sanctioned on the basis of current prices prevailing at that time. To some extent, it is implied that there will be an increase in prices. That is supposed to be taken care of later in the Annual Plans. The figures in the Annual Plans would necessarily in a situation where there is a continuous rise in prices more than what was provided in the Five Year Plan. Secondly, it is due to the fact that there is a delay on account of avoidable reasons in the matter of implementation. As far as delays due to avoidable reasons are concerned, we are trying to monitor them. We have also had number of studies done in regard to this matter. Even today, in the Planning Commission we are discussing a paper and we are trying to identify the factors which lead to delays. One reason is the shortage of material, like, steel. . . . Regarding the increase in prices which is supposed to be implied in the whole planning process because we formulate a plan on the basis of current prices. If the increase on the resources side also takes place at the same pace, then there will be no problem. Our resources will also go up because of general increase in prices and there will be no problem to provide necessary funds. Due to various reasons peculiar to our economy, the increase on the resources side does not go up in the same proportion as on the expenditure side. So, there is a gap there, we find it very difficult to provide necessary funds even for the schemes which are sanctioned. The resources do not increase partly due to the nature of our economy and partly due to various public sector enterprises not generating the required resources as they should.”

1.47. The Committee enquired why the Planning Commission did not take into account the availability of resources at the time of formulation of the Plan. The representative of the Planning Commission stated:

“There are various reasons. One of them is that we are not able to provide for this kind of gap developing in our entire planning machinery. This we have been discussing within the Commission to find an answer. Can we not anticipate? If this is happening, why not anticipate, quantify and provide for it

in the Plan and make a lower Plan? So far our experience has been that it is very difficult to quantify this element. It is very difficult. Even advanced countries, with much more sophisticated techniques of forecasting, have not been able to forecast the increase in prices. We have not been able to establish a machinery for really to be able to project the increase in prices. In certain cases, the increase in prices as projected could be alarming. It can have a bad psychological effect also on the economy. But in some cases, the estimate may actually turn out to be less. The present system of making the estimates on the basis of current prices has failed. In real terms it may be somewhat less due to this gap and then at that we will have to examine to what extent the estimate is short. What are the priority areas where will have to concentrate and give the resources which are available to those areas. In the meanwhile, we are trying to see that the gap remains narrow."

1.48. Asked to state whether the Planning Commission had conducted any study with regard to the performance of each and every plan. The witness stated:

"The review takes place. In fact, there is a mid-review of the Plan. We did go critically into it. In fact, we are trying to identify. We analysed the Fifth and earlier Plans. We are taking lessons."

1.49. National Highways serve as the arterial routes running throughout the length and breadth of the country connecting State Capitals, foreign highways, major ports, large industrial complexes, tourist centres etc. The importance of the national highways in the economy of the country is evident from the fact that although these constitute only 6 per cent of total road length in the country, these carry between 25 to 30 per cent total road traffic.

1.50. The Committee regret to note that the development of national highways has been grossly neglected all these years since Independence. This is evident from the fact that while in 1947 the total length of national highways was 21,440 kms, there was a meagre addition of only 9,918 kms. in 34 years and on 31 March, 1981, the total length was only 31,358 kms. This falls far short of the target of about 51,200 kms. as contemplated by the 20 year Plan (1961-1981) formulated by the Chief Engineers in-charge of road and bridge development of the Central and State Governments (popularly known as Bombay Plan) From the statement of addition to National Highways in the various Five Year Plans,

it is seen that not a single km. was added in the First Plan, 179 kms. in the Third Plan and only 52 kms. in the period 1966-69. Thereafter as much as 4,819 kms. were added in Fourth Plan period and 46 kms. during 1979-80. From this the Committee cannot but arrive at the conclusion that Government has been callously negligent towards the development of National Highways in the country. What is still more distressing is that the neglect in the development of "National Highways" should have continued even after the Committee had highlighted it in 1977-78 in their 18th Report (Sixth Lok Sabha) on "Road Development in Fourth Plan."

1.51. The Committee are further concerned to note that although the traffic on National Highways is continuously on the increase, the condition of most of the existing National Highways is far from satisfactory and the same suffer from a number of deficiencies. Although the traffic intensity on these National Highways require double or even multi-laning, about 37 per cent is still single-lane route lengths. Moreover, there are a number of missing links greatly impeding the quick and fast movement of vehicles. Again, there are a large number of bridges which are required to be strengthened, culverts to be bridged and over-bridges/under-bridges on Railway lines to be constructed. The Committee are shocked at the admission made by the representative of the Ministry of Shipping & Transport during his evidence before the Committee that "Today, out of the 31,000 kms. of national highways that we have, there is not a single km. which has got adequate thickness to meet the present day requirement of traffic, as well as excess loading." The Committee would like to point out that when there is a growing tendency to ply motor vehicles with heavier loads as well introduction of new innovations like truck-tractor combinations etc. for quick and faster movement of maximum amount of goods traffic, the present unsatisfactory condition of National Highways in the country cannot but result in retarding the economic development of the country. This situation needs to be remedied as early as possible.

1.52. What is a matter of still greater concern to the Committee is that not only are there a number of deficiencies in the National Highways hampering smooth flow of traffic but there is also no likelihood of these deficiencies being removed in the near future because of the snail's pace at which the work in this regard is progressing. The Committee are distressed to learn that according to an assessment, there are 3,000 kms. of National Highways which are of single lane and are required to be widened to double lanes because of traffic requirements. Similarly, there are about 2,000 kms. of National Highways which need to be widened from two-lane to four lane standards. However, due to inadequate financial allocations, it will be possible to widen only 2,500 kms i.e. about 26

per cent to two-lanes and 300 kms i.e. 15 per cent to four lanes during the Sixth Plan period. Similarly, 362 railway crossings have been identified for construction of over-bridges and under-bridges during the Sixth Plan but due to financial constraints only 52 over/under bridges have been sanctioned and during 1980-81 only one over-bridge costing Rs. 0.15 crore had been sanctioned. Similarly, a number of culverts which are 80 to 100 years old still remain to be strengthened but no programme for the same has been taken in hand.

1.53. The Committee would like to express their deep distress at this state of affairs. They feel that as roads constitute a vital sector of infrastructure and National Highways carry the highest intensity of traffic, it is vital that the task of removing the deficiencies in the National Highways should be given high priority. The Committee, therefore, recommend that a time-bound programme for removing all the deficiencies in the National Highways within a period of 10 years should be chalked out and taken in hand at the earliest.

1.54. The Committee note while the country possesses the necessary know-how and manpower to modernise our national highways, it has not been possible to achieve necessary standards because of financial constraints. The Committee are surprised to note that while during the years 1974-75 to 1978-79, the total revenue collected from road transport was about Rs. 7,666.16 crores, only an amount of Rs. 2,955.07 crores i.e. less than 40 per cent of collections was spent during these years on development and maintenance of roads. This is because while the revenue from road transport is credited to general revenues, the allocations for development and maintenance of roads is done on the basis of over-all priority and at present there is no linkage between the collection of revenue from road transport and actual expenditure on the development and maintenance of roads. The Committee feel that Government have all these years treated road transport as a milch cow for collecting revenues and then starving the same even of basic requirements. The Committee, therefore, recommend that Government should ensure that till all the deficiencies in the National Highways are removed and the length of National Highways are increased as per the targets of Bombay Plan, a large portion of the revenues collected from road transport should be spent on the development and maintenance of roads.

1.55. The Committee note that an allocation of Rs. 50 crores has been made during the Sixth Plan for new National Highways. However, the Committee are shocked to learn that even out of this meagre allocation, no allocation was made for the year 1980-81 and only an amount of Rs. 3.5 crores was allocation during 1981-82 with the result that it has not been possible to undertake any works in this direction. If the

same trend of annual allocation continues, the Committee have an apprehension that there would be heavy short-falls in the actual utilisation out of the total meagre allocation during the Sixth Plan. The Committee would like to draw the attention of Planning Commission to this unsatisfactory state of affairs and recommend that annual allocation in the remaining years of Sixth Plan for new additions in National Highways should be stepped up considerably so as to make up for the inadequate allocation in the earlier years. Further, not only should annual allocations be stepped up, it should also be ensured that the progress on works is adequate so that funds are fully utilised. This assumes special importance in view of the fact that most of the allocation in the Sixth Plan is to be spent on development of six National Highways in North-Eastern region which is scantily served by Railway system and where these National Highways provide the only means of transport and communications with the rest of the country.

1.56. The Committee note that while the Ministry of Shipping and Transport is responsible for the overall planning, sanctioning of projects and provisioning of funds from the Central budget on National Highways, the actual work of construction and maintenance of national highways has been entrusted to the respective State Governments on an agency basis. The Committee find that several State Governments have represented about the inadequate delegation of power for the execution of works resulting in delayed sanctions and completion of works. The Committee have been informed that Government have decided to appoint a High level Committee to review the agency system. However, the Committee are surprised to learn that this high level Committee has not yet started work as the name of the Chairman has not been finalised so far. The Committee would urge upon the Government to finalise the composition and terms of reference of the Committee at an early date. The Committee would also like this high level Committee to examine the matter regarding delegation of adequate powers to the State Governments so as to facilitate quick and prompt decisions.

1.57. The Committee are constrained to note the poor performance of the works sanctioned and undertaken in national highways from time to time. Out of 5834 projects sanctioned from Fourth Plan to Sixth Plan, 1539 projects had not been completed till 30 September, 1981. Out of 25 major projects each costing Rs. 2 crores and above only 6 projects had been completed. As many as 5 projects which were sanctioned more than a decade ago are now likely to be completed between January, 1982 and September, 1985. From another statement furnished by the Ministry, the Committee find that work on 376 projects is in progress for more



than 5 years in 21 states. In addition to it, the cases of non-completion and delays in work relating to a number of projects have been pointed out by Audit and dealt with in succeeding paragraphs. Audit has pointed out that the delay in finalising and approving the designs of the projects by the authorities, acquisition of land, approval of tenders, approval of funds by the Central Government etc. have been responsible for non-completion of projects in time. The Committee need hardly emphasise the need for completion of projects within the target date and estimated cost as any failure to complete the projects within the scheduled time escalates the cost of the projects and also deprive the people from the likely benefits from the projects.

## CHAPTER II

### IRREGULARITIES POINTED OUT BY AUDIT ON NATIONAL HIGHWAYS WORKS

#### A. Avoidable Extra Expenditure

##### *Audit Paragraph*

2.1 In September 1973, Government sanctioned the work of widening and strengthening the carriageway from mile 554 to mile 564 of Madras-Calcutta National Highway (NH 5) for Rs. 19.37 lakhs. Tenders for the work (estimate : Rs. 11.83 lakhs, excluding cross drainage works, and acquisition, etc.) were invited (September 1973) by the Chief Engineer, National Highways and the work was entrusted (July 1974) to the lowest tenderer 'A' at his tendered cost of Rs. 13.10 lakhs. The site was handed over to the contractor 'A' on 15th November 1974 for completion of the work within 2 years.

2.2 After completing work of the value of Rs. 2.23 lakhs, contractor 'A' contended (October/December 1976) that the site was handed over to him before completion of cross drainage works, removal of trees and shifting of electric poles, etc. which were to be done departmentally. Actually cross drainage works were let out to piece work contractors on 31st March, 1975, i.e. after handing over the site to contractor 'A' without any stipulation regarding the date of their completion; these works were completed between September, 1975 and November 1976. The electric poles were shifted by May 1976, while the trees were removed only by November 1976. Contractor 'A' also stated (July-December 1976) that the quarry approved for collection of gravel was allotted to the landless poor, who objected to the quarrying of gravel and that the request for a change of quarry was not considered by the department. The department did not accept (September 1976-January 1977) the contention of contractor 'A' as long stretches of the road free of impediments were available for proceeding with the work and as per the terms of agreement, it was the responsibility of contractor 'A' to procure gravel from an alternative source without any claim for extra payment. As contractor 'A' stopped (April 1976) the work without asking for extension of time, the contractor was terminated in February 1977 and an amount of Rs. 0.47 lakh due to contractor 'A' was forfeited.

2.3 The contractor filed (April 1977) a petition before the arbitrator who ordered (January 1978) release of the forfeited amount. The

award was not contested by the department on the advice (August 1979) of the Government pleader who opined that there were valid grounds for contractor 'A' not being able to complete the work within the stipulated period.'

2.4 The estimate was revised (May-August 1977) to Rs. 25.72 lakhs due to increase in quantities of work and rise in rates. On retendering (June 1977), the work was entrusted (November 1977) to another contractor 'B' for Rs. 17.66 lakhs (9.81 per cent excess over the revised estimate), specifying different quarries for gravel. The rates of contractor 'B' being higher than those of 'A' the extra cost involved in the work, left over by contractor 'A' and entrusted to contractor 'B', was Rs. 1.35 lakhs. The work was completed in November 1980. The State Government stated (October 1980) that the extra cost was due to termination of the contractor due to the failure of contractor 'A' to keep up the progress as per the agreement and entrustment of the balance work to another agency.

Thus, failure on the part of the department to programme and complete in time the cross drainage works, removal of tree and shifting of electric poles, to enable contractor 'A' to complete the work and to change the gravel quarry for him (the quarry was changed for contractor 'B') resulted in termination of the contractor 'A' and entrustment of the balance work to contractor 'B' at an avoidable extra cost of Rs. 1.35 lakhs.

[Paragraph 13 (Sub-para 'A') of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil)]

2.5. The Committee wanted to know why the department did not take adequate steps for completion of cross drainage works, removal of trees, shifting of electric poles etc. before handing over the site to the contractor. In reply, the Ministry of Shipping and Transport (Roads Wing) have stated in a note:

"Andhra Pradesh State PWD took necessary steps for early completion of C.D. works, removal of trees and shifting of electrical poles. These were however, minor impediments in the work of widening and strengthening of 16km long stretch of NH5. The contractor could have left gaps for cross drainage works and other impediments. However, he did only 15 per cent of the total work when he abandoned the work two years after entrustment of work to him. To avoid any time and cost over-runs, in the present inflationary trends in economy with ever spiralling costs, it was consi-

dered prudent to proceed with the main work and simultaneously take steps to have the minor works also got done."

2.6 The Committee enquired as to why the request of contractor 'A' for change of quarry not considered by the Department. In reply, it has been stated by the Ministry of Shipping and Transport in a note:

"Although the contractor stated that due to resistance from land-owners, he had been forced to abandon the quarry, his request for additional payment for extra lead involved in the collection of material from distant quarry could not be conceded because of the following provision in the contract agreement.

Separate payment will not be made for the opening of new quarries and such cost should be borne by the contractor. The contractor should make his own arrangements for the acquisition of stone and other quarries etc. at his own cost."

2.7 To a query as to why the change of quarry was allowed to contractor 'B' when a similar request of contractor 'A' was not considered, the Ministry have replied as follows:

"The request of contractor 'A' for extra payment could not be conceded within the framework of the contract agreement. Recognising the fact that the original quarry had been found unworkable, the department specified another suitable quarry in the notice inviting tender for balance work."

2.8 The Committee wanted to know the considerations on which the arbitrator ordered the release of forfeited amount of Rs. 0.47 lakh to the contractor. In reply the Ministry of Shipping and Transport have stated:

"The award given by the Arbitrator was a non-speaking award as per arbitration procedure and therefore, no specific reasons have been given by the Arbitration while ordering the release of the forfeited amount of Rs. 0.47 lakhs to the contractor. All that he has said in the arbitration order is that 'the action of the Executive Engineer in terminating the contract of the petitioner (contractor) after the expiry of the contract period is set aside.'"

2.9 The Committee wanted to know when the proposals for the widening and strengthening of the carriageway under reference were initiated for the first time. The Chief Engineer, National Highways, Andhra Pradesh replied "That was in 1971."

2.10 The Committee enquired, during evidence, the reasons for the delay of 10 months in awarding the contract in July, 1974 while the tenders were invited in September, 1973. The Chief Engineer, National Highways, Andhra Pradesh stated:

“In 1973-74, there was a ban on taking up of new works. Because the State PWD got favourable tenders, they suggested that the work should be proceeded with in spite of the ban. The correspondence took sometime and then the tenders were accepted.”

2.11 The Committee asked whether the work of widening and strengthening the carriageway of the national highway was completed within the stipulated period. The witness stated that the site was handed over to the contractor on 15 November, 1974 but it was not completed within the stipulated time of 24 months i.e. by July 1976 as the contractor had backed out. It was, however, completed on 15 August 1979.

2.12 According to the audit paragraph, the site was handed over to the contractor before completion of cross drainage works, removal of trees and shifting of electric poles etc. which were to be done departmentally. The Committee desired to know the steps taken by Andhra Pradesh PWD in this regard. The Chief Engineer, National Highways, Andhra Pradesh stated:

“We had about 21 culverts and out of 21 culverts, we had completed 9 by January, 1976, 11 culverts by July, 1976 and 1 was completed in November 1976. These culverts had a gap of about 15—20 metres and the contractor was free to do the work. Regarding the electric poles, out of 26 poles, only 2 poles were coming in the way. We told him that he could carry out the work in the rest of it, leaving the gap.”

2.13 The Committee enquired the basis on which the arbitrator ordered the release of Rs. 0.47 lakh to the contractor, which was earlier forfeited for non-completion of work. The witness stated:

“The arbitrator put the blame on the Department. He said that the site was not fully made available to the contractor.”

2.14 The Committee asked whether any inquiry had been initiated to find out as to how such a lapse had taken place. The witness replies in the negative.

2.15 Another reason for non-completion of work by the contractor was refusal by the Department to pay extra payment in account of change of quarry for collection of gravel as the initial quarry was allotted to the landless poor. The same work allotted to another contractor 'B' was completed at an extra cost of Rs. 1.35 lakhs. The Committee pointed out that the extra amount asked for by the contractor might have been less than the extra cost paid to contractor 'B'. The Director General of Road Development, Ministry of Shipping and Transport stated:

"You are right. But when an agreement or contract has been entered into with a party, to give even a single penny extra over and above the contracted terms is beyond the powers of the State Chief Engineer or any one of us. That is the problem. The contract specified that he would not be paid extra. It would have been wrong on our part to pay him extra."

2.16 The Committee note that a proposal was conceived in 1971 to widen and strengthen the carriage way from mile 554 to 556 of Madras-Calcutta National Highway (NH 5). The tenders for the work were invited in September 1973 and the contract was awarded at the cost of Rs. 13.10 lakhs in July 1974 i.e. 10 months after the issue of tenders. The work was to be completed by July 1976. Although the site was handed over to the contractor in November, 1974, cross drainage works removal of trees and shifting of electric poles etc. which were to be completed departmentally were let out to piece work contractors only on 31 March, 1975 i.e. after handing over the site to the contractor. It was only by November 1976 that all the works which were to be done departmentally were completed. In April, 1976 the contractor stopped work on the contention that the site was handed over to him without completing the work to be done departmentally and he was not able to obtain the gravel from the quarry, as the same had been allotted to landless labourers and his request for alternate quarry was not agreed to. The work was entrusted in November 1977 to another contractor for Rs. 17.66 lakhs and an alternate quarry was allotted to him. The work was completed by the second contractor in November 1980. This resulted in a delay of about three years and also in an avoidable extra expenditure of Rs. 1.35 lakhs.

2.17 The Committee are unhappy that on account of failure of the State agency, in this case Government of Andhra Pradesh, to take timely

action to hand over the site free from all impediments to the contractor as well as to take timely decision to change the quarry, a delay of more than 3 years had occurred in the completion of the work and an extra burden of Rs. 1.35 lakhs on the public exchequer had resulted. The Committee fail to appreciate how the contractor could be expected to complete the work by July 1976 when the departmentally works on the site were completed only in November, 1976. Moreover, the decision not to allot an alternate quarry to the contractor is also beyond comprehension. The plea taken by the Ministry that an alternate quarry could not be allotted to the contractor as the same was not permissible is nothing but indicative of a "penny wise pound foolish" policy particularly when an alternate quarry was subsequently allotted to another contractor. From these facts, the Committee cannot but reach at the conclusion that the whole matter was treated in an unplanned and haphazard manner and there has been scant regard to the need of getting the work completed in time.

#### B. Kesarapally By-pass

##### *Audit paragraph*

2.18. The work of formation of a by-pass at Kesarapally on Vijayawada Visakhapatnam Road (National Highway No. 5) from kilometre (km.) 19.568 to km. 21.645 (estimated cost: Rs. 8.56 lakhs) was entrusted to contractor 'A' in September 1972 at his tendered cost of Rs. 9.41 lakhs for completion by September 1973 (extended to September 1974). The requisition for acquisition of land for formation of the road in the reach from km. 19.568 to km. 20.965 was sent by the Executive Engineer to the Revenue Department in March 1972. The proceedings for the land acquisition were published in the Gazette in August 1974 and the land was acquired by the Revenue Department and handed over to the State Public Works Department (PWD) in February 1975. The delay in the acquisition of land was mainly due to certain discrepancies in the survey numbers and certain defects in the land plans and schedules such as peg marking, sub-mission of detailed estimates for the houses and barns etc., which were rectified in May, 1974.

2.19. After the acquisition of land, the Executive Engineer issued (February 1975) a notice to the contractor directing him to resume the work. The contractor, however, refused (February 1975) to take up further work on the ground that site was not made over to him within the period of contract though the contract provided that any delay in handing over the site to the contractor could not be the ground for him to back out of the contract. According to the legal opinion obtained (December 1975), contract did not cover the case of handing over the

site after the expiry of the initial period of contract. The contract was, therefore, closed in February 1977, by which time contractor 'A' had completed work of the value of Rs. 1.44 lakhs only.

2.20. Fresh tenders were invited in February 1977 for the balance work, deleting certain items and including certain additional items not covered by the first contract and the only tender that of contractor 'A' for Rs. 23.07 lakhs was approved by the Government of India in February 1978. The work was completed (July 1980). Entrustment of work 3 years later to the same contractor 'A' on account of delay in acquiring the land within the period of original contract with him resulted in an extra expenditure of Rs. 14.78 lakhs (April 1980) as compared to the original contract rates (September 1972). According to Land Acquisition Manual of the Government of Andhra Pradesh, possession of land cannot be taken in anticipation of completion of proceedings to acquire the land, but no specific time limit has been prescribed therein for completing the land acquisition proceedings. The State Government stated (October 1980) that instructions were issued in February 1980, stipulating that the land should be taken possession of by the Roads and Buildings Department before entering into any contractual obligations involving Government in financial commitments and that Government would fix time limit of one year for completion of formalities at various stages in the process of land acquisition from the date of receipt of proposal. The Ministry stated (October 1980) that the lapses of the type mentioned in this case were not likely to recur in view of the steps that had already been taken by the State Government to streamline the land acquisition procedure. The final orders streamlining the land acquisition procedure were, however, awaited (November 1980).

[Paragraph 13 (Sub-para 'B') of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil)]

2.21. The Committee desired to know the reason for entrusting the work to contractor in September, 1972 without acquiring the requisite land. The Ministry have explained the position as follows:

"The sanctioned work of widening and strengthening the carriage-way in km. 11.461 to 24.370 of N.H. 5 (Vijayawada-Visakhapatnam Section) included, Kesrapally by pass road in kms. 19.562 to 21.645 (2.08 kms.). The subwork of Kesrapally by-pass involved entirely new formation of road. For formation of new embankment some land was available with the Department and for the balance land the matter was taken up with the Revenue authorities by the State PWD in March, 1972, The work was also put to tender during the same



month hoping that the requisite land would become available by the time tenders were finalised. Considering the importance of N.H. 5, which is an arterial road connecting Madras and Calcutta, and also keeping in view the escalatory price trends, it was considered worthwhile to go ahead with the work in the portion where the land was already with the Department. In order to safeguard Government's interest a specific stipulation was made in the contract agreement as under:

'There is possibility of delay in the handing over site due to delays in acquisition of lands. The contractor cannot make this a ground for backing out from the contract.

The contractor will, however, be granted proportionate extension of time to compensate the delay in handing over site'.

However, the expectation that the balance land would become available during the currency of the contract did not materialise due to procedural delays in the matter of land acquisition."

2.22. During evidence, the Director General of Road Development, Ministry of Shipping and Transport explained the position as follows:

"Personally I consider that this is too long a duration. There was either need for invoking the emergency procedures or streamlining of the procedures in respect of land acquisition. As far as invocation of emergency procedure is concerned normally for road works unless they are in strategic areas nowhere in the country this is being insisted upon. So, there is need for streamlining the procedure and in this particular case there is definite delay in acquisition of land but as the Chief Engineer has said this problem has arisen only in one odd case among hundred cases. So far as delay after handing over the site is concerned according to the information with me the contractor protested that he will not do the work because it is beyond his contractual period. After that the procedure should have been to terminate the contract immediately and call for tenders. In this case the opinion of the Government Pleader was asked and the Government's decision was required whether it can be terminated or whether the contractor should be forced to go ahead with the work. I think that is where delay has taken place. In the agreement there was a clause viz., in case there was delay in

handing over the land, the contractor was entitled for extension of time and not compensation.”

2.23. The Committee enquired whether there was any statutory provision whereby possession of land could be taken immediately, pending finalisation of the acquisition proceedings. The Chief Engineer, National Highways, Andhra Pradesh stated, during evidence:

“That is, invoking the emergency provisions of the Act which is not normally done-unless it is a very important work where the District Magistrate is convinced that the emergency provision has to be invoked.”

2.24. Asked to state whether the State PWD requested the Revenue authorities to acquire the land under the emergency provisions, the witness stated:

“These schedules were sent to the Revenue Department six months earlier than the date of calling of tenders. In good faith we thought that it would be done in about six months. But unfortunately in this case it took more than two years for the Revenue Department to finalise this.”

2.25. The Ministry have informed the Committee that the urgency provision of Andhra Pradesh Land Acquisition Act was invoked in 59 cases for taking immediate possession of land.

2.26. At the instance of the Committee, the Ministry have furnished a statement giving the chronological history of the land acquisition proceedings Appendix IV. From the statement, it is noticed that more than 6 months were taken by the Revenue Divisional Officer, Nuzvid in scrutinising the land plans and schedules and again he took more than a year in forwarding the same to the Tahsildar, Gannavaram. The Executive Engineer (NH) who had returned the land plans and schedules after attending the remarks to the Revenue Divisional Officer, Nuzvid on 16 November, 1972 waited for one full year to remind him to speed up the land acquisition.

2.27. The Committee enquired as to why the contract was not closed and fresh tenders were not invited in 1975 when the contractor refused to take up further work in 1975. The witness said:

“The opinion of the Government Pleader whether the contract can be closed was obtained. The proposal was sent to the State Government and there was delay of one and a half years. We wrote on 5-2-1975 and the reply was received only in 1977.”

2.28. The Committee desired to know the necessity of taking the opinion of the Government pleader for inviting fresh tenders when the contract

had been closed in 1975. The Director General, Road Development stated:

“This is a matter relating to Andhra Pradesh and they referred the matter to Government Pleader, Vijaywada. His opinion was, you can't do anything to the contractor. Then the matter was referred to Government Pleader at Hyderabad. Finally the matter came to the Government, Law Department who gave clear ruling what should be done. In that process some delay has taken place.”

2.29 The Committee enquired why the tenders were floated and work started before acquiring the land. In reply, the Director General of Roads stated before the Committee:

“This is the system that has been followed for the last so many years. The land acquisition is part of the overall project that gets sanctioned and we have learnt to our dismay that quite a few works in the country get delayed because of delays in land acquisition. We have taken action to overcome this problem and for major works involving lot of land acquisition we are now deciding that the Expenditure Finance Committee gives approval in principle for the whole project, but sanction for land acquisition to start with is given so that the actual work can be started there after. There is one pitfall that we have to keep in mind. In our present context unfortunately wherever we are acquiring land beforehand, unless the work is started within a few months of the acquisition, that land gets encroached upon very badly and it becomes almost an uphill task to get it back.”

2.30 The Committee wanted to know if final orders streamlining the land acquisition procedure have been issued by the State Government. In reply, the Committee have been informed by the Ministry of Shipping & Transport (Roads Wing):

“The matter is still under consideration of the State Government. However, to expedite the land acquisition work, certain revenue staff has already been sanctioned for a period of one year to attend to land acquisition work of State Roads and National Highways with Headquarter at Visakhapatnam.”

2.31 The Committee have come across another case of delay on the part of state agency (viz. Andhra Pradesh PWD) to initiate timely action for completion of work of formation of a bye-pass at Kesaraipally on Vijayawada-Visakhapatnam Road (NH-5) within the stipulated time. This work was awarded to a contractor in September 1972 at his tendered

cost of Rs. 9.41 lakhs for completion by September 1974 before the land required had been acquired by the Andhra Pradesh Revenue Department for handing over to the State Public Works Department. On account of delay of 3 years in acquiring the land, the work was completed in July 1980 by the same contractor at an extra expenditure of Rs. 14.78 lakhs. After the acquisition of land in February 1975, the contractor refused to resume the work on the ground that the site was not made over to him within the period of contract. According to the legal opinion obtained in December 1975, the contract did not cover the case of handing over the site after the expiry of initial period of contract. The net result was that the contract was closed in February 1977 by which time the contractor had completed the work of the value of Rs. 1.44 lakhs only. Thereafter, fresh tenders were invited in February 1977 for the balance work.

2.32 The unusual long time taken by the department in acquiring the land reveals the casual manner in which the whole project was handled. From the statement furnished by the Ministry, it is noticed that acquisition proceedings were allowed to move at a snail's pace. The Revenue Divisional Officer, Nuzvid took more than six months in scrutinizing the land plans and schedules and again he took more than a year in forwarding the same to the Tahsildar, Ganavaram. The Executive Engineer (NH) who had returned the land plans and schedules, after attending to the remarks, to the Revenue Divisional Officer, Nuzvid waited for one full year to remind him to speed up the land acquisition. The Director General of Road Development admitted during evidence "Personally I consider that this is too long a duration. There was either need for invoking the emergency procedures or streamlining of the procedures in respect of land acquisition." In this connection, the Committee have been informed that the urgency provision of Andhra Pradesh Land Acquisition Act was invoked in 59 cases for taking immediate possession of land. According to Audit, the proceedings for the land acquisition were published in the Gazette in August 1974, i.e. after a period of two years from the date of awarding the contract. The land was finally acquired in February 1975 only. The Committee would, therefore, like to know categorically the reasons for not invoking the urgency provision of the Act in this case to speed up acquisition of the land.

2.33 In this connection, the Committee would like to draw to attention to the recommendation made in Para 2.14 of their 196th Report (Fifth Lok Sabha) on Farakka Barrage Project where the Committee had stressed the need for initiating proceedings for land acquisition well in advance and for close liaison between the Central authorities and State Governments at all levels in this regard. The Committee regret to note that although the Government had accepted the recommendation of the Com-

mittee, similar delays in land acquisition continue to happen. The Committee hope that at least now Government would ensure that necessary action for land acquisition in such cases is taken well in advance.

2.34 The Committee regret to note that prompt action for the closure of the contract in February, 1975 itself when the contractor had refused to resume the work was not taken and the contract was closed only in February 1977. The Committee feel that the delay of two years in closing the contract and inviting fresh tenders is regrettable and inexcusable. The Committee would like the Government to scrutinise the whole affair with a view to fix responsibility for delays at various stages in land acquisition as well as relating to contract which was awarded to the same contractor at an extra cost of Rs. 14.78 lakhs in February, 1978 and take action against those found responsible.

2.35 The Committee understand that steps to streamline the land acquisition procedure are under consideration of the State Government of Andhra Pradesh. The Committee feel that as delay in land acquisition has been responsible for time over runs and subsequent cost escalation in a number of caess, an early decision in the matter should be taken.

#### C—Cochin By-pass

##### *Audit Paragraph*

2.36 A project for the construction of a by-pass (16.7 kilometres long) on National Highway No. 47 at Cochin included construction of 5 bridges, one railway over-bridge, approaches to the bridges and road formation for a length of 11.5 kilometres. Estimates for these works aggregating Rs. 686.63 lakhs were sanctioned by the Government of India between August 1972 and January 1979. The work on the project was commenced in December 1972 and Rs. 548.89 lakhs were spent on it till May 1980.

2.37 Formation of road for a length of 9.6 kilometres had been completed (March 1980) and work in balance length of 1.9 kilometres was in progress. Out of the 5 bridges to be constructed, 3 had been completed (March 1980) and the remaining 2 bridges and the railway overbridge were under construction (March 1980). Approach roads for 2 bridges had been completed (March 1980); work on approach roads to 2 other bridges was in progress, that on approach roads to the remaining 2 bridges (including the railway overbridge) was yet to be taken up (March 1980).

2.38 The following points were noticed (April 1980) in a test-check in audit:—

- (i) The work on the second reach of the road formation estimated to cost Rs. 30.59 lakhs (excluding contingencies and agency changes) was split into four portions. Separate tenders were

invited (January 1974) by the department for the first portion, the second and third portions together and the fourth portion. The lowest tender received (February 1974) for all the portions was from the same tenderer, whose quoted rates were above the estimated rates by 23 per cent for the first portion, 24 per cent above the revised estimate rates effective from Puly for the fourth portion. In April 1974, the State Government of Kerala forwarded the tenders to the Government of India, recommending acceptance of the lowest offers. In terms of the condition stipulated in the tender notice, the offers were to be valid till 13th May, 1974, but no decision was taken by that date. As some delay in the processing of tenders was apprehended, the validity period was got extended upto 13th July 1974 for the first portion and to 13th August 1974 for the remaining portions. No decision was, however, taken on the tenders even by the extended period. As the lowest tenderer was not agreeable to extend the validity period further, the work was retendered in September 1975. The estimate for the work was revised (October 1975) to Rs. 46.11 lakhs (excluding contingencies and agency charges) based on 1974 schedule of rates. Despite the upward revision of the estimate by nearly 51 per cent, the lowest offers received were 48 per cent, 49 per cent, 50 per cent and 70 per cent above the revised estimate rates for the first, second, third and fourth portions respectively. Negotiations were conducted and the work was awarded (December 1975) to the lowest tenderer at 39 per cent above the revised estimate rates for the first three portions. As the negotiated rate (49 per cent above the revised estimate rates) for the fourth portion was higher, this portion was retendered twice in December 1975 and February 1976 when the lowest offers received were still higher at 75 and 80 per cent respectively above the revised estimate thereupon, the department further revised the estimate for the fourth portion from Rs. 15.61 lakhs to Rs. 16.90 lakhs on the basis of the 1976 schedule of rates. The work was retendered (September 1977) and awarded (February 1978) to the lowest tenderer at 24 per cent above the revised estimate rates effective from July 1976. Compared to the lowest offers received in February 1974, which were not accepted within the validity period, the estimated extra expenditure on the award of the work (for all the four portions) at higher rates amounted to Rs. 24.51 lakhs.

**2.39** The work on the first three portions was completed between November, 1977 and September, 1977 and that on the fourth portion was in progress (March 1980).

2.40 (ii) Lumpsum tenders were called for in April, 1973 for the construction of two bridges, viz. Kumbalam-Aroor bridge and Kumbalam-Panaangad Bridge. The lowest tenders received in July 1973 for both the bridges were from the same tenderer who quoted Rs. 128.42 lakhs and Rs. 27.33 lakhs against the estimates of Rs. 104.61 lakhs and Rs. 25.92 lakhs respectively. The State Government forwarded the tenders to the Government of India in March 1974 for approval. The validity period of the tenders, which was to expire by the end of March, 1974, was got extended by the State Government to the end of September 1974. The tenders were not, however, considered (September 1974) by the Government of India on the ground that it was not possible to take up the construction of the bridges then owing to financial stringency. On reconsideration, they asked the State Government in February 1975 to accept the lowest tenders. But as the validity period of the tenders had expired, the tenderer demanded an increase of 25 per cent over the quoted rates with provision to compensate him for escalation in cost due to possible further increases in labour rates. Finally, in order to avoid further delay, the State Government entrusted (March, 1975) the work of both the bridges to the Kerala State Construction Corporation Limited (a State Government undertaking) for a lumpsum of Rs. 190 lakhs (Rs. 154.50 lakhs for the first bridge and Rs. 35.50 lakhs for the second bridge) involving an estimated extra expenditure of Rs. 34.25 lakhs.

2.41. Advances totalling Rs. 40 lakhs were paid by the State Government to the Kerala State Construction Corporation Limited (Rs. 20 lakhs on the last day of March 1975 and Rs. 20 lakhs in March 1976) without approval of the Government of India though the agreement executed with the Corporation did not provide for payment of such advances. The advances were to be adjusted against detailed bills to be presented by the Corporation. Out of advances paid, Rs. 5.77 lakhs still remained to be adjusted (July 1980).

2.42. Thus, due to non-acceptance of tenders in time, extra expenditure of about Rs. 58.76 lakhs had to be incurred on works mentioned in (i) and (ii) above. The cases were reported to the Ministry of Shipping and Transport (Roads Wing) in July 1980; their reply was awaited (October 1980).

[Paragraph 13 (Sub-para 'C') of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil)].

2.43. The Committee desired to know the latest position of construction of road, 2 bridges, railway over-bridge and approach roads for 4 bridges. The Ministry of Shipping and Transport have stated:

“(i) Construction of Road-Out of the total length of 11.64 km. of road in Cochin bypass, work has been completed for a length of 10.2 km. in all respects except B.M. The B.M. surfacing will be taken up only after the entire bypass including bridges is completed and after allowing traffic on the road for some time. The work in a length of 1.4 km. (4th portion of 2nd reach i.e. from ch. 13675 M to 15075 M) is now in progress. The formation has been completed and metalling is in progress.

(ii) *Two bridges and approaches*

(a) *Kumbalam Aroor Bridge*—Foundations of 16 piers out of 24 in all and that of the two abutments have been completed. The casting of 4 piers has also been done. The remaining 20 piers and two abutments and the decking of all the 25 spans are yet to be done. The entire work is targetted to be completed by 31-12-1982.

*Approaches*

The work has not been started yet since land adjacent to the bridge abutments is required for bridge activity. The approaches will however, be completed alongwith the bridge. The target date for completion of approaches is 30-6-1984.

(b) *Kumbalam Panangad Bridge*—All the piers abutments have been completed. As regards superstructure, three spans out of the total of six have been cast. The work is targetted to be completed by 31-12-1983.

*Approaches*

The formation of the approaches is in progress. The target date for completion of approaches is 31-12-1982.

(iii) *Railway Overbridges at Ponnurunni*—The work on bridge structure has been completed by Railway. The formation of approaches is in progress. The work is targetted to be completed by 31-12-1982.

(iv) *Approaches to Maradu Nettoor Bridge*—The entire work on Nettoor side has been completed. For Maradi side, formation work has been done. The balance work of metalling and back topping is planned to be completed by 31-3-1982. (Bridge proper has been completed).



As will be seen from above, the entire work is likely to be completed by 30 June, 1984."

2.44. The Committee enquired whether the work of fourth portion had been completed. The Ministry have replied in the negative and stated that the metalling work was in progress.

2.45. Asked to state the reasons for not taking decision on the tenders even during the extended validity period, the Ministry have furnished the following note:

"The tenders could not be accepted within the validity because the following aspects had to be looked into before acceptance of the tenders:

- (i) Reasonableness of quoted tender premiums.
- (ii) Capacity of the lowest tenderer for executing the work of such large magnitude.
- (iii) Availability of funds for the work in view of the prevailing financial stringency.

The processing of the tenders had to be carried out in consultation with the Ministry of Finance and additional information had to be called for from the State Public Works Department. Hence it took time."

2.46. When asked whether the Government was duty-bound to accept the lowest tender under the rules, the Chief Engineer, National Highways, Kerala stated during evidence:

"We were satisfied with these tenders. Actually this alignment was passing through 4 Islands. The estimated were prepared for 4 Islands. So much so, four estimates were prepared for the convenience and completion of work without delay. The tenders were submitted to the Government of India and the Government of India had their own difficulties in taking decision in this. As far as the second tender is concerned, they did not go to the Ministry and we were considering them. The problem is that at any given period of time, the estimate has to be made whether the tenders are reasonable or not reasonable. So, the consideration of not accepting these rates at that time was not there. Our assessment was that the rates quoted were too high when especially in other regions the tender rates were lower and the rates quoted by the tenderers were too high. Now, taking into account the present day rates and comparing the rates prevalent three years back, we

could say that our assessment at that time was wrong. We should have accepted those tenders in whatever form they were."

2.47. The Committee asked what would be the actual cost of the work in the second reach on completion of the fourth portion and how it would compare with the cost of work computed with reference to lowest tender of 1974. The Ministry of Shipping and Transport stated that the actual cost of work in the fourth portion was estimated to be Rs. 63.34 lakhs as compared with the cost of Rs. 38.83 lakhs as per the lowest tenders of 1974.

2.48. According to audit paragraph, Government postponed construction of bridges in September, 1974 owing to financial stringency. On reconsideration, they asked the State Government after a short duration of 4 months in the same financial year, that the work could be taken up. The Committee desired to know the basis for reconsideration of earlier decision. The Ministry have replied as follows:

"After Government of India's decision about inability to take up the construction of two bridges was communicated to the State Government in September, 1974, the Chief Minister, Kerala, made a reconsideration of the case. Thereafter, it was decided at the Finance Minister's level in February, 1975 to permit these works to be taken up."

2.49. Asked to state the basis on which lump-sum contract of Rs. 190 lakhs was arrived at. In reply, the Ministry have stated:

"As the original lowest tenderer had backed out from his offer after the lapse of the extended validity period, the State Government negotiated with him to give the work at his original quoted rates. But he demanded an increase of 25 per cent over his original quoted rates plus compensation for possible escalation in labour cost. This worked out to Rs. 194.69 lakhs even without escalation and there-after, the offer was considered unacceptable. The alternative was to retender the work. But it was felt that invitation of fresh tenders and settling of the same after negotiation would involve considerable delay. The State Government, therefore, decided to entrust the work by negotiations to Messrs. Kerala State Construction Corporation. The lumpsum figure of Rs. 190 lakhs was arrived at based on the schedule of rates of 1974 plus about 5 per cent extra for the variation in rates of labour and materials during the period of contract."

2.50. The Committee enquired about the circumstances under which the advances were paid to the Kerala State Construction Corporation though there was no provision for such advances in the agreement and why approval of Government of India was not obtained before hand. The Ministry have explained the position thus

“The advance was paid by the State Government because according to their view, the Kerala State Construction Corporation fully owned by the State Government was in the early stages of its formation and was not in a position to commence the work entrusted to them unless some advance was paid to the Corporation. The State Government was anxious that the progress of these bridge work already entrusted to the Corporation did not get held up for want of financial assistance to this Government Construction Corporation. Under the circumstances the State Government sanctioned the advance to the Construction Corporation and then reported the matter to the Government of India for approval. The Government of India has since given approval of to it subject to the condition that the normal interest should be charged for the amounts given as advance. The advance has subsequently been fully recovered from the Corporation and as regards the realisation of interest, the State Chief Engineer (National Highways) has reported that necessary action is being taken by him in consultation with the State Government.”

2.51. The Committee note that work on the project for construction of a by-pass on National Highway No. 47 at Cochin which included construction of five bridges, one railway over-bridge, approaches to the bridges and road formation for a length of 11.5 kilometers was commenced in December, 1972. However, the work has not been completed so far, and the different items of the project are expected to be completed between December, 1982 and June, 1984 only. The Committee are constrained to note that on account of delay in taking decision in time by the Ministry of Shipping & Transport to whom the tenders were forwarded by State PWD, the work has not only been delayed for over 10 years but has also resulted in an extra expenditure to the tune of about Rs. 58.76 lakhs to the exchequer. The Committee deprecate the delay on the part of the Ministry of Shipping & Transport in taking so much time in taking a decision in the matter.

2.52. The Committee recommend that the Ministry of Shipping & Transport should examine this case with a view to analyse the different factors which came in the way of finalisation of tenders in time. On the basis of their findings, suitable guidelines may be issued by Government

to the concerned agencies/officials so that such delays do not occur in future.

#### D. Extra-expenditure

##### *Audit Paragraph*

2.53. The work of widening and strengthening the carriageway to 2 lanes from kilometre 251.370 to kilometre 254.600 of National Highway No. 47 (Vaniampara-Trichur section) was awarded to a contractor for Rs. 8.23 lakhs (28.7 per cent below the estimate) in November 1971 by State public Works Department of Kerala in anticipation of sanction to the estimate for the work (estimate for Rs. 13.14 lakhs sanctioned by the Government of India in December 1971) and before finalising the formation level and vertical alignment of the road. The work was started by the contractor in January 1972 for completion in April 1973.

2.54. Although according to the provisions of Manual of Kerala Public Works Department, the alignment and the design were to be finalised before commencement of work, in this case the formation level and the vertical alignment of the road were finalised only in June 1972 and November 1972 respectively. After commencement of the work, the State Public Works Department (PWD) revised the design for the horizontal curves of the road in two reaches in May 1972 and September 1972; in July 1973, the department revised the side slopes in cutting reaches from  $\frac{1}{2}$ :1 in the approved estimate to 1:1 owing to the occurrence of slips due to insufficiency of the slope provided in the estimate. These changes in design necessitated acquisition of additional land and resulted in increase in quantities of excavation in ordinary rock (from 450 to 56,275 cubic metres) and hard rock blasting (from 29,700 to 74,706 cubic metres). Due to delay in finalising the formation level and vertical alignment of the road, change in side slopes during execution and consequential increase in the quantities of work, the period of construction was prolonged and the contractor went in for arbitration in September 1973 demanding, *inter alia*, enhanced rates for the work executed and to be executed beyond the stipulated date (April 1973) of completion. In terms of the award passed in June 1974 and confirmed by the Sub-Court, Trichur in August, 1974, the contractor was paid (January 1977) Rs. 1.08 lakhs on account of enhancement of the rate (from 28.7 to 15 cent below the estimate rates) for work executed beyond April 1973 (stipulated date of completion).

2.55. According to the contract, the contractor was to blast hard rock and stack the "useful materials" for measurement which he did. The department, however, recovered Rs. 0.51 lakh from him on the ground

that he had not stacked the entire blasted material as was provided in the estimate framed by the department. According to the instructions issued by the Chief Engineer, Buildings and Roads, in March 1969, the description of this item was to read "blasting in hard rocks and stacking the materials for measurement.....". This modification was, however, not incorporated in the schedule to the agreement. In his arbitration petition, the contractor disputed the recovery of Rs. 0.51 lakh made by the department from him. The arbitrator awarded (June 1974) refund of Rs. 0.51 lakh to the contractor; the amount was refunded in January, 1977.

2.56. During the pendency of the arbitration proceedings, the department terminated (August 1974) the contract at the risk and cost of the contractor. However, on another petition filed by the contractor in November, 1974, the arbitrator relieved him in June 1975 of the responsibility of the execution of the balance work. The work left unfinished by the contractor was got completed by the department in April 1976 through another contractor at 59 per cent above the estimate, which entailed an extra expenditure of Rs. 1.11 lakhs computed on the quantities of balance work with reference to the rates of the first contractor.

2.57. The Ministry of Shipping and Transport had observed (November 1976) that the variations from the original estimate indicated that either there had been some error in setting out the alignment or that the survey for the original drawings was not accurate. The State Government of Kerala stated (February 1980) that on account of the peculiar site conditions, the quantities of excavation exceeded the estimates resulting in prolongation of the period of construction and escalation of cost.

2.58. The fact, however, remains that non-finalisation of the alignment of the road and its design before award of the work, resulted in an extra expenditure of Rs. 2.19 lakhs and that the incorrect description in the schedule to the agreement of the item regarding blasting in hard rock requiring stacking resulted in extra payment of Rs. 0.51 lakh to the contractor towards stacking charges of blasted rubble, which he did not stack. No responsibility for the omission had been fixed.

[Paragraph 13 (Sub-para 'D') of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80. Union Government  
(Civil)]

2.59. The Committee desired to know the reasons for awarding the work to the contractor without obtaining prior sanction of the Government of India and also before finalising the formation level and vertical

alignment of the road. The Ministry of Shipping and Transport have stated:

“Even though the formal sanction was issued by the Ministry on 3rd December 1971, financial concurrence was given on 17th November 1971. Having come to know of the financial concurrence, State P.W.D. awarded the work on 29th November 1971, in order to utilise the limited working season in Kerala, e.g., November, to May. Besides, the contractor’s tender 28.7 per cent below estimated rates was considered very economical. The sanctioned estimate was based on formation level, vertical alignment etc. However, the details of vertical and horizontal curves were finalised by the State P.W.D. before actual execution.”

2.60. The Committee enquired as to why the formation level and the vertical alignment of the road could not be finalised before commencement of the work as provided for in the Public Works Manual. The Ministry have explained the position as follows:

“The estimate sanctioned was based on plans and longitudinal sections showing the formation level and the vertical profile of the road. However, while working out details of the horizontal and vertical curves, in the respective sections before starting the work in the different sections, it was found that certain changes in the horizontal and vertical profiles of the road were required, in order to have better geometrics and also to reduce the cutting to the maximum extent possible. The alignment could have been fixed by the State P.W.D., with greater accuracy at the time of investigation. However, changes are bound to take place during execution to some extent in hilly areas.”

2.61. The Committees desired to know the reasons for accepting the tender which was 28.7 per cent below the estimated cost. The Chief Engineer, National Highways, Kerala Stated, during evidence:

“Normally, the contractors would not quote that low; but this contractor came forward with his low rates. Probably he thought, he could manage within these rates.”

2.62. Asked to state as to why the required slope could not be assessed at the time of finalising the design, the Ministry have stated in a note:

“A slope of  $\frac{1}{2}$ :1 was provided in the original proposal based on only visual observation and trial pits. The strata below could not be correctly visualised from this data. It was the general practice to provide  $\frac{1}{2}$ :1 slope for new roads in hilly areas in Kerala. However, during execution of this work, slips had occurred during rains in many places in the portion of cutting above the rock level since the soil met with at that level was not hard enough to stand a slope of  $\frac{1}{2}$ :1, as originally provided. The soil was also interspersed with boulders. It was, therefore, necessary to flatten the slope to 1:1 in the portions above the level of hard rock. Such changes in slopes, as required during execution are common in hilly terrains.”

2.63. Enquired as to state whether any action had been taken against the officials responsible for incorrect description of the item blasting in hard rock and stacking in the schedule to the agreement. The Ministry have stated:

“There was an inadvertent error on the part of State P.W.D. not to have incorporated the description of item as per State Chief Engineers instruction viz. “blasting in hard rock and stacking the materials for measurement” in the schedule of Contract agreement. The schedule of contract agreement, however, provided for blasting in hard rock and stacking only the useful materials. The contractor stacked only the useful materials as per contract. State P.W.D. officers, however, recovered Rs. 0.51 lakh from the contractor on the ground that he had not stacked the entire blasted materials. This recovery was not covered under the terms of agreement. As such, there is no loss to Government. No action has been taken against the State Government officers as no loss to Government was involved. However, the Ministry has advised the State Government to caution the concerned officials to be more careful in future in preparing schedules of contracts and also avoiding uncalled for recoveries from contractors.

2.64. The Committee pointed out that according to the State P.W.D. manual the details of alignment of the road should have been finalised before the award of the contract and if so, why this was not followed in this case. The Chief Engineer, National Highways, Kerala stated before the Committee:

“Yes, Sir. The manual came into force in 1973, but there were other circulars also, that all these things should be finalised

earlier. But there was no delay because of finalisation of these minor details."

The Director General, Road Development added:

"First of all, on any type of terrain, the alignment is fixed tentatively, and the exact alignment is fixed when the work goes on, and slight variations were more than normal. During our discussions it came out that this area was jungle and unsurveyed, and that is why this mistake. But the bigger problem is that the classification of the soil changed appreciably. What was originally envisaged to be ordinary rock soil turned out to be hard rock underneath. The rates for hard rock are very much more. Another aspect that really brought the contract into trouble was the side slope. While it was envisaged that wherever soil is good, side slope  $\frac{1}{2}$ :1 would be good enough, but when the actual work was done, it was found that it would have to be made gentler to prevent damage to the road and keep the hill stabilised. That is why it was made 1:1."

2.65. The Committee enquired whether any steps were being taken by Government to prevent recurrence of such lapses in the execution of the projects. The Director General, Road Development stated:

"This type of occurrences are within our knowledge, but I would submit that in the overall picture, these are relatively of small percentage. We have been issuing instructions and are trying to follow up. We have regional offices in most of the States now. A new high powered Committee is being set up under the directions of the Prime Minister to review the agency system and to overcome these problems. At the same time, by and large, majority of the States have set up monitoring cells, vigilance cells and the process of land acquisition is being streamlined. As I mentioned earlier, we ourselves are going in for land acquisition to be done first and then start the work, but also keeping in mind that if land is acquired and work is not started, the land may get encroached. We have issued instructions in this regard. The performance now is definitely much better than what it was ten years ago and we will continue our endeavour to improve it still further."

2.66 The Committee note that the work of widening and strengthening the carriageway to two lanes from kilometre 251.370 to kilometre 254.600 of National Highway No. 47 (Vaniampara Trichur section) was awarded to a contractor by the State Public Works Department in November, 1971 before finalising the formation level and vertical alignment of



the road. The work was originally targetted to be completed by April 1973. However, on account of delay in finalising the formation level and vertical alignment of the road, change in side slopes during execution and consequential increase in the quantities of work, the work was considerably delayed and was completed only in April 1976 at an extra expenditure of Rs. 2.19 lakhs. Part of the work had to be got completed by another contractor. Another lapse on the part of officials of the State Public Works Department in not incorporating in the schedule to the agreement the description of the blasting in hard rock and stacking the materials for measurement resulted in extra payment of Rs. 0.51 lakh to the contractor. This is regrettable.

2.67 The Committee are surprised to note that work on the project was started without finalisation of the formation level and vertical alignment of the road mainly because the tender of the contractor was 28.7 per cent below the estimated rate. The Committee deplore this tendency on the part of Government agencies to start work on projects without proper investigations and finalisation of details. They would like to point out that in such cases ultimately the cost proves to be much more as is evident from the experience of the present case. The Committee would urge the Ministry of Shipping & Transport and State Agencies to be more careful in future in this regard.

#### E. Widening and strengthening pavement of National Highway No. 7

##### *Audit Paragraph*

2.68 In October 1971, the Ministry of Shipping and Transport sanctioned the widening and strengthening of the pavement in km. 134/0 to km. 146/4 of National Highway No. 7 between Madurai and Kanyakumari at a cost of Rs. 14.61 lakhs for completion by March 1973. The detailed estimate for the work was sanctioned (November 1971) by the Chief Engineer (Highways) of the Government of Tamil Nadu for Rs. 14.61 lakhs.

2.69 There was no response to the tenders invited for the work in January, February, June and July 1972; on the fifth call of tender in December 1972, the work was awarded (February 1974) to contractor 'A' for Rs. 15.48 lakhs at 23.74 per cent above the estimate rates after negotiation on certain conditions stipulated by him and the agreement with him was concluded in May 1974; the work was to be completed within 8 months from the date of handing over of site (21st June 1974).

2.70 The contractor started the work in September 1974 and after completing part of the work (value: Rs. 0.81 lakh), discontinued it in December 1974 on the ground that further work could be proceeded with

only if the levelling course, not contemplated in the agreement, was done first. The contractor did not also agree (March 1976) to execute the levelling course at rates derived from the agreement rates for the main work. Consequently, the department determined (June 1977) the agreement leaving only a further portion of work of value of Rs. 0.10 lakh to contractor 'A'. The balance of work was entrusted (March 1978) to contractor 'B' for Rs. 24.14 lakhs at the risk and cost of contractor 'A'. While contractor 'A' was yet (May 1980) to complete the portion of work left to him, contractor 'B' completed the work in June 1979; the extra cost recoverable from contractor 'A' worked out to Rs. 4.77 lakhs.

2.71 Meanwhile, contractor 'A' filed (July 1976) an arbitration petition, against the entrustment of the levelling course work to him, which was rejected (June 1977) by the arbitrator. The appeal of the contractor against the award was also dismissed (December 1979) by the District Court, Tirunelveli. The amount (Rs. 4.77 lakhs) due to Government was yet (August 1980) to be realised.

2.72 When the work was under execution by contractor 'B' the department took up the periodical renewal of black topped surface. The work was split up into 7 reaches and entrusted to three contractors including contractor 'B' (5 reaches) and executed during April to August 1978 at a cost of Rs. 1.61 lakhs. Within 3 months thereafter (June-November 1978), the renewed surface was covered up by the levelling course done under the main agreement with contractor 'B'. Execution of the renewal work when the work of strengthening the pavement was already entrusted to contractor 'B', resulted in an avoidable expenditure of Rs. 1.61 lakhs.

2.73 The estimate for the work was revised thrice; the third revised estimate was sanctioned by the Ministry in January 1980 for Rs. 27.02 lakhs against the original estimate of Rs. 14.61 lakhs. The increase in cost was mainly due to the higher tendered rates in the agreements with contractors 'A' and 'B', besides, Rs. 4.78 lakhs were included in the revised estimate for the levelling course work as against the provision of Rs. 0.10 lakh in the original estimate. An expenditure of Rs. 33.72 lakhs was incurred on the work up to April 1980.

2.74 The following points were also noticed:

(i) Out of the mobilisation advance of Rs. 1.55 lakhs paid (July 1974) to contractor 'A' Rs. 1.50 lakhs were yet to be recovered (August 1980); besides, interest of Rs. 1.30 lakhs (as at the end of April 1980) on the advance and the extra cost of Rs. 4.77 lakhs on the execution of the balance of work were also to be recovered (August 1980).

(ii) Due to defective execution of the water bound macadam work by contractor 'A' in the widened portion, the levelling course

had to be laid over the widened portion also through contractor 'B' at a cost of Rs. 0.41 lakh. The Divisional Engineer (National Highways) Division-II, Madurai stated (November 1978) that the amount would be recovered from 'A'.

2.75 The matter was reported to the Government of India in July 1980; their reply was awaited (October 1980).

[Paragraph 13 (sub-para 'E') of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil)].

2.76 The Committee desired to know as to why the levelling work was not anticipated and included in the tender notice which was issued by Government for widening and strengthening of the pavement of National Highway between Madurai and Kanyakumari. The Ministry of Shipping and Transport have stated:

"The need for levelling course was visualised and included in the tender notice and agreement executed with the original contractor. However, the quantity of the levelling course was under-estimated while inviting tenders."

2.77 As regards the necessity of executing the periodical renewal work of black topped surface when the work was clearly entrusted to contractor 'B', the Ministry have stated:

"Generally, renewals are done once in 6 years as per the norms laid down by the Ministry. Last renewal was done during the year 1970-71. The road in question lies in industrial area carrying very heavy traffic. Because of the timelag in the completion of the original work and due to the heavy traffic, a lot of undulations and potholes were formed in this stretch necessitating renewal for keeping the road in a traffic worthy condition. It is note-worthy that renewals have been done selectively on very badly affected short stretches which come only to about 40 per cent of the total area in this reach. Had not this been done, the road would have further deteriorated causing disruption of traffic leading to public criticism and also necessitating expensive treatment with richer specification leading to extra cost. Incidentally, this has also reduced the quantity of the levelling course item done subsequently and also the cost due to adoption of cheaper specification."

2.78 The Committee asked the latest position of recovery of dues from contractor 'A'. The Ministry have replied:

"The works have just been completed and the extra cost to be recovered from the original contractor's consequent to execu-

tion of work through other agency is being assessed and action is being taken in consultation with the Government Pleader through the Court of Law. Further a petition has been filed in the Court of Principal Subordinate Judge, Tirunelveli, in O.S. No. 211/79 and IA 546 to attach an amount of Rs. 2,29,926.25 decreed in favour of the contractors M/s. Nilakantan Bros. as an Arbitration Award in another work in Highways and Rural Works Wing."

**2.79.** The Committee note that this work relating to widening and strengthening of the pavement in National Highway No. 7 between Madurai and Kanyakumari was awarded to a contractor viz., M/s. Nilakantan & Bros. Construction Pvt. Ltd., Madras in February, 1974 at a cost of Rs. 15.48 lakhs. The work was to be completed within 8 months from the date of handing over of site (i.e. 21 June, 1974). However, the contractor discontinued the work after completing only part of the work with the result that the work had to be entrusted to another contractor for Rs. 24.14 lakhs and the same was completed in June, 1979 only. The Committee further note that the estimate for the work has been revised thrice, the third revised estimate was sanctioned by the Ministry in January, 1980 for Rs. 27.02 lakhs against the original estimate of Rs. 14.61 lakhs. As against this, an expenditure of Rs. 33.72 lakhs had been incurred on the work upto April, 1980. Thus there has been a cost escalation of more than 100 per cent. Moreover, the work which was to be completed in 8 months time actually took about 5 years.

**2.80.** The Committee cannot but express their dissatisfaction at this state of affairs. They are further constrained to observe that in some other case also, e.g. construction of a road bridge over Pamban, they have noted the tendency on the part of contractors to back out of the agreements after completing only part of work with the result that not only the work is delayed but it also results in avoidable extra expenditure. The Committee, therefore, recommend that the antecedents and past performance of the contractors should be thoroughly checked before awarding contracts relating to such important works. The Committee feel that in view of this growing tendency of the contractors to back out of contracts, it would be more prudent to undertake departmentally as many works as possible.

**2.81** The Committee note that a sum of Rs. 7.57 lakhs is due from M/s. Nilakantan & Bros. Construction Pvt. Ltd., Madras. The Committee recommend that speedy action may be taken by Government to recover the amount from the contractor and the details of recovery intimated to the Committee early.

**F—Construction of a bridge across Pamban strait in National Highway No. 49.**

***Audit Paragraph***

2.82. The scheme to construct a road bridge across Pamban strait was intended to connect Mandapam on the main land with Pamban on the island of Rameshwaram. It was to be 2,345 metres long with a 7.5 metres side roadway and 1.5 metres wide foot-paths on both sides and comprised 79 pre-stressed concrete spans, a viaduct on Pamban side to allow the railway line to pass under the bridge and approach roads 6,062 and 2,262 metres long respectively on Mandapam and Pamban sides.

2.83. The work sanctioned by the Government of India (hereafter Government) in March, 1972 at an estimated cost of Rs. 532.87 lakhs was technically approved by the Chief Engineer (National Highways) of the State Government in April, 1972 for Rs. 546.78 lakhs; the estimate was later revised to Rs. 815.83 lakhs (September, 1978). The increase in cost of Rs. 269.05 lakhs was mainly due to increase in tendered cost of the main bridge (Rs. 97.47 lakhs), increase in cost of steel and cement (Rs. 55.38 lakhs) and higher cost of approach roads (Rs. 42.38 lakhs). The revised estimate had not yet been approved by Government (October 1980). Rupees 456.87 lakhs had been spent so far (October, 1980).

2.84. Mention was made in paragraph 24 of the Supplementary Report of the Comptroller and Auditor General of India for 1973-74 (Part-II)—Union Government (Civil) about call of tenders and entrustment (October, 1974) of the main bridge work to contractor 'C' for Rs. 513.08 lakhs. The work was to be completed in all respects within 4 years from the date of handing over the site (17th November, 1974), the progress of work being maintained as per PERT chart to be furnished by the contractor and approved by the department based on the "preliminary master net work" forming part of the agreement. The bridge sanctioned in March, 1972 had not been completed (October, 1980) even after 8 years due to slow progress and subsequent stoppage of the work (July, 1979) by the main bridge-work contractor. The approach roads being executed through other contractor's had also not been completed (June, 1980) due, inter alia, to delays in land acquisition.

2.85. The contractor was not liable for risks arising out of Acts of God, such as earth-quake and unprecedented floods and was entitled to compensation for loss, damage or destruction arising out of such acts. However, the project being executed under marine conditions, in an area susceptible to cyclone, gale, tidal bore and storm, the contractor was to judge the risk involved and plan his works, if necessary, in consultation with meteorological and other related departments. No loss due to above or similar causes

which were in tune with natural and seasonal conditions and lot of unprecedented nature and of exceptionally heavy magnitude was eligible for compensation. Before commencing the work, the contractor was required to insure against any damage, loss or inquiry which might occur to any property or to any person by or arising out of the agreement. Amount of Rs. 6 lakhs was specifically added by the contractor in the bid amount to cover the insurance premia.

2.86. The following points were noticed in test-check in a dit of the contract.

2.87. As required in the agreement, the contractor did not submit detailed designs of the various components of the work in time to facilitate their approval by the department and commencement of the work as per preliminary master net work. The designs furnished were also not in proper form and had to be modified to conform to standard specifications in force. As per the net work, the contractor was to start the work in the non-navigation portion in February, 1975 and in the navigation portion in November, 1975. The PERT Chart was approved by the department in October 1975, about a year after the acceptance of agreement and 8 months after the due date for commencement of work, by which time, it had already become outdated in some respects; it did not also conform to the "Preliminary master net work" as required under the agreement. The contractor started the work in the above two portions only in September 1975 and January 1977 after 7 months and 14 months respectively.

2.88. According to the Chief Engineer, Pamban Bridge Project (April, 1975 and February, 1976), the contractor did not have the sophisticated instruments required for fixing the alignment and prior positions and there was no engineer at the site with experience in actual execution consistent with the magnitude and nature of work.

2.89. There was consistently poor performance on the part of the contractor. Because of the repeated failure to show due progress, penalties aggregating Rs. 0.80 lakhs were imposed on him from time to time. However, there was no marked improvement in the progress and the contractor was able to achieve a progress of 32.85 per cent only up to 16th November, 1978, the originally stipulated date for completion of the entire work.

2.90. On 24th November, 1978, seven days after the original contract period was over, a cyclone hit the Mandapam Coast causing damage and loss to the infrastructural facilities and machinery of the contractor. The contractor preferred a claim of Rs. 20.66 lakhs towards compensation for the damages and loss sustained by him. The claim was under consideration of the State Government (October, 1980). It was observed that the Meteorological Department, which was consulted, stated (November, 1979), that the cyclone was not of unprecedented nature as compared with that

of December, 1964. The contractor had not insured the works and all equipment as required under the agreement, for which purpose the contractor had added Rs. 6 lakhs specifically to his bid.

2.91. After achieving a further progress of only 3.15 per cent (i.e., total 36 per cent), the contractor stopped the work in July, 1979 citing the damage and loss as the reasons for his inability to mobilise the required funds for further work. The contractor was granted 7 extensions of time for completing the work, the last one to the end of December, 1980; the work continued to remain at a standstill (October, 1980).

2.92. According to the billing schedule included in the agreement, the interim payments were to be made for each part of the work at a percentage of the total agreement value as indicated in the schedule. An evaluation made by the department in August, 1979 revealed certain distortions in the schedule as detailed below:—

Item of work	Percentage of cost as per sanctioned estimate	Percentage of agreement value as per billing schedule
Non-navigation spans Foundation	22.80	39.10
Sub-structure	12.60	16.4
Super-structure	43.20	28.95
Navigation spans Foundation	6.70	5.00
Sub-structure	2.60	0.76
Super-structure	7.70	9.23
General	4.40	0.72

The rates for non-navigation spans were disproportionately higher as compared to navigation spans. Even within the non-navigation portion, the earlier stages of work like foundation were weighted in favour of the contractor.

2.93. Although the height of the sub-structure of the non-navigation piers varied from 4.957 metres to 19.063 metres, the payment to be made for each pier was uniform at 0.19 per cent of the total value of agreement irrespective of its height. As the contractor proceeded with the work on the piers nearest to the shore on either side involving minimum height, he received disproportionately higher share of the payments in the initial stages. The failure to include a billing schedule in the agreement, which would ensure interim payments commensurate with the value of work done, had resulted intemporary overpayments to the contractor which could not be quantified.

2.94. The tie-up provision in the agreement regarding maintenance of proportionate progress between navigation spans (including anchor spans) and non-navigation spans was introduced with a view to safeguard interests of Government as the contractor had quoted disproportionately low rates for the former which were more difficult to execute. However, the department did not enforce this condition strictly.

2.95. While the agreement stipulated withholding of interim payments for any failure to show proportionate progress among the two portions of the work, payments continued to be made. The Chief Engineer reported to the State Government in August 1979 that from April 1978 proportionate payments were being made for the navigation and non-navigation spans instead of completely withholding the payments. While the proportion worked out to 1:5.7, even this proportion was not adhered to during October 1975 to March 1978 (when it was 1:31.47) and from January 1979 to July 1979 (when it was 1:63.16). Although the contractor did not start work on the navigation portion till January 1977, tie up clause in the agreement was not enforced and Rs. 56.88 lakhs were paid to him between December 1975 and January 1977 for non-navigation portion in contravention of the conditions of agreement. When work was stopped in July 1979, the value of work done in navigation portion was only Rs. 13.23 lakhs as against Rs. 208.11 lakhs in non-navigation portion working out to a proportion of 1:15.73 as against the required proportion of 1:5.7. While the entire payment of Rs. 221.34 lakhs was in contravention of the conditions of agreement, the excess payment resulting from the non-adherence to the proportion of 1:5.7. amounted to Rs. 132.70 lakhs. Thus, the contractor stopped work after obtaining a disproportionately larger share of payments for the easier portion of the work.

2.96 As per agreement mobilisation advance of Rs. 20.52 lakhs was paid to the contractor 'C' in November 1974. Against the machinery advance of Rs. 30.78 lakhs contemplated in the agreement Rs. 16.45 lakhs were paid to him between March 1976 and December 1978; a cash advance of Rs. 10 lakhs was also made (March 1977) against bank guarantee and reckoned against the ceiling for machinery advance. The cash advance was to bear interest at 16.5 per cent per year and was to be utilised for certain specified purposes and within specified period (60 to 120 days) from the date of payment of the advance.

2.97. Failure to utilise the advance as stipulated was to entail encashment of bank guarantee for the entire amount of Rs. 10 lakhs at the end of 120 days from the date of payment of the advance. However, extension of time upto end of December 1977 was granted (September 1977) by the Chief Engineer for completing the various items of work. While one item of work, viz., launching girder relating to Mandapam side was completed by



December 1978, the launching girder relating to Pambam side had not been completed so far (October 1980). The department, however, did not encash (October 1980) the bank guarantee.

2.98. Although the launching girder for Mandapam side was one of the items covered by the cash advance of Rs. 10 lakhs, the contractor was again paid a machinery advance of Rs. 4.32 lakhs for the same girder in December 1978.

2.99. As per the agreement, the contractor was to construct detours for the use of traffic at the construction site at his cost. However, the department paid (April 1978) Rs. 1.74 lakhs to the Railways towards temporary diversion of railway track to facilitate the execution of pier foundation for the bridge work, resulting in an extra contractual concession to that extent to the contractor.

2.100. The department purchased (March 1973) a boat with a draft of 3½ feet from the Fisheries Department of the State Government for inspection purposes at a cost of Rs. 0.55 lakh. Between April 1973 and February 1976, the boat was utilised for inspection purposes only for 5 days. It could not be put to effective use as the boat could not reach the alignment which was accessible only to smaller boats and the department had to purchase (August 1975) 2 fibre glass boats with 9 inch draft (cost: Rs. 22,000 each) for the purpose. Since April 1973 the department spent Rs. 0.33 lakh on the crew, fuel and repairs and maintenance of the boat. The boat was sold to contractor 'C' for Rs. 0.23 lakh in July 1978. The sale was yet (October 1980) to be ratified by the State Government.

2.101. The purchase of the boat not suitable for the work resulted in an infructuous expenditure of Rs. 0.65 lakh after setting off the sale process of Rs. 0.23 lakh.

2.102 The delay in completion of the work had resulted in the postponement of the benefits anticipated from it. Corrosion is a serious factor in the area. The beam shutters, trusses, etc., were exposed to the elements for more than a year and if not used within reasonable time, the metal was likely to be eaten away. The reinforcements in the incomplete structure were exposed to corrosive elements. With delay in resumption of the work, the possibility of corrosion endangering the structures could not be ruled out. The contractor had not taken any steps to protect the structures.

[Paragraph 13 (sub-para 'F' of Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil)]

2.103. The Ministry have informed the Committee that the work of construction of a high level road bridge across the Pambam Starit on NH 49

in Tamil Nadu was initially proposed for inclusion in the Second Five Year Plan at a cost of Rs. 1.00 crore based on a rough estimate received from the State Government in February, 1956. An estimate for investigation works for the bridge was sanctioned in March 1959 for Rs. 25,000/- which was later revised to Rs. 65,700/-. But, due to paucity of funds the project was deferred during the Second as well as 3rd Five Year Plan periods. Finally this work was included in the Fourth Five Year Plan for National Highways in Tamil Nadu and accordingly proposals for the work at an estimated cost of Rs. 652.00 lakhs were submitted by the State Government in December, 1970.

2.104. The Committee desired to know whether the reasons for increase in cost of construction of the bridge from Rs. 532.87 lakhs to Rs. 815.83 lakhs had been analysed. The Ministry of Shipping and Transport have stated:

“The reasons for the increase in cost from Rs. 532.87 lakhs to Rs. 815.83 lakhs have been analysed.

The excess is due to the following:

	Rs. lakhs
(i) Increase due to modification of the estimate complying with Ministry's comments and due to revision of rates to cement schedule of rates prevailing at the time of technical approval to the estimate .	13.91
(ii) Tender Excess for the main bridge . . . . .	97.47
(iii) Increase in cost of Departmental supply of materials viz. cement and steel which is inevitable in all cases of works . . . . .	50.38
(iv) Increase in existing provisions and additional items of work found necessary during actual execution of the work . . . . .	39.65
(v) Excess in the sub-works of forming approaches on both sides of the bridge . . . . .	42.33
(vi) Excess due to contingencies, Agency charges etc. . . . .	39.17
	282.96

The revised estimated cost of Rs. 815.83 lakhs was projected in September, 1978 as explained above.

The previous contract has been terminated and fresh tenders are to be called for balance works

This revised estimate of Rs. 815.83 lakhs is likely to be further exceeded on account of the tender premium for entrustment of balance works and  
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also due to escalation of cost of materials such as cement, and steel to be supplied by the Department."

2.105. Explaining the part played by the Ministry of Shipping and Transport in getting the project completed, the Director General stated during evidence:

"In such projects and especially in this project we have played a very active role right through. In fact, initially for the tenders and also for their approval they have come to us. Similarly, at every stage we have been after the State and we have been after the contractor through the State and we have been asking them to get the work done quickly. In fact the approval of the designs has been done by the Ministry. So at every step we will be taking note of the delays and taking note of all factors, the lapses, etc., which have resulted in the termination of the contract of the contractor which was after a series of inspections and meetings held by the Ministry even at Minister's level with the State Ministers and everybody concerned trying to tell the contract or ask the contractor to proceed or not."

2.106. The work was sanctioned in March, 1972 and it was allotted to the contractor in November, 1974. The Committee enquired about the reasons for the delay of more than 2½ years in assigning the work to the contractor. The Director General of Road Development, Ministry of Shipping and Transport stated during evidence:

"After the contract was sanctioned we had a pre-qualification of tenders done. We invited the tenders. The first was a preliminary notice for pre-qualification of the tender. That was not the formal tender. That was to know from the various firms who apply and assess for ourselves whether these firms are capable of carrying out this work or not. Otherwise most of the firms can apply. We did that pre-qualification and in February 1973 we sold the tenders to 12 firms whom we pre-qualified—'Yes, they will be capable of doing the work.' That was in February, 1973. The tenders were received after a month—that is in March 1973. Then the tenders came to us because the initial study of the tenders was done by the State in July 1973."

2.107. In reply to a question, the witness admitted that Government took more than 1½ years to finalise the contract and meanwhile the cost of the project had gone up.

2.108. In reply to another question, the witness said that the proposals were initiated somewhere in the Third Plan. Sometimes the proposals were mooted much earlier but they did not find a place in the Plan. When the actual estimates of the projects were prepared than only they were included in the Five Year Plan.

2.109. Referring to the points mentioned in the audit paragraph, the Director General stated:

“The first paragraph says the bridge was not completed by October 1980. After completing 36 per cent of the work, the contractor stopped the work and the work had not been resumed, the corrosive action of the elements was likely to affect the safety of the incomplete structures adversely. I would like to submit that the facts are correct. The project has not been completed and the work also has not been fully resumed. It has been partially resumed after court’s clearance. Court has also said that work will not be awarded to any new contractor till the case is decided.”

2.110. Asked to state whether any machinery existed for identifying the officers involved and fixing the responsibility. The witness stated:

“We request the State Government who are the agency of the Ministry to hold the inquiry.”

2.111. Enquired to state whether the audit paragraph was brought to the notice of the State Government. The Director General stated:

“Draft para went to the State Government in 1979 and an incomplete reply received from them which did not cover the entire para was sent to the A.G. . . . Apart from writing letters our officers have been going there continuously not only for the para but also in respect of the progress of the work. Our Minister had to intervene in respect of the progress of work. The Minister intervened and the Chief Minister was requested to come so that in respect of progress of work be taken immediately.”

2.112. Asked to state the nature of control exercised by the Planning Commission on such matters. The Adviser (Transport), Planning Commission stated:

“We hold quarterly review meetings with the Ministry of Shipping and Transport and we bring to their notice the delays that

are taking place in the completion of the projects. Monitoring by the Planning Commission is of a broader nature and we impress upon them the need of expediting the work. As these meetings take place at quite a high level we hope that it will have a good effect on Ministries, on the people below in completing the projects which are lingering for a long time."

2.113. The Committee wanted to know whether any action had been taken against the contractor for slow progress of the work and its subsequent stoppage in July, 1979. The Ministry of Shipping and Transport have replied:

"Fines were imposed on the contractors as per terms of contract forfeiting a total amount of Rs. 81,000/- on 29 occasions beginning from October, 1976 to September, 1980.

Finally, when the contractors stopped all works from July 1979 their contract was absolutely determined on 29-12-80, in terms of the provisions in the agreement and after obtaining legal opinion.

With the result of determination of contract, E.M.D., of Rs. 50,000/-, Security Deposit of Rs. 50,000 remitted by the Contractor and withheld amount of Rs. 11,06,000/- from the contractor's running bills due to them on completion of work were forfeited to Government. Besides forfeiture, materials and machineries belonging to them were taken possession of by the Department.

The forfeitures ordered on the termination of contract could not be implemented due to the stay order issued by the High Court pending disposal of the suit filed by the contractors (suit filed by the Contractor for the change in Arbitrator and for praying for certain other facilities)."

2.114. The Committee pointed out that there were three instances when the particular contractor during the same time was awarded contracts for different projects. He had committed default on all the three occasions and had stopped the work before completion. The State Government or other agency had to spend more money on completion of these projects. Asked to state whether in view of his poor performance, any inquiry was conducted by Government before awarding this contract to the contractor. The Director General stated:

"The three works that you have mentioned, they were awarded more or less during the same period and the cancellation

of the other works also was concurrent with this work or while it was in progress. This work was cancelled later. It should have been cancelled much earlier."

In reply to a query, the witness said:

"I am told that this particular firm left another work during the period 1974 or thereabout. I have not been able to get the exact reasons. Otherwise, they were having fairly good performance, earlier."

2.115. As regards non-submission of detailed designs by the contractor in time to facilitate their approval by the department and commencement of the work, the Ministry have stated:

"According to the provisions in contract, programme for design submission was furnished by the contractors only after repeated demand by the department.

Despite the above time scheduled for submission of various designs, the contractors did not stick to the dates for submitting the detailed designs for various components, even though repeated reminders were issued to expedite the submission.

Further, delays were caused due to protracted correspondence with the contractors for removing deficiencies found in their designs.

The above facts are due to the gross inadequacies in their organisational set up.

There was further time lag in commencing certain parts of the work even after the approval of the design."

2.116. The Committee desired to know the time of submission of drawings by the contractor and their approval by the department. The Director General replied that the drawings were submitted by

the contractor in June, 1975. Those drawings were referred back to the contractor seven times for modification and changes were approved by the department on 6 September, 1976. He admitted that there was delay of more than a year in according approval to the drawings. In reply to a question, the witness stated:

“But this problem of the drawings coming and the designs being approved, if I may submit, it can be done much better. But it depends upon the quality of the consultant or the firm which has to submit these things, or whether they have engaged a good consultant or a good firm for the purpose, or who do they have with them. There is no doubt about the delay.”

2.117. According to the audit paragraph, the PERT chart was approved by the department in October, 1975, about a year after the acceptance of agreement and 8 months after the due date for commencement of work, by which time, it had already become outdated in some respects. It did not also conform to the ‘preliminary master net work’ as required under agreement. The Committee desired that a note might be furnished by the Ministry on the above comments made by the audit. In the written note furnished to the Committee, the Ministry of Shipping and Transport have explained the position thus:

“As per agreement, the date of start of the work is 17.11.74.

The Pert Chart submitted on 12.2.1975 by the contractors contained many inadequacies and had to be revised several times before a final approval could be given on 16.10.75.

Due to persistent delays in the progress of work, the Pert Chart became outdated even though the contractors should have taken necessary action to make good slippages and catch up with the targets contemplated in the Pert Chart. The contractors had given a revised Pert Chart only once and that too could not be followed. Due to repeated slippages and slow progress the definite date of completion of work could not be assessed and hence further revision of Pert Chart became fruitless.

“The Pert Chart was more or less in conformity with the Preliminary Master Net Work, but with slight modification in commencing the work to suit the site condition and for organising the constructional activities.”

**2.118** The Committee enquired as to how the department contemplated to complete the work. The representative of the Ministry of Shipping & Transport (Road Wing) stated, during evidence:

“The work has to be done at the risk and cost of the contractor whose contract has been terminated. The tenders, for that purpose, have already been floated. The court has also said that no tenders will be accepted till they have finally decided the case. Some work on the non-navigational side where some work was done by the contractor has been allowed by the court to be progressed by us in the interest of work. We are going ahead with that.”

**2.119** The Chief Engineer, Pamban Bridge Project, Tamilnadu added:

“We are doing the work departmentally. After repairing infrastructure and machinery, we started the work departmentally. Before awarding the contract, we will definitely approach the court and get the work entrusted to some other agency.”

**2.120** The Committee have been informed that the claim of Rs. 20.66 lakhs of the contractor towards compensation for the damages and loss sustained by him on account of a cyclone hit was found to be untenable in terms of the provisions in the contract and hence it was rejected by the department.

**2.121** The Committee wanted to know as to why the department did not verify whether the contractor had insured the work as provided for in the agreement when the contractor had added Rs. 6 lakhs for the purpose in the bid. The Ministry have furnished the following note explaining the position:

“The Department verified it and the lapses on the part of the contractor to take insurance had been brought to the notice of the contractor on a number of occasions.

However the Department had ensured that the contractor had insured the hypothecated machineries by paying a premium of Rs. 71,225.60 to safeguard the interest of the Government.

They failed to take insurance to cover the work done and their machinery etc. despite repeated letters to them and they



took risk. Hence they suffered the loss of their properties. But no damage occurred to the work done. In case of my damage to the work done and paid to them, the departmental claim on the contractor will be valid and filed before the Arbitrator”

2.122 The Committee drew the attention of the witnesses to the following extract of the letter\* No. 11500/74—77D8/DB dated 4 September 1975 from the Chief Engineer, Tamilnadu to the contractor.

“I wish to inform you that you don't have even the necessary sophisticated instruments required for fixing the alignment and pier positions at site correctly. As such the alignments and other filed details submitted by you were not acceptable and only after protracted correspondence with you some qualified approvals could be given by the Department in order not to delay the work further.”

2.123 The Committee pointed out that from the contents of the letter it was clear that the standards had been lowered and Government knew that this contractor did not have the capability and did not have the required equipment. The State Government or the Ministry of Shipping and Transport did not take any action against the contractor and payments were made to him. The Director General replied:

“Regarding the sophisticated equipment, we are doing 50 or 60 bridges. Some equipment may be somewhere else and they will get it. Even the biggest contractors do not have all the equipments readily. Yet, they quote that they will do certain work with certain equipment. We give some advance money wherever agreed upon to fabricate equipments etc. We ourselves had not visualised that he will have all the sophisticated equipments with him all the time.”

2.124 Enquired whether the capability of the contractor to undertake the work was assessed by the Ministry of Shipping and Transport. The witness said:

“I have no record to show this. I take it, it was not done.”  
In reply to a question, the witness stated:

“It is done by the concerned State Government.”

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\* Not vetted in Audit.

2.125 The Committee desired to know the reason for accepting a billing schedule which provided for disproportionately large amounts to the contractor for the easier portion of the work taken up in the initial stage. The Ministry have stated.

"The billing schedule given by the contractors in their tender was analysed and got modified to the extent possible. It may be stated that as per the billing schedule the rate per RFT for payment to work in non-navigation span comes less than that for navigation span. Hence the billing schedule was found reasonable and accepted.

Generally the different part of the work is the foundation works. So higher rates for foundations are justifiable and accepted.

The break up of total cost for navigation portions according to billing schedule tallies almost with the break up provided in the sanctioned estimates."

2.126 As regards uniform rate of structure of non-navigation piers agreed to by the department and paid to the contractor irrespective of the height of the substructure, the Ministry have furnished the following note:

"Quoting uniform average rate for piers irrespective of height as given in the billing schedule is the usual practice in lumpsum contracts wherein such fine discrimination is not made and therefore uniform and average rate for pier was accepted. In general, all bridge works will be commenced from the banks only. So also in this work for practical reasons work pertaining to non-navigation spans was commenced on both the shores and proceeded towards the centre to a considerable length before it came to a stop. Hence the payment had necessarily to be made as per the accepted rates for the work done." .....

2.127 The Committee asked the reasons for not enforcing the tie-up provisions of the agreement strictly. The Ministry have explained the position thus:

"The tie-up clause was meant for safe-guarding the interest of Government so that more difficult work in navigation

span progresses simultaneously and proportionately with the work on non-navigation spans.

There was a delay in the commencement of work in navigation spans due to the following reasons:

- (a) Late submission of designs by the contractors;
- (b) Time involved in the protracted correspondance for removing the deficiencies in the design; and
- (c) There was also a time lag in the actual commencement of work after approval of the drawing in spite of penalties imposed on the contractor as per agreement.

But until such time, the work in non-navigation spans could be taken up and therefore was allowed to progress in the interest of work and payment was made for the work done as per the billing schedule.

After sufficient progress was achieved in the navigation span, the tie-up clause was enforced from that date for the work done later on in both navigation and non-navigation spans. Thus, the tie-up clause could be enforced from April 1973 to December, 1978. The tie-up clause was relaxed in the interest of work as it was possible to do work in the non-navigation span. The contractors could not resume the work in the navigation portion till July 1979, when they stopped the work."

2.128 The Committee wanted to know whether any responsibility had been fixed for the excess payment of Rs. 1.32 crores. The Ministry have stated:

"The total value of work done in the navigation span is Rs. 13.23 lakhs whereas the value of work done in non-navigation portion is Rs. 208.11 lakhs. As per the tie-up clause, payment on non-navigation portion ought to have been restricted to Rs. 75.40 lakhs (13.23×5.70). The reasons for non-enforcement of tie-up clause by recovering the payment already made to the tune of Rs. 132 lakhs (208.11—75.40) are already explained in the above mentioned note.

Payments were made only for the works actually done at the rates accepted in the billing scheduled and hence no

excess payment was made to the contractors. Hence question of fixing responsibility for excess payment does not arise."

2.129 During evidence, the representative of the Ministry of Shipping & Transport (Road Wing) stated before the Committee:

"The excess payment is calculated in this manner. If the tie-up clause had been followed, if it had been enforced on the contractors, he would have worked simultaneously on the navigation span which was more difficult and also on the approach road and land; he would have worked both on navigation and non-navigation span. The navigation span work was more difficult. We visualised that these could not be done simultaneously. So far as enforcement is concerned, we have already accepted that there was a fault on our part."

2.130. The Committee referred to the extract of a letter\* No. 11500/74—77/D3|DB dated 4 September, 1975 written by the Chief Engineer, Tamilnadu to the contractor:

"The contractor shall maintain proportionate progress in non-navigational and navigation spans as per the proof PERT chart. Failure to maintain the progress in both navigation and non-navigation spans as per the chart shall entail with holding of interim payments for both."

2.131 The Committee pointed out that inspite of the fact that the contractor did not deliver the goods and keep the schedule, the payment had been made in excess. The Director General, Ministry of Shipping and Transport stated

"As I have already submitted, there is no doubt that tie-up clause could have been and should have been enforced. To that extent we have already accepted. We will ask the State Government to take action against those responsible for this. In regard to the second part of the question, as I have already submitted, although the tie-up clause has not been enforced, the payment that has been made to the contractor is the payment for the work actually done by him. This payment should have been due to him in any case."

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\*Not vetted in Audits.

In reply to a question, the witness stated:

“We have accepted that we have not followed the tie-up clause and for that someone has to be held responsible. We are asking the concerned person to fix up the responsibility. Now, so far as the excess payment is concerned, you have already stated that it was not acceptable to you. I have to state in this connection that if we followed the tie-up clause and if we had gone according to the schedule, he should have also done the entire work on the navigation span. In that case, Rs. 132 lakhs would have to be paid. Since he has not followed the tie-up clause, we could have invoked the penalty clause also. we could have stopped the payment also.”

2.132 In reply to a question, the representative of the Ministry of Shipping & Transport stated before the Committee:

“The work has to be done at the risk and cost of the contractor whose contract has been terminated. The tenders, for that purpose, have already been floated. The court has also said that no tenders will be accepted till they have finally decided the case. Some work on the non-navigational side where some work was done by the contractor has been allowed by the court to be progressed by us in the interest of work. We are going ahead with that.”

2.133 The Committee enquired why the contractor was paid advance not provided for in the original agreement and why the bank guarantee was not encashed when the contractor did not complete the specific works for which it was paid. The Ministry have stated:

“The advance of Rs. 10.00 lakhs paid was only a conversion from the eligible machinery advance. This was paid under special circumstances with the approval of the Government of India as requested by the contractors to tide over their financial crisis and to push through the progress of work for the following purposes.

1. Construction of jetties.
2. Procurement of materials for casting and launching of prestressed concrete girders.

3. Erection of coffer dams for sinking of navigation and anchor wells.
4. Procurement of materials for fabrication of launching girders, (2 Nos.)

This cash advance was paid under a separate bank guarantee and interest was charged at commercial rate of 16½ per cent as against 8 per cent earmarked in the agreement for such advances.

The cash advance of Rs. 10.00 lakhs on bank guarantee was utilised for the purposes of items 1 to 3 referred above fully within the stipulated time. Item 4 was also utilised subsequently. Hence the question of encashment of bank guarantee did not arise."

2.134 The Committee asked why the contractor was paid second advance of Rs. 4.32 lakhs for the launching girder when it was already covered by the first advance of Rs. 10 lakhs. In reply, the Ministry have sent the following note:

"The cash advance of Rs. 10 lakhs was paid on 8.3.1977 mobilisation by conversion of a part of the machinery advance to which the contractors are eligible as per agreement under bank guarantee with commercial rate of interest of 16½ per cent as against 8 per cent stipulated in the agreement. The utilisation of this advance paid under special circumstances, for specific items of work was spelt out as an abundant caution unlike in the case of such mobilisation advance.

Rs. 1.75 lakhs out of Rs. 10.00 lakhs was set apart for procurement of materials and fabrication of launching girders. The contractors had procured materials, fabricated the launching girder valued about Rs. 5.83 lakhs.

Subsequently, the contractors hypothecated the above launching girder to the department and obtained machinery advance on 16.12.1978 against the provisions of balance machinery advance for which they are eligible as per agreement. As it is permissible for payment of

machinery advance on hypothecations of machinery procured out of mobilisation advance paid to the contractors in accordance with the terms of the agreement, it cannot be construed that payment was made twice for the same purpose, and both the advances have to be treated as two separate advances (i.e) one paid on 3-3-1977 to be classified as mobilisation advance on bank guarantee and the other paid on 16-12-1978 as machinery advance getting hypothecation of machinery."

2.135. The Committee note that the proposal for the construction of a high level road bridge across the Pambam Strait on NH 49 connecting Mandapam on the main land with Pambam on the Island of Rameshwaram at a cost of Rs. 1 crore was initially proposed in 1956 for inclusion in Second Plan. However, due to paucity of funds the project was not included in the Second and Third Plans. It was only in March 1972 (Fourth Plan) that the work was sanctioned at an estimated cost of Rs. 546.78 lakhs. The work was allotted to the contractor only in November 1974 i.e. after a delay of 2 years. The work was to be completed in all respects within 4 years. The progress of work by the contractor Mrs. Nilakanthan and Brothers Construction Private Ltd., Madras was very slow and he had to be given seven extensions and in July 1979 the work was stopped by the contractor. The result is that the work is still incomplete inspite of incurring an expenditure of Rs. 456.87 lakhs. In the meantime, the contractor has gone to the court and obtained a stay order and there is no likelihood of the work being resumed in near future. The result has been that not only the people of the areas have been deprived of the benefits of the bridge all these years, but the reinforcements in the incomplete structure are also endangered being exposed to corrosive elements.

2.136. From the above facts, the Committee cannot but conclude that this is a clear case of utter negligence on the part of officers concerned in total disregard of norms of public expenditure. There has been delay in the project at every stage, approval of the project, acceptance of tenders, approval in designs and actual execution and now it is not clear when the project which was conceived as early as in 1956 would be actually completed. The Committee are distressed at this glaring instance of delays in the execution of a project resulting in not only escalation of the project cost which has already increased from an estimated amount of Rs. 1 crore in 1956

to more than Rs. 8 crores by 1978, but also depriving the people of benefit of the project.

2.137 The Committee note that although there was a tie up provision in the contract that the contractor will execute a fixed proportion of work in navigational and non-navigational portion, the contractor did a much more higher proportion of non-navigational work which is easier and showed very little progress in navigational work as is clear from the fact that the value of work done on the navigation portion was only Rs. 13.23 lakhs as against Rs. 208.11 lakhs in non-navigational portion. Still the bills prepared by the contractor for the work done were paid in total disregard of the tie-up provision which resulted in an undue benefit to the contractor. Even the Director General (Road Development) has admitted in evidence before the Committee "There is no doubt that tie-up clause could, and should have been enforced. We will ask State Government to take action against those responsible for this." Moreover, although the contractor did not possess even the necessary sophisticated instruments required for fixing the alignments, as is evident from the letter dated 4.9.1975 from the Chief Engineer, Tamil Nadu to the contractor, no corrective action was taken in this regard. Further an amount of Rs. 6 lakhs was specifically given to the contractor to get his equipment insured, but the contractor did not get his equipment insured and now the contractor has preferred a claim for the loss to the equipment suffered in a cyclone. The contractor was also paid varying advances—machinery advance, cash advance etc. and although the contractor failed to utilise this advance as per the terms for the same, no steps were taken to encash the bank guarantee.

2.138 From the above facts, the Committee cannot but reach at the conclusion that there was disregard of all norms of financial propriety and violation of financial rules at various stages on the part of the executing agency. In view of this, the possibility of some officials concerned with the work being in collusion with the contractor cannot be ruled out. The Committee feel that this is a fit case to be referred for investigation by CBI who should go into the entire case and bring out the facts to fix responsibility . . . . .



**2.139** The Committee would like to point out that the Ministry of Shipping and Transport is also to be blamed for this state of affairs as they have failed to monitor and supervise the progress in implementation of the project. The Committee recommend that the proposed enquiry should also cover the role played by the officials of the National Highways Wing of the Ministry of Shipping and transport and the extent of failure on their part... ..

NEW DELHI;

March 26, 1982.

Chaitra 5, 1904 (Saka)

SATISH AGARWAL

Chairman

Public Accounts Committee-

**APPENDIX—I**

(Vide para 1.8 of the Report)

**STATEMENT INDICATING**

*Position of Works sanctioned on National Highway since 4th Five Year Plan*

Sl. No.	Plan	Sanction upto 30-9-81			Completed upto 30-9-81			On Going upto 30-9-81		
		Rd.	Br.	Total	Rd.	Br.	Total	Rd.	Br.	Total
1.	4th Plan	2101	1522	3623	1825	1477	3302	276	45	321
2.	5th Plan	551	284	835	420	233	653	131	51	182
3.	During 1978-80	573	166	739	217	61	278	356	105	461
4.	6th Plan	503	134	637	61	1	62	442	133	575
<b>TOTAL</b>		<b>3728</b>	<b>2106</b>	<b>5834</b>	<b>2523</b>	<b>1772</b>	<b>4295</b>	<b>1205</b>	<b>334</b>	<b>1539</b>

**APPENDIX—II**

(Vide para 1.8 of the Report)

List of major works costing Rs. 2 crores and above sanctioned from IV Plan  
(1-4-69) onwards.

Sl. No.	Name of State	Name of work	Sanctioned cos in (Rs. in crores)	Date of sanction	Remarks
1.	Andhra Pradesh	Krishna Bridge Near Vijayawada on NH-5.	3.70	5-6-81	
2.	Assam	Gangadhar Bridge on NH-31.	2.89	6-11-75	Completed.
3.	Bihar	Widening/Strengthening of Road crust between Mile 0 to 30 of Berhi-Debour Section of NH-31.	1.05(O)* 2.51(R)*	26-9-70	Likely to be completed by 6/82.
4.	Delhi	Flyover at I.T.O. inter-section on NH-2.	3.95	13-11-80	Likely to be completed by 6/82.
5.	Goa	Zuari Bridge on NH-17.	2.51	23-9-70	Likely to be completed by 6/82.
6.	Goa	Colvale Bridge on NH-17.	2.70	30-6-69	Likely to be completed by 9/85.
7.	Haryana	Widening & Providing additional crust in M. 115 to 194 of NH-10.	2.39	5-12-74	Completed.
8.	Haryana	Four laning of G.T. Road NH-1 from Delhi-Haryana Border to Murthal in (km. 29.295 to km. 50)	3.27	19-7-79	Likely to be completed by 6/82.
9.	Jammu & Kashmir.	Tawi Bridge on NH-1A.	Likely revised cost 2.34	16-6-73 (Original).	Completed.
10.	Kerala	Bridge between Kumbalam and Aroor on NH-47.	2.12	16-12-72	Likely to be completed by 3/84.
11.	Kerala	Bridge at Kottapuram on NH-17.	2.63	20-12-79	

\*(O)—Original.

\*(R)—Revised.

Sl. No.	Name of State	Name of work	Sanctioned cost in (Rs. crores)	Date of sanction	Remarks
12.	Maharashtra	Stengthening of pavement and providing as phaltic layers on Manor-Dahisar Section km. 439 to 502 of NH-8.	2.47	24-5-80	Likely to be completed by 6/83.
13.	Maharashtra	Realignment of local Borghat reach between M63/7 and 68/7 of Bombay Poona Road NH-4.	2.23	17-5-80	Likely to be completed by 6/84.
14.	Maharashtra	Construction of Bypass outside Bhiwandi Town including approach link to Kasheli Bridge on NH-384.	4.55	23-8-80	
15.	Maharashtra	Bridge Kasheli Greek on NH-3.	3.21	12-11-70	Likely to be completed by 6/82.
16.	Punjab	Providing divided carriageway including approach to Phillor over bridge, km 328 to 243.	2.41	18-6-80	Likely to be completed by 3/84.
17.	Rajasthan	Chambal Bridge on NH-3.	2.97	2-12-75	Completed.
18.	Tamil Nadu	Pamban Bridge on NH-49.	5.33	6-3-72	
19.	Uttar Pradesh	Strengthening double lane section of Kanpur -Fatehpur Section of NH-2 (km. 19.447 to 74.91)	0.83(O) <u>2.03(R)</u>	(Original) 31-3-71 <u>8-6-77</u> (Revised);	Likely to be completed by 3/82.
20.	Uttar Pradesh;	Laying of 4 lanes divided (2 lane duel carriageway) Road, pavement etc. in the Ghaziabad Bypass of NH-24.	2.74	31-3-80	Likely to be completed by 3/83.
21.	Uttar Pradesh	Ganga Bridge at Kanpur on NH-25.	4.29	23-12-71	Completed.
22.	Uttar Pradesh	Yamuna Bridge at Kalpi on NH-25.	2.63	29-7-71	Works completed.

Sl. No.	Name of State	Name of work	Sanctioned cost (in Rs. crores)	Date of sanction	Remarks
23.	Uttar Pradesh	Ganga Bridge at Allahabad on NH-2.	6.51	31-12-73	2 lane completed.
24.	West Bengal	Strengthening double lane carriage way and providing hard shoulder on NH-41.	3.30	5-1-79	Likely to be completed by 3/83.
25.	West Bengal	Construction of Belgaria Express-way (Road Portion).	2.28	9-2-73	Likely to be completed by 3/83.

**APPENDIX - III**  
(Vide para 1.8 of the Report)

Statement giving the number of projects sanctioned before 1-4-1976 and  
in progress as on 1-4-1981

Sl. No.	State	Road works	Bridge works	Total
1.	Andhra Pradesh	45	6	52
2.	Assam	11	8	19
3.	Bihar	38	3	41
4.	Delhi	..	..	..
5.	Goa	2	2	4
6.	Gujarat	2	1	3
7.	Haryana	1	..	1
8.	Himachal Pradesh	21	1	21
9.	Jammu and Kashmir	4	2	6
10.	Karnataka	13	5	18
11.	Kerala	23	2	25
12.	Madhya Pradesh	24	3	27
13.	Maharashtra	13	3	16
14.	Manipur	3	5	8
15.	Meghalaya	4	..	4
16.	Orissa	19	4	23
17.	Punjab	6	1	7
18.	Rajasthan	16	..	16
19.	Tamil Nadu	27	2	29
20.	Uttar Pradesh	33	10	43
21.	West Bengal	11	2	13
		317	59	363

**APPENDIX—IV**

(Vide para 2.26 of the Report)

**Statement giving chronological History of land Acquisition**

S. No.	Date	Event	Letter No.	Remarks.
1	2	3	4	5
1.	20-3-72	Land plans and schedules were prepared by the Executive Engineer (NH) Guntur and sent to Revenue Divisional Officer, Nuzvid.	State Executive Engineer, Guntur letter No. 1929/D2/71 dated 20-3-1972.	
2.	24-9-72	The above plans were returned by the Revenue Divisional Officer to the Executive Engineer.	24-9-72	
3.	16-11-72	The Executive Engineer (NH) has attended the remarks and retransmitted to the Revenue Divisional Officer.	Executive Engineer, Guntur letter No. 1929/D2/70 dated 16-11-72.	
4.	4-11-73	The Executive Engineer, Guntur has again written a D.O. letter to the Revenue Divisional officer to speed up the land acquisition.	Executive Engineer, Guntur D.O. letter No. 1929/D2/70 dated 4-11-73.	
5.	14-11-73	The Superintending Engineer (NH) Guntur has also addressed the District Revenue Officer, Krishna to invoke emergency clause for immediate possession of the land.	Superintending Engineer, Guntur D.O. letter No. 3722/72/A1 dated 14-11-73.	
6.	17-11-73	District Revenue Officer has addressed the Revenue Divisional Officer, Nuzvid, to invoke the emergency clause and to send D.N. & D.D. Proposals.	District Revenue Officer D.O. letter No. 35/12606/73 dated 17-11-73.	
7.	30-12-73	Revenue Divisional Officer Nuzvid sent the land plans and schedules to the Tahsildar, Gannavaram.	Revenue Divisional Officer Letter No. 10432/72 dated 20-12-1973.	

8. 31-1-74 The Tahsildar Gannavaram raised some objection. Tahsildar Gannavaram letter No. BL/ dated 31-1-74.
9. 31-1-74 The Assistant Engineer (NH) Gannavaram has attended the remarks in Tahsildar office on the same day itself.
10. 6-4-74 The S.E., Vijayawada has addressed the District Collector, Krishna State S.E. D.O. letter No. to speed up the work. The S.E., Guntur has met the District 1798/74/A1, dated 6-4-74. Collector personally during 5/74 at Vijayawada and requested to speed up the L.A. cases.
11. 31-5-74 DN & DD proposals were finalised and sent to the Collector, Spl. Tahsildar letter No. 776/74 Krishna, by the Spl. Tahsildar (IA), Vijayawada. dated 31-4-74.
12. 23-6-74 DN & DD proposals were sent to the Govt. by the District Collector, Collector's letter No. RC/ Krishna. B5/5522/74 dated 23-6-74.
13. 5-7-74 The DN was approved by the Govt. in GORT No. 1099/PWD dated 5-7-74. GO RT No. 1099/PWD dated 5-7-74.
14. 29-8-74 The DN was published in Andhra Pradesh Gazette. 29-8-74.
15. 16-10-74 The DD was also approved by the State Govt. Govt. Memo No. 2889/Rds-I/74-8, dated 16-10-74.
16. 19-12-74 The D.D. was published in Andhra Pradesh Gazette on 19-12-74.
17. 20-1-75 The State Govt. was also addressed by the State Chief Engineer to give instructions to the Distt. Collector, Krishna to hand-over the land. State Chief Engineer's D.O. Letters No. 108528/TA VI/NHIII-2/74-54, dated 20-1-1975.
18. 26-2-74 Finally the lands were handed over on Vijayawada side of Eluru Canal.



**APPENDIX—V**

**CONCLUSIONS/RECOMMENDATIONS**

Sl. No.	Para No.	Ministry/Deptt. concerned	Conclusions/ Recommendations
1	2	3	4
1	1-49	Shipping and Transport (Roads Wing)	<p>National Highways serve as the arterial routes running throughout the length and breadth of the country, connecting State Capitals, foreign highways, major ports, large industrial complexes, tourist centres etc. The importance of the national highways in the economy of the country is evident from the fact that although these constitute only 6 per cent of the total road length in the country, these carry between 25 to 30 per cent of the total road traffic.</p>
2	1-50	-do-	<p>The Committee regret to note that the development of national highways has been grossly neglected all these years since Independence. This is evident from the fact that while in 1947 the total length of national highways was 21,440 kms, there was a meagre addition of only 9,918 kms in 34 years and on 31 March, 1981, the total length was only 31,358 kms. This falls far short of the target of about 51,200 kms as contemplated by the 20 year Plan (1961—1981) formulated by the Chief Engineers in-charge of road and bridge development of the Central and State Governments (popularly</p>

known as Bombay Plan.) From the statement of addition to National Highways in the various Five Year Plans, it is seen that not a single km. was added in the First Plan, 179 km. in the Third Plan and only 52 kms. in the period 1966—69. Thereafter as much as 4,819 kms. were added in Fourth Plan Period and 46 km. during 1979-80. From this the Committee cannot but arrive at the conclusion that Government has been callously negligent towards the development of National Highways in the country. What is still more distressing is that the neglect in the development of "National Highways" should have continued even after the Committee had highlighted it in 1977-78 in their 18th Report (Sixth Lok Sabha) on "Road Development in Fourth Plan."

3 151 Shipping and Transport  
(Roads Wing)

The Committee are further concerned to note that although the traffic on National Highways is continuously on the increase, the condition of most of the existing National Highways is far from satisfactory and the same suffer from a number of deficiencies. Although the traffic intensity on these National Highways require double or even multi-laning, about 37 per cent is still single-lane route lengths. Moreover, there are a number of missing links greatly impeding the quick and fast movement of vehicles. Again, there are a large number of bridges which are required to be strengthened, culverts to be bridged and over-bridges/under-bridges on Railway lines to be constructed. The Committee are shocked at the admission made by the representative of the Ministry of Shipping & Transport during his evidence before the Committee that "Today

out of the 31,000 kms of national highways that we have, there is not a single km. which has got adequate thickness to meet the present day requirement of traffic, as well as excess loading". The Committee would like to point out that when there is a growing tendency to ply motor vehicles with heavier loads as well introduction of new innovations like truck-tractor combinations etc. for quick and faster movement of maximum amount of goods traffic, the present unsatisfactory condition of National Highways in the country cannot but result in retarding the economic development of the country. This situation needs to be remedied as early as possible.

4 1:52 Shipping and Transport  
(Roads Wing)

What is a matter of still greater concern to the Committee is that not only are there a number of deficiencies in the National Highways hampering smooth flow of traffic but there is also no likelihood of these deficiencies being removed in the near future because of the snail's pace at which the work in this regard is progressing. The Committee are distressed to learn that according to an assessment, there are 8,000 kms of National Highways which are of single lane and are required to be widened to double lanes because of traffic requirements. Similarly, there are about 2,000 kms of National Highways which need to be widened from two-lane to four lane standards. However, due to inadequate financial allocations, it will be possible to widen only 2,500 kms i.e. about 26 per cent of two-lanes and 300 kms i.e. 15 per cent to four lanes during the Sixth Plan

period. Similarly, 362 railway crossings have been identified for construction of over-bridges and under-bridges during the Sixth Plan but due to financial constraints only 52 over/under bridges have been sanctioned and during 1980-81 only one over-bridge costing Rs. 0.15 crore had been sanctioned. Similarly, a number of culverts which are 80 to 100 years old still remain to be strengthened but no programme for the same has been taken in hand.

5 1.53 Shipping and Transport  
(Roads Wing)

The Committee would like to express their deep distress at this state of affairs. They feel that as roads constitute a vital sector of infrastructure and National Highways carry the highest intensity of traffic, it is vital that the task of removing the deficiencies in the National Highways should be given high priority. The Committee, therefore, recommend that a time-bound programme for removing all the deficiencies in the National Highways within a period of 10 years should be chalked out and taken in hand at the earliest.

6 1.54 -do-

The Committee note that while the country possesses the necessary know-how and manpower to modernise our national highways, it has not been possible to achieve necessary standards because of financial constraints. The Committee are surprised to note that while during the years 1974-75 to 1978-79, the total revenue collected from road transport was about Rs. 7666.16 crores, only an amount of

Rs. 2,955.07 crores i.e. less than 40 per cent of collections was spent during these years on development and maintenance of roads. This is because while the revenue from road transport is credited to general revenues, the allocations for development and maintenance of roads is done on the basis of overall priority and at present there is no linkage between the collection of revenue from road transport and actual expenditure on the development and maintenance of roads. The Committee feel that Government have all these years treated road transport as a milch cow for collecting revenues and then starving the same even of basic requirements. The Committee, therefore, recommend that Government should ensure that till all the deficiencies in the National Highways are removed and the length of National Highways are increased as per the targets of Bombay Plan, a large portion of the revenues collected from road transport should be spent on the development and maintenance of roads.

7 1'55 Shipping and Transport  
(Roads Wing)

The Committee note that an allocation of Rs. 50 crores has been made during the Sixth Plan for new National Highways. However, the Committee are shocked to learn that even out of this meagre allocation, no allocation was made for the year 1980-81 and only an amount of Rs. 3.5 crores was allocated during 1981-82 with the result that it has not been possible to undertake any works in this direction. If the same trend of annual allocation continues, the Committee

have an apprehension that there would be heavy shortfalls in the actual utilisation out of total meagre allocation during the Sixth Plan. The Committee would like to draw the attention of Planning Commission to this unsatisfactory state of affairs and recommend that annual allocation in the remaining years of Sixth Plan for new additions in National Highways should be stepped up considerably so as to make up for the inadequate allocation in the earlier years. Further, not only should annual allocations be stepped up, it should also be ensured that the progress on works is adequate so that funds are fully utilised. This assumes special importance in view of the fact that most of the allocation in the Sixth Plan is to be spent on development of six National Highways in North-Eastern region which is scantily served by Railway system and where these National Highways provide the only means of transport and communications with the rest of the country.

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-do-

The Committee note that while the Ministry of Shipping and Transport is responsible for the overall planning, sanctioning of projects and provisioning of funds from the Central budget on National Highways, the actual work of construction and maintenance of national highways has been entrusted to the respective State Governments on an agency basis. The Committee find that several State Governments have represented about the inadequate delegation of power for the execution of works resulting in delayed sanctions and completion of works. The Committee have been informed that Government

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have decided to appoint a High level Committee to review the agency system. However, the Committee are surprised to learn that this high level Committee has not yet started work as the name of the Chairman has not been finalised so far. The Committee would urge upon the Government to finalise the composition and terms of reference of the Committee at an early date. The Committee would also like this high level committee to examine the matter regarding delegation of adequate powers to the State Governments so as to facilitate quick and prompt decisions.

9 1.57 Shipping and Transport  
(Roads Wing)

The Committee are constrained to note the poor performance of the works sanctioned and undertaken in national highways from time to time. Out of 5834 projects sanctioned from Fourth Plan to Sixth Plan, 1539 projects had not been completed till 30 September, 1981. Out of 25 major projects each costing Rs. 2 crores and above only 6 projects had been completed. As many as 5 projects which were sanctioned more than a decade ago are now likely to be completed between January 1982 and September 1985. From another statement furnished by the Ministry, the Committee find that work on 376 projects is in progress for more than 5 years in 21 States. In addition to it, the cases of non-completion and delays in work relating to a number of projects have been pointed out by Audit and dealt with in succeeding paragraphs. Audit has pointed out that the

delay in finalising and approving the designs of the projects by the authorities, acquisition of land, approval of tenders, approval of funds by the Central Government etc. have been responsible for non-completion of projects in time. The Committee need hardly emphasise the need for completion of projects within the target date and estimated cost as any failure to complete the projects within the scheduled time escalates the cost of the projects and also deprive the people from the likely benefits from the projects.

10 2.16 Shipping and Transport (Roads Wing)

The Committee note that a proposal was conceived in 1971 to widen and strengthen the carriage way from mile 554 to 556 of Madras-Calcutta National Highway (NH 5). The tenders for the work were invited in September, 1973 and the contract was awarded at the cost of Rs. 13.10 lakhs in July 1974 i.e., 10 months after the issue of tenders. The work was to be completed by July 1976. Although the site was handed over to the contractor in November, 1974, cross drainage works removal of trees and shifting of electric poles etc., which were to be completed departmentally were let out to piece work contractors only on 31 March, 1975 i.e., after handing over the site to the contractor. It was only by November, 1976 that all the works which were to be done departmentally were completed. In April, 1976 the contractor stopped work on the contention that the site was handed over to him without completing the work to be done departmentally and he was not able to obtain the gravel from the quarry, as the same had been allotted to landless labourers and his request for alternate quarry was not agreed to. The work was entrusted in November, 1977 to another contractor for Rs. 17.66 lakhs



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and an alternate quarry was allotted to him. The work was completed by the second contractor in November, 1980. This resulted in a delay of about three years and also in an avoidable extra expenditure of Rs. 1.35 lakhs.

11 2.17 Shipping and Transport (Roads Wing)

The Committee are unhappy that on account of failure of the State agency, in this case Government of Andhra Pradesh, to take timely action to hand over the site free from all impediments to the contractor as well as to take timely decision to change the quarry, a delay of more than 3 years had occurred in the completion of the work and an extra burden of Rs. 1.35 lakhs on the public exchequer had resulted. The Committee fail to appreciate how the contractor could be expected to complete the work by July, 1976 when the departmental works on the site were completed only in November, 1976. Moreover, the decision not to allot an alternate quarry to the contractor is also beyond comprehension. The plea taken by the Ministry that an alternate quarry could not be allotted to the contractor as the same was not permissible is nothing but indicative of a "penny wise pound foolish" policy particularly when an alternate quarry was subsequently allotted to another contractor. From these facts, the Committee cannot but reach at the conclusion that the whole matter was treated in an unplanned and haphazard manner and there has been scant regard to the need of getting the work completed in time.

12 2.31

-do-

The Committee have come across another case of delay on the part of State agency (viz. Andhra Pradesh PWD) to initiate timely action for completion of work of formation of a bye-pass at Kesarpally on Vijayawada-Visakhapatnam Road (NH-5) within the stipulated time. This work was awarded to a contractor in September, 1972 at his tendered cost of Rs. 9.41 lakhs for completion by September, 1974 before the land required had been acquired by the Andhra Pradesh Revenue Department for handing over to the State Public Works Department. On account of delay of 3 years in acquiring the land, the work was completed in July, 1980 by the same contractor at an extra expenditure of Rs. 14.78 lakhs. After the acquisition of land in February, 1975, the contractor refused to resume the work on the ground that the site was not made over to him within the period of contract. According to legal opinion obtained in December, 1975, the contract did not cover the case of handing over the site after the expiry of initial period of contract. The net result was that the contract was closed in February, 1977 by which time the contractor had completed the work of the value of Rs. 1.44 lakhs only. Thereafter, fresh tenders were invited in February, 1977 for the balance work.

91

13 2.32

-do-

The unusual long time taken by the Department in acquiring the land reveals the casual manner in which the whole project was handled. From the statement furnished by the Ministry, it is noticed that acquisition proceedings were allowed to move at a snail's pace. The Revenue Divisional Officer, Nuzvid took more than six months in scrutinizing the land plans and schedules and

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again he took more than a year in forwarding the same to the Tehsildar, Gannavaram. The Executive Engineer (NH) who had returned the land plans and schedules, after attending to the remarks, to the Revenue Divisional Officer. Nuzvid waited for one full year to remind him to speed up the land acquisition. The Director-General of Road Development admitted during evidence "Personally I consider that this is too long a duration. There was either need for invoking the emergency procedures or streamlining of the procedures in respect of land acquisition." In this connection, the Committee have been informed that the urgency provision of Andhra Pradesh Land Acquisition Act was invoked in 59 cases for taking immediate possession of land. According to Audit, the proceedings for the land acquisition were published in the Gazette in August, 1974, i.e., after a period of two years from the date of awarding the contract. The land was finally acquired in February, 1975 only. The Committee would, therefore, like to know categorically the reasons for not invoking the urgency provision of the Act in this case to speed up acquisition of the land.

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In this connection, the Committee would like to draw attention to the recommendation made in Para 2.14 of their 196th Report (Fifth Lok Sabha) on Farakka Barrage Project where the Committee had stressed the need for initiating proceedings for land acquisition well in advance and for close liaison between the Central authorities and State Governments at all levels in this regard. The Committee

regret to note that although the Government had accepted the recommendation of the Committee, similar delays in land acquisition continue to happen. The Committee hope that at least now Government would ensure that necessary action for land acquisition in such cases is taken well in advance.

15      2.34      -do-

The Committee regret to note that prompt action for the closure of the contract in February, 1975 itself when the contractor had refused to resume the work was not taken and the contract was closed only in February 1977. The Committee feel that the delay of two years in closing the contract and inviting fresh tenders is regrettable and inexcusable. The Committee would like the Government to scrutinise the whole affair with a view to fix responsibility for delays at various stages in land acquisition as well as relating to contract which was awarded to the same contractor at an extra cost of Rs. 14.78 lakhs in February, 1978 and take action against those found responsible.

16      2.35      -do-

The Committee understand that steps to streamline the land acquisition procedure are under consideration of the State Government of Andhra Pradesh. The Committee feel that as delay in land acquisition has been responsible for time over runs and subsequent cost escalation in a number of cases, an early decision in the matter should be taken.

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1	2	3	4
17	17.51	Shipping and Transport (Roads Wing)	<p>The Committee note that work on the project for construction of a by-pass on National Highway No. 47 at Cochin which included construction of five bridges, one railway over-bridge, approaches to the bridges and road formation for a length of 11.5 kilometres was commenced in December, 1972. However, the work has not been completed so far, and the different items of the project are expected to be completed between December, 1982 and June, 1984 only. The Committee are constrained to note that on account of delay in taking decision in time by the Ministry of Shipping and Transport to whom the tenders were forwarded by State PWD, the work has not only been delayed for over 10 years but has also resulted in an extra expenditure to the tune of about Rs. 58.76 lakhs to the exchequer. The Committee deprecate the delay on the part of the Ministry of Shipping and Transport in taking so much time in taking a decision in the matter.</p>
18	18.52	-do-	<p>The Committee recommend that the Ministry of Shipping and Transport should examine this case with a view to analyse the different factors which came in the way of finalisation of tenders in time. On the basis of their findings, suitable guidelines may be issued by Government to the concerned agencies/officials so that such delays do not occur in future.</p>
19	29.66	-do-	<p>The Committee note that the work of widening and strengthening the carriageway to two lanes from kilometre 251.370 to kilometre</p>

254.600 of National Highway No. 47 (vaniampara Trichur section) was awarded to a contractor by the State Public Works Department in November, 1971 before finalising the formation level and vertical alignment of the road. The work was originally targetted to be completed by April, 1973. However, on account of delay in finalising the formation level and vertical alignment of the road, change in side slopes during execution and consequential increase in the quantities of work, the work was considerably delayed and was completed only in April, 1976 at an extra expenditure of Rs. 2.19 lakhs. Part of the work had to be got completed by another contractor. Another lapse on the part of officials of the State Public Works Department in not incorporating in the schedule to the agreement the description of the blasting in hard rock and stacking the materials for measurement resulted in extra payment of Rs. 0.51 lakh to the contractor. This is regrettable.

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20 2.67

-do-

The Committee are surprised to note that work on the project was started without finalisation of the formation level and vertical alignment of the road mainly because the tender of the contractor was 28.7 per cent below the estimated rate. The Committee deplore this tendency on the part of Government agencies to start work on projects without proper investigations and finalisation of details. They would like to point out that in such cases ultimately the cost proves to be much more as is evident from the experience of the present case. The Committee would urge the Ministry of Shipping and Transport and State Agencies to be more careful in future in this regard.

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1	2	3	4
21	2.79	Shipping and Transport (Roads Wing)	<p>The Committee note that this work relating to widening and strengthening of the pavement in National Highway No. 7 between Madurai and Kanyakumari was awarded to a contractor viz., M/s. Nilkanthan &amp; Bros. Construction Pvt. Ltd., Madras in February, 1974 at a cost of Rs. 15.48 lakhs. The work was to be completed within 8 months from the date of handing over of site (i.e. 21 June, 1974). However, the contractor discontinued the work after completing only part of the work with the result that the work had to be entrusted to another contractor for Rs. 24.14 lakhs and the same was completed in June, 1979 only. The Committee further note that the estimate for the work has been revised thrice, the third revised estimate was sanctioned by the Ministry in January, 1980 for Rs. 27.02 lakhs against the original estimate of Rs. 14.61 lakhs. As against this, an expenditure of Rs. 33.72 lakhs had been incurred on the work up to April, 1980. Thus there has been a cost escalation of more than 100 per cent. Moreover, the work which was to be completed in 8 months time actually took about 5 years.</p>
22	2.80	-do-	<p>The Committee cannot but express their dissatisfaction at this state of affairs. They are further constrained to observe that in</p>

some other case also, e.g. construction of a road bridge over Pamban, they have noted the tendency on the part of contractors to back out of the agreements after completing only part of work with the result that not only the work is delayed but it also results in avoidable extra expenditure. The Committee, therefore, recommend that the antecedents and past performance of the contractors should be thoroughly checked before awarding contracts relating to such important works. The Committee feel that in view of this growing tendency of the contractors to back out of contracts, it would be more prudent to undertake departmentally as many works as possible.

23 2.81 -do-

The Committee note that a sum of Rs. 7.57 lakhs is due from M/s. Nilakanthan & Bros. Construction Pvt. Ltd. Madras. The Committee recommend that speedy action may be taken by Government to recover the amount from the contractor and the details of recovery intimated to the Committee early.

24 2.135 do-

The Committee note that the proposal for the construction of a high level road bridge across the Pamban Strait on WH 49 connecting Mandappam on the main land with Pamban on the Island of Rameshwaram at a cost of Rs. 1 crore was initially proposed in 1956 for inclusion in Second Plan. However, due to paucity of funds the project was not included in the Second and Third Plans. It was only in March, 1972 (Fourth Plan) that the work was sanctioned at an estimated cost of Rs. 546.78 lakhs. The work was allotted to the contractor only in November 1974 i.e. after a delay



of 2½ years. The work was to be completed in all respects within 4 years. The progress of work by the contractor M/s. Nilakanthan and Brothers Construction Private Ltd., Madras was very slow and he had to be given seven extensions and in July 1979 the work was stopped by the contractor. The result is that the work is still incomplete in spite of incurring an expenditure of Rs. 456.87 lakhs. In the meantime, the contractor has gone to the court and obtained a stay order and there is no likelihood of the work being resumed in near future. The result has been that not only the people of the areas have been deprived of the benefits of the bridge all these years, but the reinforcements in the incomplete structure are also endangered being exposed to corrosive elements.

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2.136

Shipping and Transport (Roads Wing)

From the above facts, the Committee cannot but conclude that this is a clear case of utter negligence on the part of officers concerned in total disregard of norms of public expenditure. There has been delay in the project at every stage, approval of the project, acceptance of tenders, approval in designs and actual execution and now it is not clear when the project which was conceived as early as in 1956 would be actually completed. The Committee are distressed at this glaring instance of delays in the execution of a project resulting in not only escalation of the project cost which has already increased from an estimated amount of Rs. 1 crore in

1956 to more than Rs. 8 crores by 1973, but also depriving the people of benefit of the project.

26 2.137

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The Committee note that although there was a tie up provision in the contract that the contractor will execute a fixed proportion of work in navigational and non-navigational portion, the contractor did a much more higher proportion of non-navigational work which is easier and showed very little progress in navigational work as is clear from the fact that the value of work done on the navigation portion was only Rs. 13.23 lakhs as against Rs. 208.11 lakhs in non-navigational portion. Still the bills prepared by the contractor for the work done were paid in total disregard of the tie-up provision which resulted in an undue benefit to the contractor. Even the Director General (Road Development) has admitted in evidence before the Committee "There is no doubt that tie-up clause could and should have been enforced... We will ask State Government to take action against those responsible for this." Moreover, although the contractor did not possess even the necessary sophisticated instruments required for fixing the alignments, as is evident from the letter dated 4-9-1975 from the Chief Engineer, Tamil Nadu to the contractor, no corrective action was taken in this regard. Further an amount of Rs. 6 lakhs was specifically given to the contractor to get his equipment insured, but the contractor did not get this equipment insured and now the contractor has preferred a claim for the loss to the equipment suffered in a cyclone. The contractor was also paid varying advances—machinery advance, cash advance etc. and although the contractor failed

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to utilise this advance as per the terms for the same, no steps were taken to encash the bank guarantee.

27 2.138 Shipping and Transport (Roads Wing)

From the above facts, the Committee cannot but reach at the conclusion that there was disregard of all norms of financial propriety and violation of financial rules at various stages on the part of the executing agency. In view of this, the possibility of some officials concerned with the work being in collusion with the contractor cannot be ruled out. The Committee fel that this is a fit case to be referred for investigation by CBI who should go into the entire case and bring out the facts to fix responsibility.

28 2.139

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The Committee would like to point out that the Ministry of Shipping and Transport is also to be blamed for this state of affairs as they have failed to monitor and supervise the progress in implementation of the project. The Committee recommend that the proposed enquiry should also cover the role played by the officials of the National Highways Wing of the Ministry of Shipping & Transport and the extent of failure on their part.

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