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HARYANA VIDHAN SABHA
COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2015)
(THIRTEENTH VIDHAN SABHA)
SIXTY FIRST REPORT
ON THE
REPORT
OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
FOR THE YEAR 2010-2011
(COMMERCIAL)



(Presented to the House on March, 2015)

HARYANA VIDHAN SABHA SECRETARIAT, CHANDIGARH
MARCH, 2015

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**COMPOSITION
OF
THE COMMITTEE ON PUBLIC UNDERTAKINGS
(2014-2015)
(Constituted on 3rd May, 2014 for the year 2014-2015
till the dissolution of the Assembly)**

CHAIRPERSON

1. Shri Anand Singh Dangr

MEMBERS

2. Shri Anil Dhantori, MLA
3. Shri Devender Kumar Bansal, MLA
4. Shri Naresh Sharma, MLA
5. Shri Anand Kaushik, MLA
6. Shri Ashok Kashyap, MLA
7. Shri Narender Sangwan, MLA
8. Shri Hari Chand Middha, MLA
9. Smt. Kavita Jain, MLA

**(Constituted on 25th November, 2014 for the
remaining period of the year 2014-2015)**

CHAIRPERSON

1. Smt Santosh Yadav, MLA

MEMBERS

2. Shri Hari Chand Middha, MLA
3. Shri Ranbir Gangwa, MLA
4. Smt Prem Lata, MLA
5. Shri Shyam Singh Rana, MLA
6. Shri Gian Chand Gupta, MLA
7. Shri Naresh Kaushik, MLA
8. Shri Lalit Nagar, MLA
9. Shri Jasbir Deswal, MLA

SECRETARIAT

1. Shri R K Nandal, Secretary
2. Shri Vijay Kumar Kakkar, Deputy Secretary

INTRODUCTION

I, the Chairperson of the Committee on Public Undertakings, having been authorized by the Committee in this behalf present this Sixty First Report of the Committee on the Report of the Comptroller and Auditor General of India for the year 2010-2011 concerning Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited and Haryana State Roads and Bridges Development Corporation Limited

The Committee for the year 2014-2015 undertook the unfinished work of the previous Committee and also orally examined the representatives of the Government/Public Sector Undertakings /Boards where necessary. A brief record of the proceedings of the various meetings has been kept in the Haryana Vidhan Sabha Secretariat

The Committee are thankful to the Principal Accountant General (Audit), Haryana and her staff for their valuable assistance and guidance during its deliberations. The Committee are thankful to the Principal Secretary to Government, Haryana, Finance Department including his representatives and representatives of the Departments/ Corporations/Boards concerned who appeared before the Committee from time to time. The Committee are also thankful to the Principal Secretary, Deputy Secretary, the dealing officer and the staff of the Haryana Vidhan Sabha Secretariat for the whole hearted co-operation and unstinted assistance given in preparing this report.

Chandigarh
The 9th March, 2015

SANTOSH YADAV
CHAIRPERSON

REPORT
REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA FOR THE YEAR 2010-2011
(COMMERCIAL)

Performance audit of Power Distribution Utilities viz
Uttar Haryana Bijli Vitran Nigam Limited and
Dakshin Haryana Bijli Vitran Nigam Limited
(Review)

The Committee scrutinized the replies received from the Power Department in respect of the Audit Para No's 2 1 33 to 2 1 60 and discussed the same with the departmental representatives in its various meetings. After discussion with the representatives some of the paras where the committee was satisfied were dropped by the Committee and with regard to some paras of the Power Department and Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited, the Committee made its recommendations/observations as under -

UHBVNL

1. 2.1.34 Unfruitful expenditure on HVDS in Nuna Majra village.

The Company implemented (October 2009) HVDS in Nuna Majra village under sub division Bahadurgarh at a cost of Rs 3 61 crore, by, installing 245 DTs of 16 KVAs and 7 DTs of 25 KVA (total, capacity 4,095, KV A) against previously installed one DT of 200 KV A, six DTs of 100 KVA and two DTs of 25 KV A (total capacity 850 KV A) However, the benefits of the scheme in the shape of reduced losses could not be availed as the operation wing could neither relocate the consumer meters outside the premises of consumers nor could replace, the sluggish electro mechanical meters with electronic meters due to resistance from consumers, Energy losses even after introduction of HVDS were above 70 per cent Thus investment of Rs,3,61 crore was rendered unfruitful

In reply, UHBVNL stated (September 2011) that the project had not succeeded because the Company did not want to aggravate the law and order situation due to consumers agitation, Reply is not convincing because the work relating to replacement/relocation of meters should have been completed before incurring heavy expenditure on HVDS

The department in its written reply stated as under:-

HVDS of Nuna Majra was' conducted as a Plot Project to evaluate the effectiveness of HVDS works in the rural sector, to provide uninterrupted power supply and generation of substantial revenue for the Nigam

The reduced in AT&C losses could not match the expectations of the Nigam as the area of village Nuna Majra was of complex nature i e very narrow streets hostile consumes etc

The shifting of Energy Meters from inside the Houses to outside walls of their houses could not be effected as there was unexpected & instant public anger against said action of the Nigam's operation staff as such the reduction in losses could not be quantified

However, Nigam is able to make savings on account of drastic reduction (s) in the following activities -

- 1 Damage of DT's has reduce substantially as the LT lines & DTs are not overloaded & new investments system improvement for along period are not required
- 2 Savings on accounts of "Full load losses" of DT's, as the DT's are loaded to a maximum of 50% to 60% of their KVA ratings even during peak-load hours
- 3 It is also apprehended that more and more new consumers will emerge, as lot 'of civil construction activity is going on in the village which would generate more revenue within the same installed electrical infrastructure

The above said measures may result into an increase in the pay - back period, but the benefits would definitely arise. Efforts are also being made by the field staff to persuade consumers through special public-awareness campaigns to pay bills & for shifting/ replacement of Energy Meters outside their residences as the existing consumers are appreciating the quality of electric supply

The Committee would like the department to send the information to the Committee regarding transmission losses before and after the experiment conducted on HVDS in Nuna Majra Village.

2. 2.1.38 Idle works

The Company awarded (January 2008 to August 2009) eight work orders in Hisar, Sirsa, Narnaul, Faridabad and Gurgaon operation circles for providing HVDS on urban and rural feeders at a total cost of 394.36 crore. Out of these, only one work had been completed (March 2009) at a cost of 204 crore and was lying unused for want of connectivity. Further another work on which 29.25 crore was incurred (March 2009) was held up for want of clearance from National Highway Authority of India. The remaining six works were still incomplete (March, 2011)

The department in its written reply stated as under:-

The work for providing HVDS system under DHBVN was awarded to the various turnkey firms in phase manner. Initially due to some unavoidable reasons the work of providing HVDS was allotted without LT connectivity and meter relocation against TED-40, & TED- 78. However, in the second phase the work of providing HVDS was allotted in 'full manner including meter' relocation and

LT connectivity but without provision of meters against tender enquiry no TED-99 & TED-101/Pkg-A,B & C, After that work of the work of providing HVDS was also allotted against TED-103 & TED-104 in full manner including meter relocation and LT connectivity The tender wise detail of HVDS works is discussed below -

- 1 Initially the work of providing HVDS (without L T connectivity and meter relocation) in 503 nos villages under Sirsa, Hisar, Narnaul & Gurgaon circle was awarded to M/S Nagarjuna Construction Co, Hyderabad vide LOA dated 28.11.07 against TED-40 and the work for providing HVDS on 7 nos high loss urban feeders under Hisar circle was awarded to MIS NKG vide LOA dated 22.07.08 against TED-78 to the tune of 233 crores & 33.51 crores respectively As per the instruction no 18/2006/PD&C the schemes were prepared by the field offices which included composite HVDS / LVDS structure. As per the instruction. no 14/2006/PD&C and 21/PD&C/2006 the work of meter relocation was to be executed by the field offices and as per the instruction no 29/P&D/2006 , 28/2007/P&D the LT / LVDS work with LT AB cable was also to be carried out by field offices. Because of provision of LTAB cable in the scheme, no provision was made of HT AB Cable So, against the tender enquiry no, TED-40 & TED-78 the Bill of Material for providing HVDS only (with ACSR) was prepared and NIT was floated and the work of LT connectivity and meter relocation was not covered in the scope of tender enquiry TED-40 and TED-78. Later on the LVDS work was dispensed with by the Nigam Vide Instruction No 42/P&D/2007 and only HVDS work was allowed to be carried out. But by that time the work was already awarded to firms Since the Nigam had dispensed away With the LVDS only after the award of work by SHPPC, it was felt to increase the scope of the work being executed by M/S NCC to cover the complete village for HVDS where the LVD was to be done earlier, Accordingly the firm was asked Vide CE/P&D office memo no Ch-101 PED-40 dated, 09.05.2008 to conduct the foot survey again The revised foot survey was put to the WTDs wherein it was decided that the firm shall be asked to execute the work as per the original scope of work decision conveyed to the firm vide CE/P&D office memo no Ch-154/PED-40 dated 16.10.2008. The firm again conducted the foot survey and completed the work as per original scope of NIT i.e. TED-40 The works against both the tender enquiries stands completed as per the original scope of NIT

Against the tender enquiry no, TED-40, the work of LT connectivity/LVDS has already been completed in Sirsa circle except Dabwali division. However, tender for connectivity in

other three circle i.e., Hisar, Narnaul & Gurgaon, tender of amounting to Rs 103.50 crores was floated and opened but processing of these tenders was stopped by the Management on dated on account of various instructions/directions received not to go further till impact Study on the completed feeders including connectivity is made out. However, the work of LT connectivity against the tender enquiry no TED-78, was not been taken in the above fresh/floated tender and shall be taken up separately in accordance with the direction of State Govt on the impact study. The tender for the impact study of HVDS work has been floated vide tender enquiry no TED-147 and part-II has also been opened on 13.01.2012. The tender is in process and the case for allotment of work already stands submitted to WTD for allotting the same and the same shall be allotted shortly.

2. Further, the work of providing HVDS on 10 nos. high losses rural feeder and Bhandwari village in Gurgaon circle against tender enquiry no TED-99 (Total 74 villages to the tune 29.50 crores) was awarded to M/S NKG Vide LOA dated 19.05.2009 and the work for providing HVDS in (131+59+79=269 villages) against TED-101/Pkg-A, B&C respectively covered under NCR scheme of Rewari District under Narnaul Circle on turnkey basis was awarded to M/S UB Engg. M/S Vaishno & M/S New India respectively vide LOA dated 02.06.2009. As per the scope of work complete HVDS work along with LT connectivity was allotted but the provision of energy meter was not included in the bill of material because the procurement of 3.5 lacs energy meter was in process with the MM wing & it was decided that the energy meters shall be supplied & shifted by the Nigam but the NIT of MM wing was not matured due to some reasons.

However, after allotment of the works, the foot surveys were carried out by the contractors against the above tender enquiries, to ascertain the exact route and exact requirement of material and as per foot survey some items were beyond +/- 25 % variation limit. Accordingly case for approval of quantity variation was put up before the BOD. BOD in its meeting held on dated 18.06.2010 had not considered and it was decided that the work which had already been started or taken in hand only be completed and no fresh village be taken up, due to that the villages against the above tender enquiries were reduced from 74 to 63 nos. and 269 to 212 nos. respectively.

Further during execution of work, the issue regarding the supply of energy meters for relocation was not included in the bill of material was discussed and it was decided by the WTDs in its meeting held on dated 20.05.2010 that "the maximum of 6 meter per T/F, 4CX25 sq. mm. armoured cable

may be procured by the SE/Const concerned through DGS&D rates or by calling short tender and the material be utilized for completing the HVDS work and the existing consumers may be relocated outside as is where basis as the Nigam does not have meters at this point of time & these meters be checked & replaced subsequently if need be so as to save on likely theft due to removal of bare conductor in the villages & also by doing this our installed HVDS lines will become operational"

As per scope of work, the work of HT network in all the villages where work taken up in hand i.e. 275 nos. villages have already completed against the above tender enquires. The work of LT connectivity and shifting of meters as is where basis is in progress and the work in 186 villages out of 275 villages have already been completed in full manner i.e. including LT connectivity and meter relocation and the balance will be completed in next three months

- 3 The work of providing HVDS on 10 nos. high loss feeders under Hisar (22 villages) & Faridabad Circle (31 villages) to the tune of 11.86 crores 16.09 crores against TED-103 & TED-104 respectively, was allotted to M/S Capital Power Infrastructures Pvt. Ltd., Noida vide LOA dated 02.06.2009 & 09.07.2009, in full manner including meter relocation and LT connectivity. But the scope of work of both the tender was reduced from 22 & 31 villages to 21 & 24 due to quantity of variation, as the quantity of variation was not allowed and it was decided by the BOD in its meeting held on dated 18.06.2010 that the work which had already been started or taken in hand only be completed and no fresh village be taken up. Out of 21 nos. villages work in 14 nos. villages under Hisar circle and out of 24 nos. village's work in 22 nos. under Faridabad circle has already been completed in full manner including dismantlement of LT bare conductor and the work in balance villages is pending due to dispute/resentment of villages, however, the balance likely to be completed in next three months

Keeping in view of the above, it is submitted that the concept of HVDS was new at the time of floating of tender TED-40 & 78. As the work under the tender enquiry TED-40 was still in progress, therefore the effectiveness study could not be done at that time. Further in order to achieve the intended benefits of HVDS like line loss reduction, no power theft etc, as evident from the feedback received from various other states where HVDS has been successfully executed, the work of HVDS shall have to be continued till the withdrawal of policy by Nigam and accordingly the tenders for other works was allotted. However, practical difficulties such as LT connectivity/LVDS

experienced during the execution of TED-40 were removed and the aspect of HT AB Cable (in lieu of LVDS) was introduced in subsequent tenders. However, the work of LT connectivity LVDS has already been completed in Sirsa circle except Dabwali division and the HT infrastructure erected by the firm against the tender enquiry TED-40 has been connected with the existing LT system and the material is in proper utilization in line with the system strengthening and load growth and nothing is idle.

However, the other HVDS work which was allotted after tender enquiry no. TED-40 & TED-78 was in complete manner and the erected system is in proper use. It is also intimated that the above issues were also deliberated by Board of Directors in its various meetings and the above justification was agreed and accepted by BOD. In view of above facts, it is submitted that there is no irregularity on the part of Nigam in allotting the HVDS works against the above tender enquiries.

During the course of oral examination it was informed that the infrastructure installed with the amount in question is being utilised and the same has not gone waste. The Committee observed that it is to be seen whether this infrastructure is being utilised or not. Therefore, the Committee desired that this para may be kept pending.

3. 2.1.42 Non levy of cross subsidy surcharge on open access consumers

HERC Regulations 2008, governing (terms & conditions for determination of wheeling tariff and distribution & retail supply tariff), provide that cross subsidy surcharge shall be payable by all inter-state open access consumers.

HERC in its notification (May 2005) allowed the consumers to bring power through open access. Accordingly, consumers having one MW or above Contract Demand (CD) were allowed by the DHBVNL to bring power through open access from within/outside State from January 2008. However, State Government decided 'from time to time not to levy any surcharge keeping in view the power scenario and to promote open access. We observed that in operation circles Hisar and Gurgaon three consumers availed open access facility during October 2009 to November 2010 and due to non levy of cross subsidy surcharge as per HERC's orders, the DHBVNL suffered a loss of 27.77 crore. As the financial interest of the DISCOMs was not safeguarded, the matter was again reviewed and the State Government decided (November 2010) to levy cross subsidy surcharge. Since DHBVNL was already sustaining losses, decision of non levy of cross subsidy was injudicious.

In reply, DHBVNL stated (August 2011) that State Government has been requested to pay the losses sustained on waiver of cross subsidy surcharge. Final outcome is awaited (September 2011).

The department in its written reply stated as under:—

As per HVPN notification No 30/ISB-354-0a Dated 27 02 2009 the cross subsidy surcharge has been declared surcharge Holiday during FY-2009-2010 AND UPTO 31.11 2011 Accordingly Nigam has sustained loss due to non- levy of cross subsidy surcharge to the tune of Rs, 29 67 Crores. The details as under:-

Month	Total Units	Cross subsidy Rate (2009-10)	Total Cross Subsidy amount
Oct- 09	4641452 4	0.72	0.33
Nov-09	19415959	0 72	1.40
Dec-09	21342800	0 72	1.54
Jan- 10	24121271	0 72	1.74
Feb- 10	23753497	0 72	1.71
Mar-10	14968293	0 72	1 08
Apr-10	4426734.5	0 72	0.32
May-10	24592549	0 72	1 77
June-10	27926052	0 72	2 01
July-10	30553397	0 72	2.20
Aug-10	37340605	0 72	2.69
Sep-10	58501040	0 72	4.21
Oct-10	60549759	0 72	4.36
Nov-10	60004970	0 72	4.32
Total	412138378 9	0 72	29 67

The above revenue loss will be compensated by the Government of Haryana

The request for the subsidy on this account to the tune of Rs. 29 67 crores is being incorporated in the ARR FY 2013-14 to be filed in Nov-2012. Hence para may be dropped

The Committee would like to know the number of consumers who got the benefit of cross subsidy surcharge.

4. 2.1.56 Remote monitoring and control of rural agricultural pump sets

Power supply to AP consumers is supplied with 3 phase power from DTs as per predetermined time from sub station It was observed by the DHBVNL that irrigation load was being used during single phase hours by

using converters, thereby harming transformers as well as contributing towards increase in losses. To control the AP supply it was decided (August 2007) to provide Remote Load Management System (RLMS)

Accordingly, DHBVNL entered (October 2007) into a contract for supply of material for RLMS with M/s Zoom Developers Limited New Delhi on turnkey basis at a cost of 10.02 crore for 540 units. The work was to be completed within six months from the date of award.

We observed that a sum of 4.80 crore had been incurred and the work was still incomplete (March 2011) even after a lapse of three years.

The department in its written reply stated as under:—

Out of contractual supply and installation of 540 No. units, 344 units were installed by the firm upto June, 2009 and the same were found to be working properly. In this context, it is intimated that due to segregation of rural feeders into rural domestic and AP feeders, the units installed on AP feeders required relocation. Accordingly a committee was constituted by worthy Director/Projects, DHBVNL vide office order no. 3/DIR/PROJ dated 11.06.2010 for examining the implementation of works related to RLMS and to give valuable suggestions and recommendation for optimum utilization of the units. The committee in its report has recommended that the best/optimum utilization of these RLMS units will be to install on the transformers of mixed urban feeders and also with the covering of the LT side bushing of transformers with heat shrinkable Right Angle Boot where the load to the Tubewell/Industrial load is being fed in addition to DS and NDS load so that the L T Side of the transformer is inaccessible to the consumer. It will be easy to enforce PRM on the agriculture and industrial consumers with the use of these RLMS Units.

In view of above recommendation, revised locations were sought from field offices. The same has been collected and intimated to the firm, for relocation of earlier installed RLMS units wherever required. 57 Units have been relocated. The firm is not forthcoming in relocating the remaining units. Notice of default has been issued to the firm.

The Committee observed that there was a lack of planning and there was considerable delay in the completion of the project/units. The Committee would like to know whether these units were re-utilised or not; If so, the number of such units be intimated to the Committee. The Committee would also like to know the reasons for considerable delay in the completion of project/units within a period of one month.

HARYANA STATE ROADS AND BRIDGES DEVELOPMENT CORPORATION LIMITED

(Review)

The Committee scrutinized the replies received from the Haryana State Roads and Bridges Development Corporation Limited Department in respect of the Audit Para No's 2.2.1 to 2.2.36 and discussed the same with the departmental representatives in its various meetings. After discussion with the representatives some of the paras where the committee was satisfied were dropped by the Committee and with regard to some paras of the Haryana State Roads and Bridges Development Corporation Limited, the Committee made its recommendations/observations as under:-

5. 2.2.10 Financial management

The State Government decided (July 2005) that the Company would do the financial management of funds deposited with the Company-by various State Government department on the pattern of Pardhan Mantri Gramin Sadak Yojana (PMGSY). The funds are released the Company to PWD (B&R) Department as per their demand for execution of works. The terms of the PMGSY, inter-alia, stipulated that the interest earned on the scheme funds would be part of the fund and credited to the same account. The Company was required to render full account of the funds to the concerned department. Besides, the Company also received fund from the State Government to meet the shortfall in repayment of loans from HUDCO and for deposit works. It also managed the funds received under PMGSY (up to 2007-08). Surplus funds were invested in fixed deposits (FDs) with the banks as per investment policy (June 1997) of the state Government.

The inflow and outflow of funds managed by the Company broadly during 2006-07 to 2010-11 were as under

(Rs. in Crore)

Sr No	Particulars	Inflow	Outflow
1	Funds received from Government departments for management	1,148.66	1,070.87
2	Toll collection	240.30	—
3	Balance loan drawl and contribution from State Government for repayment of loans of HUDCO	234.45	334.11
4	Funds received for execution of deposit/ NCR works	1,634.27	1,657.14
5	PMGSY	416.64	428.79
	Total	3,674.32	3,490.91

We observed the following deficiencies in financial management:

- The Company kept these funds in various banks as FDs and earned interest of Rs. 75.4 Crore during 2006-07 to 2010-11 and treated the same as its own income instead of crediting it to the project funds as it was accretion to the funds of the concerned department. The Company did not render full account to the concerned department.
- The State Government has not issued any specific instructions with respect to management of its funds. The Company also did not prepare any scheme/policy for managing funds.
- The instructions of the State Government of July 2005 were not in line with the spirit of the Rule 2.10 and 2.14 of Punjab Financial Rules, also applicable to Haryana, which provide that no funds should be kept out of the Government account. Belatedly, the State Government has directed (March 2011) the Fund Management Companies for payment of interest at six per cent per annum to the department concerned computed on half-yearly basis on such funds till the actual utilization of the fund.
- The Company paid Rs. 3.32 Crore (May 2007) on non-eligible works under PMGSY. Further the funds received in PMGSY were invested in FDs till their release to the PWD (B&R). We observed that the Company did not intimate the bank about the status of these funds as it belonged to Government of India scheme and income tax was not deductible therefrom. Resultantly, the banks deducted Rs. 1.52 Crore as tax at source from the interest earned during 2001 to 2007 and it was avoidable. This resulted in diversion as well as reduction in scheme funds. While admitting the facts, that such interest was taken as income, the Management stated (September 2011) that on being pointed out by audit, the matter was under consideration for keeping deposit funds separately and crediting the interest to the concerned department. Further the Management stated that the expenditure was incurred from PMGSY funds as per approval of competent authority. The reply was not convincing as the expenditure made from was in respect of ineligible items.

The department in its written reply stated as under:—

It is stated that no instruction regarding depositing of funds on the pattern of Pradhan Mantri Gramin Sadak Yojna (PMGSY) was received in the corporation.

The Board of Directors decided in its meetings held on 30.09.10 that 1 % interest should be paid to the client department w e f.

2009-10 onward Later on The Financial Commissioner, and Principal Secretary to Government of Haryana, finance department vide its UO no 28/43/2010-11 B&R Dated 09.03.2011 conveyed the decision of the Government that all such Boards/Corporations/Societies to whom various departments provide funds for works/purchases will pay an interest @ 6% per annum to such departments on half yearly basis till the funds are actually utilized by them After that a meeting was held with The Financial Commissioner, Finance Department on 06 09 2011 and it was decided that the corporation may open a separate auto sweep/flexi accounts in bank for each depositor and will pay the actual interest earned on these such deposit to such Government department on annual basis This was approved by the Hon'ble Chief Minister Haryana Accordingly the separate accounts of various departments have been opened.

Corporation was operated as nodal agency for execution of PMGSY in the state of Haryana, that the Corporation is only a conduit for the funds. Regarding expenditure of 3 32 Crore the Corporation has released the funds as per the advice of competent authority of PMGSY (copy at Annexure-I)

So far as PMGSY funds are concerned, any interest earned on deposits of PMGSY Scheme were capitalized to the PMGSY scheme Such interest capitalized includes TDS amount also In other words benefit of full interest including TDS has been given to the PMGSY scheme PMGSY scheme is being governed by HA RRIDA now and not by HSRDC. There was no TDS exemption certificate with the PMGSY from 2001 -2007 so it was mandatory for banks to deduct tax on interest PMGSY scheme is being governed by HARRIDA now and not by HSRDC. Thus the Para may be dropped

The Committee would like to know the details of TDS deduction of Rs. 3.32 crore.

6 2.2.17 Incorrect preparation of Detailed Project Reports (DPRs)

We noticed that the DPRs were not prepared by the consultants keeping ill view the actual site conditions, scope of work etc, which, Inter-alia, resulted in time and cost over-run

The table below indicates the deviations involved in execution of works in respect of selected works

(Rs in crore)

Sr No	Name of work	Original Agreement cost	Revised cost	Escalation	Percentage of escalation	Reasons of escalation
1	Gurgaon-Nuh Alwar Road	338 06	373 78	35 72	10 57	Service lane and drain not provided in original DPR
2	Hodal Nuh Pataudi Patauda Road	239 80	254 51	14 71	6.13	Change in scope of work and Bill of Quantity (BOQ)

We noticed following deficiencies in preparation of DPRs which resulted in increase in projects cost due to cost overrun and higher service charges to the Company by the client department

- The service lane and drain were not provided in the DPR of Gurgaon-Nuh- Alwar road. During execution of the work, it came to notice that service lane was essential in certain stretches but the Company did not revise the estimates to accommodate the revised requirement. The Company, however, had taken up the work of service lane and additional drain separately at an estimated cost of Rs 35 72 Crore (including, additional drain at an estimated cost of Rs 11 87 Crore). This represents planning failure as though the necessity of the same was felt during execution of main work, the Company did not consider to add the service lane with the main work so that the original drain would be adjusted for service lane also. Thus, cost of additional drain (Rs. 11 87 Crore) could have been avoided. We noticed that the Company finally decided (December 2010) to drain out the rain water of service lane in the original drain and additional drain would not be put to use. However, the Company did not stop (August 2011) the construction of additional drain and had spent Rs. 3 37 Crore so far (August 2011).
- For Hodal-Nuh-Pataudi road (contract price Rs 239.80 Crore) the DPR was defective as elements of excavation in hard rocks, reconstruction length, coating of road, excess width of hill-area etc., were not envisaged as per site conditions. This led to subsequent changes. The consultant submitted (February 2011) revised estimate of Rs 254 51 Crore for this project. The net cost over-run due to variations was Rs 14.71 Crore (Rs. 55 64 Crore excess and Rs. 40 93 Crore saving). The excess expenditure was, inter-alia, due to change in scope of work, escalation and supervision charges. The savings were on account of not taking up some BOQ items originally provided in DPR. Thus, preparation, of DPR without considering actual site conditions resulted in cost overrun of Rs. 14 71 Crore besides time over-run of 11 months.

The department in its written reply stated as under:—

The Company cannot revise the estimate of ongoing Gurgaon-Alwar road as the same stands approved by NCR (PB). To facilitate the movement of local traffic in townships and to cater the need of disposal of storm water coming from Streets, a separate DPR for construction of service lane and side drain both service road and prosperity lane was prepared. The same was got approved from NCR (PB). The work was taken in hand accordingly. Although the rain water on service shall be drained out to original drain constructed between main road and service road. The Side drain now being constructed which has to cater to the need of storm water from streets and have been constructed wherever required as per site condition like in Badshahpur, Sohna, Nuh and Badkali Chowk and it cannot be said that it is not to be put to use. It is specifically mentioned that these drains were purely constructed for the disposal of water coming out from Streets of township. Otherwise- the street water would have damaged the service road. Thus no waste full expenditure has been incurred on this project. Hence, in view of position explained above, para may kindly be dropped.

In this regard it is submitted that the DPR of the work was prepared on the basis of existing site conditions at the time of preparation of DPR which is done well in advance of tender process. In this case, the DPR was prepared during the year 2007 and the work was taken in hand in almost at the end of 2008. As soon as the work started after sufficient period from preparation of DPR, certain changes at site become inevitable keeping in view the practical difficulties, change of site conditions observations made during intervening rainy seasons and additional demands of inhabitants of the area. No undue delay was made in taking the decision, though processing of the case and arranging approval of the competent authority does take a little time.

The increase in amount is mainly due to following .—

Due to increase in quantity of hard rock. In the DPR both sides widening was proposed where as velly side widening was not possible, so only hill side widening increased the quantity.

Increase in quantity of granular sub baser- It is due to reconstruction in more length in place of widening. Due to site conditions, the changes needed to be carried out. Increase in quantity of wet mix macadam - It is also due to reconstruction in more length in place of widening.

Providing and lying tack coat on bituminous surface.

In the DPR only coat was there, whereas as per road condition quantity of tack coat for 2 layers was required i.e. first on existing surface & 2nd on DBM layer Increase in quantity of bituminous macadam This is due to excess length of damaged roads.

Increase in quantity of bituminous concrete - It is due to excess width of hill area as per revised plan

Increase in quantity of HYSD bars - It is due to finalization of drawing of minor bridges after making DPRs

As also stated above, the variation in the items of work included in the awarded contract were made as per site condition & were duly sanctioned by the competent authority as under

Variation order No	Sanctioned vide M.D/E.D letter No Letter No	No Date
1	3995	02 07 09
4	3620	02.06.10
6	7465	21.09 10
7	7780	05.10 10
9	7779	05 10 10

Some variation order were sanctioned by the Team Leader Supervision Consultant under the authority of M D, HSRDC, Panchkula letter dated 11.11.2009. However the action to get the additional items executed and non execution of the items not required at site was taken strictly as per site condition, on the recommendation of the Engineer and sanctioned by the competent authority as per provision of the contract agreement. In fact these changes were the result of site requirement and cannot be termed as poor planning. In the Engineering matters the treatment to a problem of existing road depends upon perception of Engineer in charge There are different solutions available to a problem and which are dependent upon time constraints/ cost constraints and various other factors There is every possibility that planning made at the time of preparation of DPR is changed at the time of execution. Accordingly, the changes made were in view of the Engineering requirements and in the best interest of stability of the pavement.

It is however brought out that till today the expenditure on this project is within the agreement amount and the cost of revised estimate (Rs 254 51 crore) is also tentative and the exact cost can be arrived at after its checking and sanction.

During the course of oral examination, the Committee observed that there was defective planning which resulted into huge loss to the Govt. The Committee discussed all the five works in detail and after discussion decided to drop the works relating to roads in Rewari, Sampla Jhajjar Road and Jhajjar Dadri Road. However, the Committee was not at all satisfied with the reasons explained by the departmental representatives for the escalation in cost for Gurgaon-Nuh Alwar Road and Hodal Nuh Pataudi Patauda Road. Therefore, the Committee desired that all the details of these two works may be supplied to the Committee within the period of one month.

7 2.2.20 Time over-run and cost over-run

Out of total 25 road works valuing Rs 1,854.58 Crore undertaken during 2007-08 to 2010-11 as detailed in Annexure 13, no work was completed in time. Five road works valuing Rs. 312.46 Crore were completed with delay ranging from 10 to 16 months. Out of five completed works, cost over-run was Rs. 12.02 Crore in two works. Fourteen ongoing works valuing Rs. 1,249.48 Crore were behind scheduled date of completion by 5 to 15 months as at the end of 31 March 2011. Scheduled dates of completion of balance six works were not due as on 31 March 2011. Similarly, out of six Road over Bridges (ROBs) valuing Rs 151.79 Crore, as detailed in Annexure 14, only four works valuing Rs. 111.07 Crore (project cost) were completed with delays ranging from 21 to 37 months. Remaining two ROBs were behind scheduled date of completion by ten months each (31 March 2011). The Company has not analyzed the reasons for delay in completion of works.

However, we analysed the reasons for delays as under

- Poor planning in deployment of manpower and machinery on the work sites by the contractors besides financial crunch (cases at Serial No. 1 to 4, 8 to 11, 15 to 17 of Annexure 13);
- Delay in shifting of utilities and non-providing of hindrance free sites to the contractors (cases at serial No.1 to 4, 8, 10 and 11 of Annexure 13),
- Inadequate supervisory staff by the contractors (cases at serial No 8, 9, 15 to 17 of Annexure 13);
- Change in DPRs, as the same were not as per site conditions (cases at serial No 1 to 4 and 8 of Annexure 13), and
- Inadequate and temporary manpower.

The delay in completion of works resulted in corresponding delay in providing smooth traffic to the public as envisaged.

During exit conference, the FC&PS stated that the delay was mainly due to taking clearance from Forest Department for cutting of trees and shifting of lines by power utilities. The fact, however, remained that the

Company did not pursue the matter effectively with concerned departments for early clearance/shifting

The department in its written reply stated as under:-

Regarding cost-overflow, it is submitted that the detail of cost over run has not been supplied by audit party. However it is worth submitting that there may be cost over run in some of individual projects sanctioned by NCR-PB but there is no likely hood of cost over run in overall road projects of NCRPB. This looks so because of one more reasons also that few smaller projects of NCRPB have been clubbed together to form one bigger size agreement and sometimes there is wrong booking between various projects of a particular agreement. In respect of ROBs there may be cost overrun since the estimates are quite old The revised estimates in such cases are under process for approval

It is also a fact that completion of 9 ROBs have also been delayed. It is clarified that main bridge is constructed by the Railways & approaches and to be constructed by the Corporation, Thus, for completion of ROB two agencies are Involved i.e one Railways & one Corporation It has generally been observed that Railways takes much more time in the completion of their part and accordingly completion of approaches part gets delayed Initially Railway take more than a year in approving General arrangement drawings which also delays ROB approaches badly Other reasons for delayed completion of approaches are the same as mentioned in-respect of roads above

For supervision of works the Corporation engage Supervision Consultants having experienced team comprising one Team Leader, one Engineer, One Highway Engineer & other supporting staff for each work & these Supervision Consultant take care that sufficient staff is deployed by the Contractor Besides this senior officers of the Corporation i.e concerned DGM, ED, MD & Chairman and Chief Engineers of PWD B&R also check about the quality and progress of work from time to time

In some cases DPRs are changed due to site conditions.

During the construction period every effort is made for smooth flow of traffic by providing diversion roads & proper safety measures wherever required

It is informed that no extra financial liability is incurred by Corporation due to non completion of work in time

After hearing the departmental representatives, the Committee desired that responsibility of the consultants for change in the Detailed Project Report may be fixed and the contractors may also be black listed.

8 2.2.23 *Delayed execution of work of two lane ROB at Samalkha Chuklana*

The work of two lane ROB at Samalkha-Chuklana was allotted in September 2008 for Rs 18 75 Crore to M/s Gawar Construction Company Limited (GCCL) At the time of starting the work, General Arrangement Drawings (GAD) were prepared by the consultant without considering the site conditions due to which, the work was started late by more than seven months The GCCL was also granted (November 2008) interest free advance of Rs 92 86 lakh The GCCL could not execute the work as per schedule and attributed the delay to non providing hindrance free site, delay in shifting of sewer line, electrical poles, and unprecedented rains The scheduled date of completion of work was extended from May 2010 to June 2011. Due to delay on the part of the GCCL on account of improper planning, it could complete only 56 per cent work up to June 2011 Thus, the work was delayed on account of defective DPR and failure of the Company in providing hindrance free site

The Management stated (September 2011) that delay occurred due to delay in shifting of utilities and some laxity on the part of the contractor. The reply was not acceptable as the Company provided hindrance free site to the contractor by June 2010 and subsequent delay was due to improper planning by the contractor for which the Company did not levy and LD as per contract

The department in its written reply stated as under:-

The work of ROB was allotted to M/s Gawar Constn. Ltd , on dated 03.09 08 and letter to proceed was issued on 29.09 2008. The agency mobilized at the site with all labour and machinery. The test pile was casted on 18 10 2008 and load test of the same was carried on 02 01 2009 The ready mix concrete plant of the agency was also received at site on 03 01.2009 Similarly all other relevant materials were also arranged at the site However at the time of start of actual work it was observed that the GAD prepared by - DPR consultant and the GAD of railway portion approved by railway authority were not fitting on the ground, due to which revision 'of GAD and design was warranted. The machinery and staff of the agency moved at site remained ideal during this period. The representation of the agency also persuaded the clearance of GAD from railway authorities in this period to start the work at the earliest. In addition to above following hindrances also delayed the project:-

- 1 Stay orders by the Hon'ble Court for executing any work on the private land coming in the alignment of ROB on Chulkana side.
2. Delayed shifting of public health trunk sewer line on Samalkha side which was completed on 17 06 10

- 3 Clearance of deforestation case from Principle Chief Conservator Forest Central
- 4 Delayed shifting of electric line by UHBVN Deptt
- 5 Ban on mining activities by Hon'ble Supreme Court which effected the availability of aggregate required for construction
- 6 There was some laxity on the part of agency for arranging labour and material

From the above it is evident that the delay was concurrent. In the above position imposition of LD would have attracted contractual problem as site was not free of hindrances. The decision of competent authority to extend the time limit under these circumstances when the site was not clear was correct and justified.

After hearing the departmental representatives, the Committee desired that a Committee of two engineers may be constituted to fix the responsibility of the consultants, and final out come may be intimated within three months.

9. 2.2.26 Irregular and extra expenditure in grant of contracts

The CM Haryana decided (April/May 2007) that construction work of Bhagat Phool Singh Mahila Vishwavidyalaya (BPSMV) and residential complex at Sonapat would be taken upon turnkey basis by PWD (B&R) and progress of the work was to be reported to him on monthly basis. The various related works were to be completed by 30 May 2008 so that academic courses of June 2008 could be started. PWD (B&R), in turn, asked the Company to execute this work. The Company invited (May 2007) tenders for such 10 works with estimated cost of Rs. 73.69 Crore and received nine single tenders for nine works. The Company issued (June 2007) letter of acceptance of Rs. 53.61 Crore to the four contractors for eight works. The date of completion was 14 June 2008. Remaining two works were awarded for Rs. 8.18 Crore to a single contractor with completion date of 12 May 2008. The Company awarded eight works on single rate basis in view of time bound nature of work at 38 to 42 per cent above the present day rates, involving extra cost of Rs. 14.83 Crore. We observed that these works were finally completed (July 2009) after a delay ranging from six to 14 months. Thus, purpose of allotment of eight works on single tender basis at higher rate has not been fulfilled.

We further observed that the Company reduced LD of Rs. 2.85 Crore on five works to Rs. 16.15 lakh and did not levy LD of Rs. 2.99 Crore on four works. The BOD desired (September 2010) that the authority deciding these cases of reduction of LD needs to give detailed reasons for such reductions. However, no action has been taken in this regard (June 2011). Further, the Company has to bear labour welfare cess of Rs. 87.97 lakh on these works in the absence of enabling provisions in the contracts.

The Management stated (September 2011) that the work was delayed due to increase in foundation work, but the academic session was started in time by handing over part building

The department in its written reply stated as under:-

In this connection it is submitted that a meeting was held under the chairmanship of Hon'ble Chief Minister, Haryana on 24.4 2007 in which it was decided to complete the works of construction of various buildings at BPS Mahila Vishwavidalya Khanpur Kalan, Sonapat before the start of next academic session. The foundation stone was also laid down by the Hon'ble Chief Minister, Haryana on 30.05.2007 and the works were to be completed by 30.05.2008

The separate tenders for different works had been invited by Corporation keeping in view the shortage of big contractors of building works at that time since 'proper response was not being received for such works even in the PWD B&R department also at that time. Moreover by assigning different works to different agency, the Corporation could achieve simultaneous progress from all the agencies. By calling tenders for different works, five nos contractors were awarded different works and the works were completed without affecting the working of the new University. Here it is also mentioned that it was preliminary requirement of the university that these works must be completed before the start of next academic session. Moreover the works had been allotted by the Tender Approval Committee consisting of competent Officers of PWD B&R Br and HSRDC. Had there been a single tender for all the works, there was a possibility that it would have affected the execution of work if any bad contractor/agency would have taken the work. So there is no violation of order of the Govt and the works were successfully completed without causing any delay to the functioning of new University and it cannot be termed as splitting.

It is not correct that the works were completed only in July 2009. These building works were completed in phases as per dates mentioned below

- | | |
|---|------------|
| a) Construction of 48 nos houses of 600 Sft area | 31/07/2008 |
| b) Construction of 32 nos houses of 1220 Sft area | 10/12/2008 |
| c) Construction of Campus School | 20/12/2008 |
| d) Construction of Teaching block-I | 15/01/2009 |
| e) Construction of Teaching block-II | 15/01/2009 |
| f) Construction of Girls Hostel-I | 25/07/2009 |
| g) Construction of Girls Hostel-II | 31/05/2009 |

- | | |
|--|------------|
| h) Construction of Girls Hostel-III | 08/05/2009 |
| i) Construction of Guest house | 14/05/2009 |
| j) Construction of one no house of 2775 sft
And 15 nos houses of 1882 sft | 18/05/2009 |

The above mentioned work could not be completed by the original scheduled date of completion as the scope of work had been increase due to increased in foundation work due to much lower ground level. The scheduled date of completion of the works was extended by the competent authority keeping in view the adverse site condition and increase in scope of work. Since the functioning of new University was not affected and the building works were completed well before the start on new University and before the actual requirement, the spirit of directions of the Govt had not been violated. As far as the start of academic session in the teaching blocks I concerned, the same was got started in time by handing over the part building (duly completed in all respect). The then Tender Approval Committee comprising of competent officers of PWD B&R and HSRDC had allotted the single tenders due to the reason that the works were of emergent nature and no proper response was being received from the contractors of building works in the PWD B&R department also at that time and as such, no irregularity had been done by the HSRDC. The higher rates of Rs 14.83 are not above market rates but above HSR plus ceiling premium. The ceiling premium are not revised immediately on change in market rates and therefore it becomes unavoidable to award rates above (HSR plus ceiling premium) to match with market rates.

Regarding reduction of LD, it is brought out that there is a provision in contract agreement, as per Clause 18 of Additional Conditions of Agreement that the liquidated damages can be deferred/reduced/waived (whole or part) by MD, HSRDC in the interest of work after taking into account all the circumstances of the work. The competent authority for taking such decision is MD HSRDC as per provisions of agreement. In the instant cases, the then MD, HSRDC has given detail reasons / justification for reduction in LD which stands submitted to Chairman, HSRDC. No observations in this regard have been received.

Therefore, it is requested that the para may please be dropped

The Committee desired that this para may be kept pending for verification of labour cess.

10. 2.2.28 Non recovery of funds

For construction of township at Rajiv Gandhi Thermal Power Project (RGTPP) Khedar (Hisar) on behalf of HPGCL, the Company awarded 11 contracts valuing Rs 87 14 Crore to various contractors during September 2008 and March 2009 to be completed by May 2010. Due to numerous changes in the scope of work, the Project cost increased to Rs. 158 42 Crore. The Company executed works of Rs 114.55 Crore (October 2010) against which it received only Rs 100 Crore from HPGCL resulting in use of funds of Rs 14 55 Crore pertaining to other projects. This balance amount and service charges of Rs 5 73 Crore had not been claimed (March 2011).

The department in its written reply stated as under :—

The work was administratively approved for an amount of Rs 69 79 crores. After allotment of various works it was noticed that the amount of approvals was beyond the amount of administrative approval. Accordingly the revised administrative approval was issued by the HPGCL for an amount of Rs 91 14 crores + service tax as applicable which was total of allotted amount of various works during 12/2008 i.e. at the time of preparation of revised rough cost estimate.

At the time of execution of works, it came to notice that the DPC level of the buildings was, to be kept at much higher level. Due to this structural design was got re-evolved and cost of foundation work increased tremendously. In addition to this some other items of work such as provision of elevators in type-V & VI houses, construction of parking, solar water system, fire fighting system etc., which were not included in the revised estimate, were also required to be executed. Accordingly the revised rough cost estimate was submitted to the HPGCL.

As far as the payment / expenditure beyond the amount of funds received from the HPGCL is concerned, it is submitted that since it is a running work the expenditure was done for compliance of terms of agreement and for the sake of continuity of work and in anticipation of receipt of funds from HPGCL (A Govt. of Haryana Company). Had we not made the payment to contractors, there would have been the breach of contract and even the contractors were at liberty to terminate the contracts under clause 69 4 of contract agreement in case of failure to release payment within 28 days. The contracts so terminated would have caused much more cost to Corporation in shape of higher cost on recall of tenders and claims of contractor on breach of contract by Corporation apart from loss of credibility by the Corporation and Interest payable also. The issue was raised in various meeting when it was observed that HPGCL also being Govt. Company, there is no wrong making payment to contractors to avoid breach of contract in anticipation of receipt of funds from HPGCL.

As per clause of agreements we are liable for payment of interest for delay in payment. So by making payment from corporation funds, the corporation saved the interest also. More over both the HPGCL and HSRDC are state Govt undertaking and as such there is no loss to the state exchequer.

As regards to increased cost, meetings were held at the level of F C & P S of PWD B&R and MD, HPGCL to resolve the issue of approval of re-revised rough cost estimate and issue of funds to HSRDC by HPGCL. As a consequence of these meeting HPGCL accorded an re-revised approval of Rs 141.30 crores including S Tax and deposited funds to the tune of Rs. 25.00 crores to HSRDC. The total funds received from HPGCL till date; are Rs 125.00 crores against an expenditure of Rs 124.95 crores (including HSRDC charges). Thus, the expenditure incurred by HSRDC is well within the funds received. However, HPGCL is yet to deposit the balance amount of Rs 16.30 crores approximately for the dues of agencies which are held for want of funds.

In view of this para may please be dropped.

The Committee after hearing the departmental representative, decided that a joint meeting of the Secretary, Power Department and the Managing Director of Haryana State Roads and Development Corporation may convened to sort out the matter of pending amount on account of service charges.

11. 2.2.31 Loss due to acceptance of fake securities

As per agreement, contractor is required to furnish Bank Guarantee (BG) of 1.5 per cent of the contract value which could be, encashed/adjusted for nonperformance. The contractor had deposited, FDs as BG. The Company should verify the genuineness of such FDs from the authority higher than the issuing branch immediately. We observed that there was no system in the Company to verify the genuineness of the BGs/FDs so received. In two cases the contractor provided (October 2007 and January 2008) fake FDs of Rs 1.73 Crore in respect of toll points no.12 and 24. Initially, the issuing branch had confirmed the genuineness of the FDs. However, the Zonal Office of the issuing branch found in October 2008 that the FDs were fake. As such, the Company terminated (November 2008) the contracts with the contractor. The contractor also failed to deposit the toll collections for the months of September and October 2008. Thus, an amount of Rs 1.50 Crore could not be recovered from the contractor. The contractor had also defaulted in payment of monthly installments during the operations of previous: toll Contracts granted to him which was not considered at the time of award of the contract. Delayed and improper action by the Company resulted in non-realization of Rs 1.50 Crore and the chances of recovery of the same were remote. This also indicates faulty toll collection policy to the extent that it did not forbid grant of tolls of very high value (Rs 11.27 Crore in this case) to an individual.

The Management stated (September 2011) that recovery suit was being filed in the Court for recovery of its dues and action against officers/officials responsible was in process

The department in its written reply stated as under:-

In this regard, it is submitted that the Corporation has started toll collection w e f 2003 and there was no procedure for verification of FDRs/BGs Without doubting the authenticity of BG submitted by Sh Manoj Kumar, he was appointed entrepreneur/agent for collection of toll at Toll Point on Yamuna Nagar-Radour-Ladwa-Thanesar road (TP-12) vide contract No HSRDC/Toll-12/2007 and TP-24 (Kaithal Patiala Road) being the eligible highest bidder for collection of toll

In pursuance of both the above mentioned contracts, Sh Manoj Kumar submitted 4 FDRs as security deposits The following are the details of FORs -

Sr No	FOR No	Date	Amount
1	670961	7-1-08	Rs. 23,00,000/-
2	670962	7-1-08	Rs 30,00,000/-
3.	670963	7-1-08	Rs 30,00,000/-
4	670964	7-1-08	Rs 30,00,000/-
5.	670819	27-10-07	Rs. 30,00,000/-
6	670820	27-10-07	Rs 30,00,000/-

That the above described FDRs were sent by the Corporation through registered post on 22 7 08 for their verification to Branch Manager, UCO Bank, Kandhla Branch, Kandhla (U P) The said bank verified the authenticity of FDRs vide their letter dated 6 8 2008.

That the Manager, UCO Bank, Kandhla Branch, Kandhla (U P) vide his letter dated 18 10 2008 intimated that Sh B K Garg, Deputy Chief Officer (Vigilance) from Zonal, Office, Bareilly (U P) will be visiting the office of Corporation on 20 10 2008 fo investigating FDRs issued by Kandhla Branch which are pledged to the Corporation Sh. Garg visited this office on 20.1 0.2008 All the 6 FDRs were shown to him and he recorded following remarks thereon -

"This seems a fake FDR issued on computer scanned stationary and it is not a document of Bank as found on physical verification "

That the Zonal Manager, UCO Bank, Zonal Office, Bareilly (U P) further intimated vide his letter No 966 dated 22 10 2008 that

Sh Manoj Kumar purchased aforesaid FDRs for Rs 23,000/- (One), Rs 30,000/- (Three) and Sh. Vikas Rajput purchased 2 FDRs of Rs 30,000/- each and then prepared FDRs on computer scanned stationary with same printed - numbers The stationary used by the so called person is not genuine stationary of the bank, rather it is computer scanned stationary

In this connection, it is intimated that following efforts have been made/are being made by this office to recover the amount as under

- i. HSRDC in its 34th meeting of BOD held on 12.2 2009 adopted the policy of verification of bank guarantees as was being followed by Haryana PWD B&R Branch) which is now being followed strictly
- ii That a criminal case was filed against Sh Manoj Kumar with SP, Panchkula on 12 1 09 Later on, it came to the notice of this office that Sh Manoj Kumar has committed suicide on 8 9 09. A copy of death certificate was collected from Police authorities, Panchkula
- iii Matter was taken up with the UCO Bank, Kandhla and its Head Office including RBI for recovery and remittance of the amount suffered-by HSRDC due to fault of Bank.
- iv. A Civil Suit has been filed in the court of Civil Judge (SD) Chandigarh for recovery of amount of Rs, 1,92,66,433/- against the legal heirs of Sh Manoj Kumar and also against United Commercial Bank The case is fixed for 14.09 2012
- v Action against officers/officials responsible for not verifying the bank guarantees at the time of allotment of toll has been initiated and being taken separately.

In view of this the para may please be dropped.

During the course of oral examination of the departmental representatives, it was informed that an inquiry against the erring officials has already been ordered and report of this inquiry is awaited. The Committee desired that the outcome of the report and final action taken in this regard may be intimated to the Committee.

12. 2.2.33 Non-monitoring of toll points

After the award of toll points to contractors, monitoring of the same is essential to ensure that the toll contracts are being executed as per State Government Notification and terms of contracts The Company had not evolved any monitoring system to ensure that toll plaza was being maintained as per terms of contracts by the contractors In case of toll point at Gurgaon-Pataudi Road (Toll No 2), the toll point has been fixed at 24 Kms, from Gurgaon by the State Government while the Company kept on operating

the toll at 7-8 Kms and the contractor shifted the same to 8-9 Kms This was in violation of the Government directions On being pointed out in audit, the Company terminated the contract in July 2011 and forfeited the performance security of Rs 64 05 lakh

Similarly at Narnaul-Singhana Road (Toll No 19) there were complaints (29 April 2010) of overcharging and same were found correct along with other irregularities (non-installation of retro-refractive boards at site, non-display of fee collection charges and toll booth not as per specifications) during investigation (May and August 2010) But the contract was allowed to continue and was terminated only on 28 December 2010 at the fag end While terminating the contract, the Government decided that excess collection be estimated and recovered from the contractor But the Company did not work out the amount over charged Thus, ED of the Company failed to implement the decision of the State Government

The department in its written reply stated as under:—

In this connection it is submitted that after the award of contacts to the entrepreneur the toll plazas are inspected by the field Executive Engineers, Superintending Engineers and officers of HSRDC from time to time as per agreement and instructions issued in this, regards The detail instructions in this regard has also been issued to field SEs/EEs and DGMs Specific appointment as "in-charge" of the toll points and "over all controller" of the toll points has been made vide this office no 3550-63/HSRDC dated 2 6 10 and no. 3916-19 dated 19 5 11

TP-2

The contract of TP-2 (collection of toll at Gurgaon Pataudi road at Km 24 near Gurgaon) was made with M/s. Mahashiv Promoters Pvt. Ltd at the contract amount of Rs 4,27,00,789/- per annum for the period from 11 09 2010 to 30 09 2011

It was brought to the notice that the entrepreneur is collecting toll at Km 7 8 instead of Km 24 Following notices/letters were issued to the agency M/s Mahashiv Promoters to shift the toll point at Km 24 as per notifications-

- (i) DGM-II, GGN letter No 1603 dt 1.3 10 10
- (ii) DGM-II, GGN letter No 1662 dt 27 10.10
- (iii) This office letter No 9017 /toll dt 12 11 10
- (iv) DGM-II, GGN letter No 1735 dt 15 11 10
- (v) This office letter No 9571/toll dt 01.12 10

M/s Mahashiv Promoters sent the reply vide his letter No. MSP/ 2010-11/355 dated 06 11 2010 this request of the entrepreneur was considered after getting the report from DGM-II Gurgaon /

SE, Gurgaon Further, following notices were issued to the entrepreneur for shifting of toll plaza to Km 24 as per notification -

- (i) DGM-II, GGN letter No 2556 dt 28 03 11
- (ii) This office letter No. 3165/toll dt 19 04 11.

On receipt of final report dated 01.06.2011, from DGM-II Gurgaon that the agency is not shifting the toll to the prescribed-site and accordingly the case to terminate the agreement was submitted on 01 06 2011 and action was approved by ECPW cum Chairman, HSRDC on 25 07 2011 and accordingly orders were issued vide this office letter No 6730/HSRDC dated 27 07.2011

The action was taken against the agency as per agreement and not on pointing out by Audit

From above, it will be seen that action was taken against the agency as per , provisions of the agreement and after giving due opportunities to the agency for shifting the toll point to notified location The performance security of Rs 64.05 Lac was forfeited Further it has also been ordered that the financial benefit gained by the agency in collecting toll at location other than stipulated would be recovered from the agency and accordingly counter claim have been filed before Arbitrator for recovery of the said amount

TP-19

The contract of TP-19 (collection of toll at Narnaul Singhana road near Rajasthan border) was made with Sh. Parshannt Gupta at the contract amount of Rs. 1,65,00,711/- per annum for the period from 03.10.2009 to 31 12 2010

A complaint dated 09 04.2010 from Sh.Gurboota Singh Virk regarding misuse of rules and money of toll fee at TP-19 was received in this office on 27.04 2010.

The sequences of complaint case of Toll Point 19 is detailed below

-
- | | | |
|-----|---|------------|
| i. | Complaint was received against contractor of TP-19 from one Sh Gurboota Singh | 28 4 2010 |
| ii | Complaint was sent to SE Bhiwani for report | 29.4.2010 |
| iii | Request was made for investigation of complaint through vigilance cell of Head Office | 29 4.2010 |
| iv | Report of SE Bhiwani was received vide letter No 939 dt. 10 15 10 | 13 5 2010 |
| v | Report of EE Dadri received through mail | 12.6.2010 |
| vi | Notice was issued to the contractor as well as Sh Gurbota Singh complainant to attend | 1/7 7 2010 |

HSRDC office on 7 7 2010 and again on 13 7 2010 Sh Gurbota Singh was again, contacted on his mobile No. by DGM(T) on dated 30/7/2010, 31/07/2010 and on 02/08/2010 and he has not co-operated in the enquiry on any date.

vii. Proceedings of I O dated 13 7 2010	13 7 2010
viii DGM-I, HSRDC, H O submitted case and ED put up case to MD on 19.7 2010	16 7 2010
ix Order of MD dt. 21.7 2010 received on 22 7 2010	21/22 7 2010
x. Report of DGM-I dt. 2.8 2010	2.8 2010
xi Case was marked to MD on 5 8 2010 for action	5.8.2010
xii Worthy MD marked case to EE Inquiry for further examining	6 8.2010
xiii Case received back from EE Inquiry vide U.O No 831 dt. 15 11.2010, on 19.11 2010	19 11.2010
xiv Noting portion of the file was not received After repeated requests case file was received only on 3 12 2010 at 5 30 p m	6.12 2010
xv Case was put up on 6.12 2010 and put up to EIC through DGM (Toll)/ED.	8 12 2010
xvi. Case was received back from EIC for examination	13.12 2010
xvu Case was marked to Legal Advisor on 15.12 2010 who rendered advice on 17 12 2010.	17 12 2010
xviii. Case was examined in HSRDC and sent to MD through DGM (Toll)/ED	24.12 2010
xix Approved by FCPW	27 12.2010
xx Order issued on 28 12.2010	28 12.2010

There were different opinion of different officers in the matter & hence the case was examined in depth with repeated enquiries so as to ascertain that no injustice is done by the Public Welfare state. Any decision taken in haste in such a complicated case is likely to cause financial implication to state exchequer apart from litigation etc

With regard to assessment of excess collection, SE Bhiwani vide his letter no 7547 dated 16 2011 has intimated that it is not possible to work out the assessment of overcharging by the agency. Earlier also, matter was considered in the case of TP-14, and it was concluded that excess overcharging is not assessable on ground that "the overcharging observed during checking cannot be extrapolated by any stretch of imagination as it would not stand scrutiny of law. On this ground, the request of SE Bhiwani has been accepted by the competent authority and nothing is recoverable from the agency on this sole account.

During the course of oral examination of the departmental representatives, it was informed that an inquiry to go into irregularities committed in the collection of the amount has been ordered. The Committee desired that the inquiry may be expedited and the report thereof be submitted within a period of three months.

Appendix

**Summary of recommendations/observations of the
Committee on Public Undertakings (2014-2015)**

Sr. No.	Page	Paragraphs	Observations
1	2	3	4

POWER DEPARTMENT

(C&AG Report for the Year 2010-2011-Commercial)

1	1	2 1 34	The Committee would like the department to send the information to the Committee regarding transmission losses before and after the experiment conducted on HVDS in Nuna Majra Village
2	2	2.1 38	During the course of oral examination it was informed that the infrastructure installed with the amount in question is being utilised and the same has not gone waste The Committee observed that it is to be seen whether this infrastructure is being utilised or not Therefore, the Committee desired that this para may be kept pending
3.	6	2 1 42	The Committee would like to know the number of consumers who got the benefit of cross subsidy surcharge
4	7	2 1 56	The Committee observed that there was a lack of planning and there was considerable delay in the completion of the project/units. The Committee would like to know whether these units were re-utilised or not, If so, the number of such units be intimated to the Committee The Committee would also like to know the reasons for considerable delay in the completion of project/units within a period of one month

**HARYANA STATE ROADS AND BRIDGES DEVELOPMENT
CORPORATION LIMITED**

(C&AG Report for the year 2010-2011 Commercial)

5	9	2 2 10	The Committee would like to know the details of TDS deduction of Rs 3 32 crore.
6	11	2 2 17	During the course of oral examination, the Committee observed that there was

1	2	3	4
			defective planning which resulted into huge loss to the Govt. The Committee discussed all the five works in detail and after discussion decided to drop the works relating to roads in Rewari, Sampla Jhajar Road and Jhajar Dadri Road. However, the Committee was not at all satisfied with the reasons explained by the departmental representatives for the escalation in cost for Gurgaon-Nuh Alwar Road and Hodal Nuh Pataudi Patauda Road. Therefore, the Committee desired that all the details of these two works may be supplied to the Committee within the period of one month.
7.	15	2 2 20	After hearing the departmental representatives, the Committee desired that responsibility of the consultants for change in the Detailed Project Report may be fixed and the contractors may also be black listed.
8	17	2 2 23	After hearing the departmental representatives, the Committee desired that a Committee of two engineers may be constituted to fix the responsibility of the consultants, and final outcome may be intimated within three months.
9	18	2 2.26	The Committee desired that this para may be kept pending for verification of labour cess.
10.	21	2 2 28	The Committee after hearing the departmental representative, decided that a joint meeting of the Secretary, Power Department and the Managing Director of Haryana State Roads and Development Corporation may be convened to sort out the matter of pending amount on account of service charges.
11	22	2 2 31	During the course of oral examination of the departmental representatives, it was informed that an inquiry against the erring officials has already been ordered and report of this inquiry is awaited. The Committee

1	2	3	4
			desired that the outcome of the report and final action taken in this regard may be intimated to the Committee
12	24	2 2 33	During the course of oral examination of the departmental representatives, it was informed that an inquiry to go into irregularities committed in the collection of the amount has been ordered. The Committee desired that the inquiry may be expedited and the report thereof be submitted within a period of three months.

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Published under the authority of the Haryana Vidhan Sabha and
Printed by the Controller, Printing and Stationery, Haryana, Chandigarh