

HUNDRED AND FORTY-THIRD REPORT
PUBLIC ACCOUNTS COMMITTEE
(1988-89)

(EIGHTH LOK SABHA)

CRASH HOUSING PROGRAMME
FOR CONSTRUCTION OF GENERAL POOL ACCOMMODATION

MINISTRY OF URBAN DEVELOPMENT



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LOK SABHA SECRETARIAT

NEW DELHI

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PUBLIC ACCOUNTS COMMITTEE

(1988-89)

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INTRODUCTION

1. I, the Chairman of Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Forty-Third Report on Paragraph 54 of the Report of C&AG of India for the year 1985-86, Union Government (Civil) relating to Crash Housing Programme for construction of general pool accommodation.

2. The Report of the Comptroller and Auditor General of India for the year 1985-86 (Civil) was laid on the Table of the House on 8 May 1987.

3. The total number of general pool quarters available in 13 cities for accommodation of Central Government employees is 83,000 and the registered demand in these cities is reported to be 1.83 lakhs units. As registration is at present based on certain criteria on eligibility with reference to years of service, pay drawn etc., the Committee have stressed the need for an overall assessment of the total need of all Government employees, for evolving a policy for providing houses to employees and for chalking out a time bound programme for construction of houses.

4. In August 1979 a Crash Housing Programme was planned to increase the rate of construction to 10,000 units per year for a period of 3 years from 1978 from the then existing level of 2500 to 2700 units per annum. However, the actual construction was hardly 3400 units per year during the envisaged period of 3 years and about 3240 units per year during the last 10 years. The Committee have observed that the crash housing programme has not been implemented with any degree of seriousness or urgency with the result that the scheme has failed to achieve its objective of meeting the shortage of accommodation for Government employees.

5. On an analysis of the causes for non-achievement of target, the Committee have found that in no year, funds were provided to the extent needed to reach the objective of constructing 30000 houses in 3 years.

6. Further, there were delays in progress of construction due to (i) non-availability of raw materials like bricks, cement, steel etc. (ii) non-availability of vacant lands and sites (iii) delays in obtaining approval to layout plans from concerned local authorities (iv) initial reduction in size of quarters and subsequent restoration of the standard due to objection of

employees etc. The Committee have observed that these are the chief reasons given for delays in execution of all Government works and are not such that could not have been anticipated. The Committee have viewed the casual manner of planning a big project seriously as the consequential delays led to an alarming cost increase besides hampering completion of construction on schedule.

7. The Housing and Urban Development Corporation Ltd. (HUDCO), essentially a planning and financial undertaking of the Government of India was awarded the work of construction of 875 houses by the Govt. with a view to enabling HUDCO to try its new techniques for quick construction at a cheap cost. As against estimated cost of Rs. 1.58 crores for the entire work, the actual expenditure incurred was 2.05 crores. The work done by HUDCO suffered from technical deficiencies and contract was rescinded in May 1985 when the balance of work yet to be done was estimated to cost Rs. 1.13 crores. The technical deficiencies found were the same as the new construction techniques adopted by HUDCO with a view to reducing the cost of construction. The Committee wonder why these new techniques were not examined before accepting the offer of HUDCO. The Committee have, therefore, desired a thorough investigation of the matter with a view to fixing responsibility.

8. The National Building Construction Corporation Ltd. (NBCC) were also entrusted with construction of 1000 quarters to ensure cost efficiency. The Committee have however noted that NBCC was paid the higher rate then prevailing and the extra expenditure as a result has been assessed at Rs. 56.75 lakhs. The Committee have recommended that responsibility for agreeing to loose terms with NBCC, which resulted in avoidable extra expenditure should be fixed.

9. The Public Accounts Committee examined the Audit Paragraph at their sittings held on 28 April and 13 September, 1988,

10. The Committee considered and finalised this Report at their sitting held on 15 March, 1989. The Minutes of the Sittings from Part II of the Report.

11. For reference, facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have been reproduced in a consolidated form in Appendix II to the Report.

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

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12. The Committee express thanks to the Ministry of Urban Development for the cooperation extended by them in giving information to the Committee.

13. The committee also place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;
March 15, 1989

Phalguna 24, 1910 (Saka)

AMAL DATTA,
Chairman,
Public Accounts Committee.

REPORT

1. INTRODUCTORY

1.1 The construction of houses for general pool accommodation for Central Government employees is normally taken up by the CPWD on the basis of proposals framed in consultation with the Ministry of Urban Development keeping in view the demand vis-a-vis availability, level of satisfaction and the position of funds. On a review of the extent of provision of houses for Government employees in 1977, Government noted that despite regular constructions having been made during the previous five year Plan periods, houses for Central Government employees had been built only at a few places and even there, the level of satisfaction was very low. The percentage of satisfaction was assessed at 42% in Delhi and much less in other cities and the total shortage of houses in Delhi alone was estimated at nearly 60,000 as on 31-3-1977. It was, therefore, considered advisable by Government that in the matter of housing, it would not be proper to keep the programme size so low as to keep the problem burning all the time and it was necessary that a Crash Programme of Housing be taken up so as to make a definite dent into the problem of shortage of houses.

1.2 In the light of the above and after reviewing the position, the then Minister for Works & Housing announced in August 1977 a crash programme for construction of 20,000 houses in Delhi and 10,000 houses elsewhere in the next three years.

1.3 The findings of the Comptroller and Auditor General of India on the implementation of this Crash housing programme as contained in paragraph 54 of the Report of the C&AG for the year 1985-86, are reproduced in Annexure I.

2. GOVERNMENT POLICY ON HOUSING ITS EMPLOYEES

2.1 According to Government, housing facility is provided to Government servants 'as a welfare measure and not as a service condition of the employees.' While Government is stated to be making efforts to provide accommodation to maximum number of employees possible, the limitation of resources is reported to have hindered construction of adequate

residential accommodation. According to the Secretary, Urban Development, Government have not accepted the responsibility to provide houses to its employees nor it is necessary that Government should provide residential accommodation to each and every Government servant. In tune with this thinking, the Secretary stated that Government did not have any policy to achieve a certain specified level of satisfaction. However, Ministry of Urban Development in a note submitted to the Cabinet Committee on Accommodation in December 1984, had suggested that a satisfaction of 70% in Delhi and 50% in other stations should be achieved by the end of 7th Five Year Plan. At the meeting held on 10-4-1985, the Cabinet Committee had noted the proposal.

3. LEVEL OF SATISFACTION

3.1 On the question of attaining a particular level of satisfaction and the programme for achieving a certain target of satisfaction by the end of the Seventh Plan, the Committee desired to know whether the Government possessed statistics of the requirements of houses by all Government employees in the metropolitan and big cities. The Committee also desired that the Ministry might give details thereof to the Committee. The Secretary, Urban Development Ministry, stated in this regard that as available housing stock at the disposal of Government was short, applications were invited on the basis of eligibility determined with reference to date of entry into service, pay range etc; and accordingly the extent of satisfaction was related to the eligibility on the basis of applications received and not the entire need of all the Government employees. On the desirability of making an assessment of overall requirement of houses for all Government employees, the Secretary observed that it was not necessary for Government to provide accommodation to each and every employee and that Government could assist the employees in various other ways such as grant of House Building loans, encouraging cooperative housing societies, grant of house rent allowance etc. Since the employees are not in a position to procure accommodation at reasonable rents the Committee emphasised the need for carrying out a survey to find out the extent of the problem so as to evolve a policy decision on the issue. The Secretary agreed to conduct the survey.

3.2 In a note submitted to the Committee, the Ministry of Urban Development have furnished the following details of demand, availability and shortages of Government quarters in Delhi, Bombay, Calcutta,

Shimla, Madras, Nagpur, Faridabad, Ghaziabad, Chandigarh, Bangalore, Hyderabad and Imphal.

	Registered Demand	Availability	Shortage
Delhi	1,10,766	62,330	48,436
Bombay	38,420	7,987	30,433
Calcutta	7,609	4,369	3,240
Shimla	3,260	726	2,534
Madras	4,434	1,760	2,674
Nagpur	2,340	1,004	1,264
Indore	490	168	322
Faridabad	2,039	1,502	537
Ghaziabad	635	556	79
Chandigarh	5,762	1,303	4,459
Bangalore	7,010	644	6,366
Hyderabad	266	644	surplus
Imphal	76	32	44
Total	1,83,107	83,025	

3.3 The table above would indicate a registered demand for 1.83 lakh houses in 13 cities, against which the availability was 0.83 lakh houses only. This "registered demand" has no connection with the actual demand as it reflects only those that were permitted to get themselves registered with due regard to prescribed priority and the actual demand of all employees has not been ascertained.

3.4 On the future plan for augmenting the availability of Government quarters, the Secretary stated during evidence that there was no proposal for any new crash programme and that the Ministry was considering the formulation of regular programmes with a substantially increased delivery of units, particularly as a preparation for the Eighth Plan.

3.5 In the context of availability of highly limited number of Government houses vis-a-vis deliberately suppressed demand, the Committee wanted to form an idea as to the extent to which the demand for Government housing may be reduced by assisting the employee to construct his own house. Accordingly, the Committee desired to know whether even after construction of own houses in places of posting with assistance from Government in the form of house building advance etc., the employee would be eligible for Government accommodation. The Secretary stated:

“There are a couple of relevant considerations here. One is that there are several Government officers who are transferred. Once they leave that place, they let their house out for the purpose of earning some income. Many of them would have borrowed money for constructing the house and they have to repay that. If you force them to stay in their own houses, then the repaying capacity gets depleted. Secondly, when they come back to their original place of posting where they have constructed their houses, it becomes difficult to get the house vacated immediately on their return. Therefore, Government thought it proper to make them eligible for Government accommodation.”

3.6 On the rent charged from employees owning houses in places of duty and also occupying Government accommodation, the Secretary stated:

“About the rent to be charged from Government servants who have their own houses, there are specific orders as how rent is to be charged to them. Under the existing allotment rules, those Government servants who are owning houses, are not ineligible for allotment of Government accommodation. But the rent is monitored in terms of rental income which they derive from their own houses. If the income from rent is upto Rs. 3000 per month, then flat rate of licence fee is charged. If the income is between Rs. 3000 to Rs. 5000, then two times the flat rate of licence fee is charged. If it is more than Rs. 5000/- then three times the flat rate of licence fee is charged. This is done as per the decision taken by the Accommodation Committee of the Cabinet.”

3.7 Government servants are provided housing facility as welfare measure and not as a service condition. While conceding the contention that Government need not accept responsibility to provide houses to all its employees, it is rather unfortunate that Government have not formulated any policy as to what level of satisfaction has to be achieved in the matter of providing houses to Government employees. Though employees can be helped in other ways also such as by grant of housing loans, formation of Cooperative Housing Societies, grant of house rent allowance etc., yet considering the acute shortage of housing in general in all metropolitan cities, high level of rents and the need to encourage a planned growth of housing facilities in general as a plan programme, the Committee are convinced that Government must evolve a definite policy regarding provision of accommodation to its employees and chalk out a time bound programme as a plan project keeping in view the need to provide adequate accommodation to its employees as well as constraint of resources.

3.8 Theoretically, all government employees who are in regular employment are eligible for allotment of government accommodation. However, the

stock position of Government accommodation being low, only those who have put in a certain length of government service are eligible to apply and get government accommodation. The total number of general pool quarters available in 13 cities is 83,025 and the registered demand in these 13 cities is reported to be 1.83 lakhs. The Committee also note that no attempt has been made so far to assess the actual total demand for government houses for formulating/a plan for construction keeping in view the total requirement of houses by all Government employees. The level of satisfaction as reported by government does not reflect the real position, rather it is based on the demand registered with reference to a certain criteria of eligibility. It does not reflect the real position, rather it gives an exaggerated level of satisfaction, as a result of restrictions placed on registration. The Committee are of the strong view that for an effective planning, it is imperative that the magnitude of the problem is correctly ascertained to assess the actual level of satisfaction for prescribing a target of satisfaction to be achieved gradually over the various Plan periods. As agreed by the Secretary during evidence the Committee hope that the Government would take steps to assess the actual total demand so that the actual level of satisfaction can be assessed to help the planning process.

3.9 The Committee are surprised to note that despite the very low level of satisfaction, employees assisted by Government to build and own their houses are also eligible for allotment of Government accommodation if they fall within the prescribed priority dates. The reasons given for eligibility of such Government employees to allotment of Government accommodation are far from convincing if viewed in the context of the object of assistance to the employees for acquiring their own houses. The Committee are convinced that the employees once assisted to procure and own accommodation at the place of posting should not be eligible for allotment of Government accommodation on the same place until all other eligible officers have been allotted Government accommodation. The Committee recommend that the rules in this regard should be amended appropriately.

3.10 Even on the basis of the particulars furnished by the Ministry on the extent of registered demand (which are deliberately kept low) and supply of Government accommodation the Committee are constrained to note that in some of the major cities like Bombay, Madras, Chandigarh, Bangalore etc. where it is very difficult to procure a decent accommodation with the limited house rent allowance offered by Government, the percentage of satisfaction with reference to registered demand is less than 50 and in particular, at Bombay, it is as low as 20. In Delhi and Calcutta the level of satisfaction with reference to the registered demand is 56 and 58 per cent respectively. The Committee feel concerned over the highly lopsided provision of houses and recommend that special schemes for increasing the availability of houses in major metropolitan cities by a time bound

programme should be introduced. While noting the heavy shortage in several places, the Committee would like to know the justification for construction of quarters at Hyderabad where supply (644 quarters) is substantially in excess of the registered demand (266 quarters).

4. CRASH HOUSING PROGRAMME

4.1 Prior to 1977, the rate of construction of housing accommodation for Government employees was of the order of 2500 to 2700 units per year. Taking note of the fact that the level of satisfaction of provision of Government housing facility was inadequate or low, Government made an announcement in August 1977 that a crash programme for construction of about 30,000 houses in period of 3 years in different parts of the country, mainly in Delhi, was being undertaken. After the announcement, an assessment of available resources was made by the Department and a detailed exercise conducted for location of the quarters, the categories of the houses to be constructed, their respective number and the plinth area specifications to be adopted. Taking note of the fact that nearly 9000 houses were already in various stages of construction at that time* in different parts of the country, estimates for Rs. 68.11 crores were sanctioned in July 1978 to construct 21300 dwelling units of different types. Out of these, 15,300 were to be in Delhi, 2600 in Bombay, 2000 in Calcutta, 300 in Madras, 300 in Chandigarh, 500 in Hyderabad and 300 in Bangalore. Some of these dwelling units were to be constructed after demolishing approximately 1700 old houses.

4.2 The following table gives the details of the quarters actually completed year-wise in various metropolitan areas under General Pool Housing including under the Crash Housing Programme from 1978-79 to 1987-88.

Year	Qrs. actually completed
1978-79	3164
1979-80	1252
1980-81	5800
1981-82	3171
1982-83	4862
1983-84	3422
1984-85	2057
1985-86	4114
1986-87	2978
1987-88	1577

4.3 The table above would indicate that in the targetted period of 3 years (1978-81) for constructing 30,000 dwelling units; inclusive of 9000 units which were already in different stages of construction in 1977-78, the actual achievement was only 10,216 units, an average of 3405 units per year. Further, during the period of 10 years since the crash housing programme was announced, 32397 units had been added to the housing stock and without taking into account the units that were demolished for constructing new units, the gross average addition per year had been 3240 units only.

4.4 The objective of introducing the crash programme was to provide houses at the earliest possible time. In view of the fact that the objective of the crash housing programme has not been achieved, the Committee desired to know the guidelines, norms and intentions of Government relating to the scheme. The Secretary, Urban Development stated in evidence:

“The intention behind introducing Crash Housing Programme was that a significant addition to the existing Government housing number would be achieved within a short period. I would certainly like to point that we should try and see how the overall Government housing activity can be stepped up in different cities by taking a realistic programme. Whether such a realistic programme is a crash programme or a non-crash programme, our objective really should be the delivery of a certain definite number of housing units. What is it that we can do in this regard ? I would say, that the principal lesson learnt is that merely because instead of saying one is a crash programme and other is a non-crash programme it does not mean that the crash programme, *ipso facto* is free from constraints. The constraints irrespective of the nomenclature of the programme, appear to be common and I think our Ministry's effort should really lie in understanding those constraints properly and within these constraints come up with a realistic programme to which we can live and perform. That would be the principal lesson and I can only plead for the Committee's understanding that these lessons should be applied as far as future activities are concerned.”

4.5 The Committee have been informed that the level of addition of new Government quarters for Government servants was of the order of 2500 to 2700 units per year upto 1977 and that the crash programme planned to increase the annual output to 10,000 units per year for a period of 3 years from 1978. On the other hand, despite introduction of the crash programme, the output has not come anywhere near the target in as much as it was hardly 3400 units per year during the envisaged period of 3 years and

about 3240 units per year during the last 10 years. It is obvious that the Crash Housing Programme introduced with great fanfare has not been implemented with any degree of seriousness or urgency. The Committee cannot but regret that due to failure of the crash scheme the Government failed to make any dent into the problem of shortage of accommodation for Government employees during the period the scheme has been in operation. Unfortunately the scheme has proved to be no more than a paper exercise without any real value.

4.6 The Committee also note that whereas on the one hand, in cities like Madras, Chandigarh and Bangalore, the registered unsatisfied demand ran in thousands, and only 300 quarters were planned for construction in each of these cities in the crash programme, on the other hand at Hyderabad against registered demand for less than 300 quarters and the then availability of about 150 quarters, an additional number of 500 quarters were planned under the crash housing programme. The Committee would like to be apprised of the justification for the plan for construction of 500 quarters at Hyderabad.

5. DELAYS IN COMPLETION

5.1 According to the Ministry, following factors contributed to the time over-run of the project:

- (a) Non-availability of funds;
- (b) Non-availability of sites in re-development areas in Delhi;
- (c) Changes in scope and designs due to non-acceptance of reduced plinth areas by the staff council;
- (d) Non-availability of construction materials like steel, cement, brick; etc; and
- (e) Recession of contracts

5.2 Regarding the process for executing the programme, the Committee have been informed that the detailed exercise for location of quarters, plinth area specifications etc. was conducted after the programme was announced in August 1977 and the scheme was discussed in the Ministry on 23.2.1978. The preliminary estimates were thereafter prepared and submitted to the Expenditure Finance Committee (EFC) on 7.6.1983. The estimate was recommended by the ERC on 9.6.1978 and administrative approval finally issued on 27.7.1978.

5.3 Asked to justify the need for the crash programme and its failure to contribute by any substantial addition to the normal programme, the Secretary stated during evidence that prior to commencement of the crash programme, the rate of housing construction was about 2500 to 2700 units per year and as a result of the crash programme, the number had gone up to 3000 plus. The Secretary further added that the rate of construction with the Government construction agencies could definitely be stepped up with the aim of 4000 to 6000 units per year in a phased manner.

5.4 The Crash Housing Scheme for construction of 10,000 houses each year was announced in August 1977. The Committee regret to note that the detailed planning and the exercises to find funds and determine categories, specifications and location of houses etc. were commenced long after announcement of the scheme. Even the preliminary sanction of the scheme took a period of almost one year out of the committed period of three years and was issued in July 1978 only.

The Committee deplore the casual way in which the planning of a crash programme was carried out. The Committee also regret to note that despite the commitment made, the agencies responsible to carry out the commitment took their own time of one year out of the 3 years, to plan the scheme and give it a shape. The Committee cannot but regret this lackadaisical approach of the responsible wings of Government and would like the causes to be fully examined for appropriate remedial action.

5.5 The Committee consider it unfortunate that Government should have chosen to announce execution of a crash scheme without conducting detailed planning and only hope that Government would not venture to announce such welfare schemes without conducting detailed feasibility studies so as to ensure their timely execution.

5.6 On the causes that contributed to delay, the Committee are constrained to note that none of the reported causes could be considered as such that could not have been anticipated. On the other hand these are the causes to which delays in execution of all government works are attributed time and again. The Committee find it difficult to appreciate how and why these were not anticipated and remedial measures not taken at the time of planning the programme itself. The Committee are of the opinion that a scheme that was announced with a laudable objective, was not given the due thought and importance by those who were to implement it, with the result that the scheme had miserably failed to achieve its objective.

6 (i) PROVISION OF FUNDS

6.1 The proposal submitted to the Expenditure Finance Committee in

June 1978 year wise phasing of the expenditure on the crash programme was envisaged as follows:

1978-79	:	Rs. 5 crores
1979-80	:	Rs. 20 crores
1980-81	:	Rs. 36 crores
1981-82	:	<u>Rs. 7.11 crores</u>
Total	:	<u>Rs. 68.11 crores</u>

6.2 The funds needed for crash housing programme alone during each of the years 1978-79 to 1981-82 are compared with the provisions for all schemes included in the grant relating to Government residential buildings (Grant No. 92/93) in the table below:

	Funds needed for Crash pro- gramme	Original provision	Final provision	Funds surrendered
				(In lakhs of Rs.)
1978-79	500.00	1085.01	1820.83	164.18
1979-80	2000.00	727.15	280.49	446.66
1980-81	3600.00	2550.39	2041.80	308.59
1981-82	711.00	581.43	518.70	62.75

6.3 The table would indicate that the entire provision for all programme covered under the grant was not adequate even to meet the needs of crash housing programme during the years 1979-80 to 1981-82.

6.4 In the EFC Memo of May 1980 year wise phasing of expenditure for Crash Housing Programme was revised as under (after taking into account the estimated increase in cost of the project to Rs.96.91 crores).

Year	(Rs. in crores)
1978-79	1.64
1979-80	12.45
1980-81	16.45
1981-82	32.40
1982-83	33.97
	<u>96.91</u>

In view of the constraint on resources, the phasing of expenditure was

further modified in the note prepared for Cabinet dated 25 September, 1981 and later approved by the Cabinet on 12 October, 1981 as under:

Year	(Rs. in crores)
1980-81	16.20
1981-82	16.74
1982-83	18.36
1983-84	21.06
1984-85	10.27

6.5 According to the Ministry, the phasing of the project upto 1985 and giving up its priority were due to the following reasons:

“When the Crash Programme was approved in 1978, the estimated cost was Rs. 63.06 crores (works outlay) and the provision under Sixth Plan was Rs. 150 crores (Rs. 126 crores for residential). In view of the prevalent financial constraints, the total Sixth Plan Outlay for general pool accommodation was reduced from Rs. 150 crores to Rs. 125 crores out of which only Rs. 105 crores was intended for housing programme. Because of these financial constraints, the year-wise phasing of expenditure was shown only upto 1982-83, in the note prepared in May 1980 for the Expenditure Finance Committee (EFC). The matter was further considered in the Cabinet meeting held on 12-10-1981 when it was decided to phase out the likely expenditure in the year 1982-1985.”

6.6 The Committee are shocked to note that whereas for completion of the accepted commitment under the scheme by 1980-81 funds required during the years 1979-80 and 1980-81 (with reference to the original estimate of Rs. 68.11 crores) were of the order of Rs. 56 crores, the total provision in the entire grant for all programmes for residential buildings included in the grant was only Rs. 31 crores in the original estimates and hardly Rs. 23 crores in final grant. The lack of adequate provision for the Crash Housing Programme speaks volumes about the seriousness with which the crash programme was taken up for execution. The Committee are convinced with reference to financial provision alone that the concerned Ministries were not serious enough for a timely completion of the project. The Committee recommend that the circumstances under which the availability of funds could not be kept in view while planning and embarking upon execution of the project should be investigated and the results of findings intimated to the Committee.

6.7 The Committee also note that the Cabinet approval was taken in October 1981 for a provision of Rs. 16.74 crores for the crash programme

for the then running financial year 1981-82. However, the actual provision for all programmes included in the relevant grant for the year was only Rs. 5.81 crores in original estimates and Rs. 5.19 crores in the final estimates. Since the financial constraints, extent of commitment, feasibility of achieving the prescribed level of target etc. ought to have been well known during the middle of the financial year, the Committee desire to know on what basis Cabinet approval for an expenditure of Rs. 16.74 crores for this scheme alone was taken and why the commitment was not translated into action. The Committee also desire that the objective behind the Cabinet approval for an expenditure of Rs. 16.74 crores in 1981-82 without making provision may also be elucidated.

(ii) ESTIMATED COST AND ACTUAL

6.8 As already observed, the original estimated cost of the crash programme was Rs. 68.11 crores as approved in July 1978 for 21,300 quarters (excluding provision for the on going work of 9000 quarters). This estimate was based on cost indices for May 1978.

Within two years of sanction of original estimate of Rs. 68.11 crores for 21,300 quarters, a revised estimate for Rs. 96.91 crores was prepared in May 1980 for constructing 19940 quarters. The following reasons were indicated for the increase in cost:

- (i) Increase in the cost of materials and other items;
- (ii) Inclusion of items not included in the original estimate;
- (iii) Change in original specifications;
- (iv) Poor soil condition requiring extra depth of foundation.
- (v) Extra cost on provision for bulk services on account of adoption of 4 storeyed construction against double storey originally planned (specially in Delhi).

6.9 According to Audit, the expenditure on Crash Housing Programme was merged with the expenditure on other schemes and yearwise expenditure incurred on the programme was not available. In August 1986, the Director General of Works intimated Audit the yearwise expenditure on the programme, according to which the total expenditure on the programme upto March 1986 was Rs. 125 crores approximately. The Director General also stated that the project was estimated to cost Rs. 127 crores.

6.10 The Ministry of Urban Development have stated that the actual

expenditure against the administrative approval of Rs. 96.91 crores was Rs. 94.59 crores only up-to March 1987 and that an additional expenditure of Rs.3.49 crores was anticipated for completion of the remaining quarters. Asked to reconcile the discrepancy between the figures furnished to Audit and to the Committee, the Secretary stated that the figures furnished to Audit might include expenditure both in regard to Crash Programme and other programmes and that the matter would be looked into and clarified to the Committee. However, neither any clarification nor the statement of expenditure in support of the reported expenditure of Rs. 94.59 crores upto March 1987 was furnished to the Committee.

6.11 The Committee enquired if non—availability of funds and the consequential increase in the project cost due to delay was brought to the notice of the sanctioning authority. The Secretary, Urban Development replied:

“Usually, for the construction to be completed within 2—3 years, the sanctioning authority takes the view that escalation is not likely to be there, but if it is likely to go beyond three years, then they expect some kind of an indication as to what is likely to be the revised cost as a result of the escalation. Sir, our point of view, as the Ministry dealing with the construction, is that the sanctioning authority should take note of the likely increase in cost and while the cost of sanctioning funds may be higher. From our point of view we certainly feel that this should be appreciated by the sanctioning authority.”

6.12 The Committee asked if the likely escalation on account of delay in sanctioning funds was specially brought to the notice of the sanctioning authority; the witness replied in the negative.

6.13 The Committee have been informed that the cost of the crash programme was estimated at Rs. 68.11 crores in July 1978 with reference to cost indices obtaining in May 1978 for 21300 quarters and within two years the cost estimate was revised upwards to Rs. 96.91 crores, i.e by 42% over the original estimate despite reduction in number of quarters to 19940. For the substantial increase in cost hardly within two years of sanction, only generalised reasons have been given. The Secretary also observed during evidence that usually escalation does not affect for construction to be completed within a period of 2-3 years. In the circumstances, the Committee feel that the original estimates finalised a year after the scheme was announced in August 1977 were not prepared with adequate care; as otherwise such substantial revision within two years would not have been called for. The Committee recommend that the circumstances under which original estimates were so under valued should be examined and the results of the examination intimated to the Committee.

6.14 It is equally surprising to the Committee that for a committed project costing over Rs. 50 crores, no separate provision was made in accounts so as to keep a watch on the actual expenditure as against the provision in the budget. While on the one hand Audit was intimated that the progressive expenditure on the scheme was Rs. 125 crores upto March 1986, the Committee have been informed that the expenditure was only Rs. 94.59 crores upto March 1987. The casual manner in which this discrepancy was sought to be explained away brings into sharp focus the irresponsible manner in which the affairs of the Ministry have been and still are being conducted. Though the Ministry agreed to reconcile the discrepancy during evidence, details of reconciliation have not been furnished to the Committee so far, bringing out lack of concern of the Ministry for its accountability to Parliament. The Committee desire that the discrepancy between the two figures should be reconciled expeditiously and the results of reconciliation intimated to the Committee.

7. AVAILABILITY OF BUILDING MATERIALS

7.1 According to the Ministry, delays in the supply of raw materials, making available the sites, approval of layout plans and taking decisions on tenders etc. accounted for delays in execution of the programme upto 1500 days in respect of 29 works at Delhi, 9 to 24 months in respect of 2 works at Bangalore, 1175 days in respect of one work at Calcutta and 5 to 7 months in respect of works at Chandigarh. The Ministry conceded that shortage of raw materials like bricks, cement, steel and other raw materials was felt throughout the project. It has also been stated that:

“Among the various developmental works of the Central Government housing activity is comparatively low in priority and priority for scarce materials goes to works executed in core sector and housing did not find a place in this sector. Given these limitations, all efforts were reported to have been made to arrange materials like cement, steel, bricks etc. for the Crash Programme.”

7.2 It was proposed in the project report that Ministries of Industry and Steel would be approached for allocation of additional quantities of cement and streamlining the arrangements for supply of steel. The Ministry have stated that the question of supply of steel was taken up with the Minister for Steel by the Minister for Works and Housing but the Steel Priority Committee in its meeting held on 30.4.1979 decided that only 25 per cent of the requirements could be met by the main steel plants and the remaining requirements would have to be arranged by consumers. The Ministry have also stated that in effect the Ministry of Steel could not supply even 25 per cent of the requirements.

7.3 It was assessed in the project report that requirement of bricks in Delhi would be of the order of 22.5 crores. The CPWD had five kilns and it was proposed to set up 18 more kilns to meet the requirements. The Ministry have stated that sanction for acquisition of 240 acres of land for setting up brick kilns was issued but the Delhi Administration was not able to locate land which could be acquired. According to the Ministry, even then two more kilns were set up by the CPWD but the supply of coal for these kilns was very erratic. The Ministry have stated that the matter was taken up by the Minister for Works and Housing with the Minister for Railways twice for movement of more coal, but the Minister for Railways promised movement of one rake of coal whereas to run seven kilns to their optimum capacity, 10 rakes were required. It was also contended that materials could not flow in as per requirements of construction due to diversion of materials to important projects like ASIAD works etc.

7.4 Asked if the likely impact of this massive construction programme on market prices of inputs was considered at the programme formulation stage, the Ministry stated that cement and steel being controlled commodities their prices were not susceptible to market pressures. According to the Ministry, bricks was another important building material and the CPWD was running some kilns of its own and had proposed to set up more kilns to improve the supply position. The Ministry have stated that the difficulty in arranging the required materials was anticipated but in view of the acute shortage of houses for Government servants, particularly in the lower categories, the programme was not postponed by the Ministry.

7.5 It is shocking that construction of houses was delayed ranging upto more than four years in respect of 29 works at Delhi; upto 24 months for 2 works at Bangalore; more than 3 years in respect of one work at Calcutta and upto 7 months in respect of one work at Chandigarh. These delays have been attributed, *inter-alia*, to shortages of raw materials like bricks, cement, steel and other materials as housing activity is accorded comparatively low priority. It is surprising to note that even though difficulties in arranging the required materials were anticipated, effective arrangement was not made to ensure smooth supply of material before embarking upon the massive project. Evidently, the impact of the massive construction under this programme on prices and availability of various inputs was not gauged properly at the planning stage for taking timely remedial action. The Committee view this casual manner of planning a big project seriously as the consequential delays led to alarming cost increase besides hampering completion of construction on schedule. The Committee note that there were avoidable delays and cost over runs in construction of houses mainly because of the failure to ensure provision of adequated funds during the targetted period of construction; failure to make arrangements for supply of construction materials like steel, cement, bricks and coal; non-availability of sites in re-development areas in Delhi etc. These reasons and the fact that

the Ministry could not provide alternative accommodation to the occupants in re-development areas for a period of 3 years by which time the entire project was to be completed speaks volume about the weaknesses in planning and execution of the crash programme. The Committee therefore, urge upon the Ministry of Urban Development to set up an effective monitoring organisation to oversee progress of all projects so as to eliminate delays in planning and implementation in future.

8. APPROVAL TO CONSTRUCTION PLANS BY LOCAL AUTHORITIES

8.1 One of the reasons for delays in the construction of quarters is stated to be the delays in approval of layout plans by the local authorities. Asked whether the Government of India was also required to get clearance from the local authorities, the Secretary, Ministry of Urban Development clarified that in some cases the Government of India are required to get clearance. The Secretary added that the extent of the requirement varies from one municipality to another in view of the local bye-laws. The Secretary further stated that in some cases the Government of India will have to go through the building licence procedures and in some cases the local authorities have to be at least informed. But the planning, permission regarding the architectural perspective etc. needs some clearance from various authorities. The Committee enquired whether the Ministry could initiate a process to bring about certain amount of uniformity in the procedures followed by various municipalities in this regard, the Secretary stated that the Ministry had been suggesting that as far as the citizen is concerned, it should be a single window approach and citizen should be able to go to only one local authority and if that authority has to get any permission or any question of interpretation arises, it is upto that local authority to get it sorted out. The Secretary also agreed that the Ministry should definitely take up this point and work out a system whereby the Government agencies, who are the major constructors, get their own work done quickly.

8.2 Delays in approval of lay out plans and getting clearances from various local authorities also resulted in considerable delays in completion of quarters. The requirements of getting clearances varied from place to place because of local bye-laws. In some cases building licence procedure had also to be followed. The Committee feel, that delays in getting approvals and clearances not only adversely affect the construction plans of Government but also caused considerable hardship to general public who undertake construction work particularly in big cities. The Committee share the views of the Ministry of Urban Development that as far as the citizen is concerned, it should be a single window approach so that the citizen should be able to go to only one local authority for getting clearance of the construction plans, within a prescribed time limit. In the case of Government construction also such a system can be evolved. The Committee,

therefore, urge the Ministry of Urban Development to take up the matter earnestly with the concerned agencies to bring about uniformity in the procedures followed by various municipalities and also evolve single window approach in the matter so that the construction plans can be approached by only one local authority with a view to minimising the time taken in the clearance of layout plans. The Committee would like to be apprised of the results of Ministry's efforts in this behalf.

9. AVAILABILITY OF SITE FOR CONSTRUCTION

9.1 According to the Ministry another factor for time over run in construction of quarters was non-availability of sites in re-development areas in Delhi as also non-availability of land at Delhi and Hyderabad. In the re-development areas of Delhi, there were delays in vacation of quarters by the occupants and handing over the same to the CPWD for demolition and construction. The Ministry stated that the vacation was delayed due to non-availability of alternate accommodation with the Estate Office as well as reluctance of allottees to move from old accommodation. As a result sites for fresh construction were handed over very late in several places between April, 1979 and January 1983 whereas the new quarters in these areas ought to have been constructed by 1981, under the crash programme. According to the Ministry, the problem was compounded due to lack of programme for construction of sufficient number of type IV and V quarters even for replacement of quarters that were to be demolished. The Secretary conceded during evidence in this regard that only a general assessment appeared to have been made in regard to certain areas to be vacated and that the Ministry did not tie up at that time itself whether the areas would be available in time.

9.2 In regard to availability of land, the Ministry stated that a certain land earmarked for the crash programme had been leased out by DDA to private contractors upto November 1978 but it became available only in May 1979 and that at Hyderabad, land was made available by the State Government only in October 1981. During evidence, the Secretary stated that there were delays in getting land in respect of 239 acres in DIZ area, Aram Bagh and Timarpur of Delhi due to certain problems and that the department had learnt by bitter experience that unless land was absolutely available land ready for construction purposes, tenders should not be invited nor work orders given.

9.3 The Committee are surprised to be informed that the Ministry did not make out a proper plan of action for vacation of quarters due for demolition and for making available alternate accommodation of appropriate type in an acceptable area and that consequently there was time overrun. The Committee consider it unfortunate that those incharge of planning did not apply their mind even to fundamental requirements for large scale construction of houses.

9.4 In regard to obtaining vacant possession of quarters and land, the Committee feel that these factors can, by no stretch of imagination, be considered as reasons that could not have been thought of at the time of planning for appropriate action for expedition. The Committee is constrained to conclude that the planning process at the Ministry level had been lacking in foresight about basic bottlenecks likely to be encountered in implementation of such projects and to ensure appropriate solutions before prescribing targets for completion of the programmes to be implemented. The Committee hope that the planning section will be suitably strengthened so that foreseeable reasons are not themselves projected as contributory reasons for slippages in time schedules in respect of future projects of this nature.

10. REDUCTION IN PLINTH AREA OF QUARTERS

10.1 In order to construct increased number of houses, the plinth area norms of 1975 were reduced for the crash programme and the existing quarters of type I, II and III were renamed as Type A, B and C for the purposes of the Crash Programme with reduced plinth areas. The then existing plinth areas approved in 1975 were 365 sq.ft., 484 sq. ft. and 600 sq. ft. for Type I, II and III quarters respectively, against which the reduced plinth areas were 300 sq. ft., 350 sq. ft. and 425 sq. ft. for Types A, B and C respectively. The reduced plinth areas were approved by the Cabinet Committee of Accommodation (CCA) in September, 1978. The staff side of JCM represented at the National Council of JCM against the above reduction of the plinth areas. The matter was examined in detail by the Government and ultimately it was decided, with the approval of the Cabinet Committee of Accommodation in March 1981, to revert to the 1975 norms.

10.2 Further in the crash housing programme, sleeping out balconies were not provided on the ground that "provision of balconies was not in the accepted norms of the Government for crash housing quarters." However when the Delhi Urban Arts Commission did not approve the building plans in December 1979 due to non-provision of balconies, the decision to provide balconies was taken in 1981 and estimates revised in November 1981. The Secretary agreed during evidence in this regard that the Government ought to have associated concerned agencies at the appropriate time so that the deficiencies were quickly removed.

10.3 On the need or otherwise for review of specifications in Government accommodations, the Secretary stated during evidence that there exists a case for looking into and reviewing the extant specifications, and that it is possible to reach an understanding after allaying the apprehension in the minds of the employees that Government intend to reduce the space availability. According to the Secretary, specifications, not only of Govern-

ment accommodation, but of Government sectors as a whole, have to be reviewed and technically in all possible forms, a realistic view of specifications should be there.

10.4 According to Audit, construction of 17801 quarters (88.5 per cent) of different categories had already started under the crash housing programme with the reduced plinth areas and construction of remaining 2304 quarters only were taken up according to the standard plinth area norms of 1975. Information as to steps taken to upgrade the quarters to the norms of 1975 and expenditure incurred therefor, if any, was not available.

10.5 The Committee consider it odd for the Government to have taken a unilateral decision on omission of sleeping out balconies, reduction of plinth area of quarters etc, without consulting the other authorities concerned with clearance of building plan as also the staff side. The objective for which the modifications were to be made was the increase in number of quarters by a substantial extent in a period of 3 years, but it was obvious right from 1978-79 that this objective was not likely to be achieved and was actually not achieved also. It was evident on the basis of available resources as early as 1978-79 itself that the scheme would turn out to be no more than a regular programme. It is unfortunate that the Ministry failed to consult concerned authorities and parties and later had to go back on its decisions, resulting in a further set back in the achievement of target.

10.6 As the construction of 17801 quarters (88.5 per cent) of different categories had already commenced by the time, the Ministry decided to revert to 1975 norms, the Committee would like to know to whom the quarters constructed with reduced plinth area and without balconies etc, were allotted i.e., whether they were allotted only to those categories of staff for whom they were originally intended or to next lower categories by reducing the categorisation of the quarters. The Committee would also like to know how the deficiencies in the 17801 quarters constructed with the reduced plinth areas without balconies etc. were subsequently met so as to conform with the requirements of 1975 norms and what was the total expenditure incurred therefor.

10.7 The Secretary admitted during evidence that there exists a case for review of specifications, not only of Government residential buildings, but also of other buildings for a realistic view on the specifications. The Committee recommend that appropriate action and a full review of building specifications may be taken by a time bound programme so that the decisions thereon are ready for implementation at least from the Eighth Plan. period.

11. PROGRESS OF COMPLETION

11.1 According to modifications made in phasing of expenditure in October 1981, as approved by the Cabinet, the construction of quarters under the programme was to be completed by 1984-85. However, only 16360 quarters were completed by that time and 15155 were handed over to the Directors of Estates. 2651 quarters were completed by September 1988 and 388 quarters were yet to be completed. The delay in completion of the quarters at various places resulted in avoidable payment of Rs. 3.95 crores as house rent allowance to prospective allottees and loss of revenue of Rs. 1.87 crores by way of licence fee as per calculations made by Audit. A further loss of revenue of Rs. 14.86 lakhs and payment of house rent allowance of Rs. 28.95 lakhs has been calculated on account of delays in handing over of completed quarters at various places. In Hyderabad there were inordinate delays in allotment of quarters and out of 680 units constructed, about 200 units were still vacant. The delays in handing over of quarters have been attributed to delays in getting electric and water supply connections, non-posting of an Estates Officer at Hyderabad, maintenance arrangements and non-availability of infrastructure at places where quarters have been constructed. Commenting on it, the Secretary, Urban Development stated:

“I think it is absolutely essential that we try and narrow this gap. But in the majority of units we are not able to synchronise this and thereby the dwelling units are not occupied. nevertheless, we are trying to solve this problem and we should reduce the gap. Apart from the financial angle, the central purpose of earlier handing over and early occupation will certainly get priority.”

11.2 The delay in construction of quarters according to Audit resulted in avoidable payment of Rs. 3.95 crores as house rent allowance to prospective allottees and loss of revenue of Rs. 1.87 crores by way of licence fee. A further loss of revenue of Rs. 14.86 lakhs and payment of house rent allowance of Rs. 28.95 lakhs on account of delays in handing over of completed quarters at various places has also been calculated by Audit. In Hyderabad, out of 680 quarters constructed, 200 are still vacant. Delays in getting electric and water supply connections, non-posting of an Estates Officer at Hyderabad and non-availability of infrastructure at places where quarters were constructed have been cited by the Ministry as contributory reasons for delays in handing over quarters. It is highly deplorable that the completion of quarters and provision of essential facilities could not be synchronised which resulted in heavy losses to exchequer. The committee would like the Ministry of Urban Development to evolve a suitable machinery and take other necessary steps to prevent such eventualities in future.

12. CONSTRUCTION OF HOUSES THROUGH HUDCO

12.1 With a view to supplementing the efforts of the Department in the execution of the programme and affording an opportunity to the Housing and Urban Development Corporation Ltd. (HUDCO) to try its new technique for quick construction at a cheaper cost, the Ministry awarded in July 1979, the work of construction of 875 quarters of various types on a turn-key basis at an estimated cost of Rs. 1.58 crores plus departmental charges at 6 per cent. The prescribed date of completion was 12th July 1980. But the new technique to be adopted by HUDCO was not ascertained and technically evaluated by the Department before HUDCO was allowed to proceed with the work incorporating the new techniques. The new technique adopted by HUDCO for bringing down the cost and reducing time factor, included amongst others (i) use of leaner cement mortar of 1:8 (instead of 1:6) for brick work (ii) finishing of all external surfaces with "pointing" instead of "plaster" and (iii) elimination of RCC chajjas and rain water pipes.

12.2 By December 1979, the HUDCO had reached a progress of 4-5 per cent only as against the expected progress of 37 per cent and the quality of work was considered by the Department as sub-standard. On 20th December 1979, the Superintending Engineer in charge of the work observed that the quality of work done by HUDCO would not be acceptable to any responsible technical authority as the works had been executed in an "unengineering manner". The Superintending Engineer recommended that HUDCO might not be permitted to continue further construction. Notwithstanding the aforesaid observations, HUDCO was allowed to continue the work and it was only in May 1985—nearly 5 years after the scheduled date of completion—that the Ministry decided that the department should take over from HUDCO the responsibility to complete the work, when the unexecuted portion of work was assessed at about 35 per cent.

12.3 The Chief Engineer pointed out in May 1985 that the work carried out by HUDCO had a reduced plinth area of 6.89 per cent over the prescribed norm and that the work suffered from certain technical deficiencies, these technical deficiencies, it is noticed, are none other than the items listed earlier as new techniques adopted by HUDCO for bringing down the cost.

12.4 For the work done, HUDCO was paid Rs. 2.05 crores upto May 1985. The cost of the balance work (about 35 per cent) was estimated by the Department to be Rs. 1.13 crores. Asked about the reasons of cost

escalation to Rs. 3.18 crores against the original estimate of Rs. 1.58 crores. the Secretary, Ministry of Urban Development stated in evidence:

“We have not taken any official decision in this regard, when C.P.W.D. gives us the complete cost, then on the basis of the records we will see what has been the additional cost incurred by the HUDCO and whether this should be borne by the Government or by the HUDCO itself. We have not taken a final decision in this respect so far.”

12.5 The Committee asked if any attempt was made to assess the construction techniques and managerial and engineering capabilities of HUDCO before assigning the task of construction of quarters as HUDCO was essentially a planning and financial institution. The witness replied that the Government did make an assessment of HUDCO's managerial and construction management resources while deciding to award this work to HUDCO.

12.6 The Secretary, Ministry of Urban Development stated during evidence that the construction work done by HUDCO was examined by the Chief Technical Examiner and based on his report, disciplinary action against the concerned officers has been initiated and the matter has been referred to CBI also in some cases. Disciplinary action initiated is reported to be at various stages of investigation.

12.7 According to Ministry, 327 quarters constructed by HUDCO have been released for allotment and work of completing 498 quarters was in progress. Out of the quarters constructed by HUDCO, 250 were converted into 200 transit camps at an estimated cost of Rs. 2 lakhs. Asked to indicate why the quarters were not popular, the Ministry stated that the question of the quarters being unpopular had not arisen and that based on a proposal to have transit accommodation, a decision to convert 250 quarters into 200 transit camps was taken by the Ministry.

12.8 The Committee are perturbed to note that Housing and Urban Development Corporation (HUDCO), although essentially a planning and financial institution having no experience of construction work, was awarded construction of 875 quarters of various types at Delhi on turn key basis. Even though it was found out at quite an early stage of construction in December 1979 that the work was being done in “un-engineering” manner and quality was not acceptable to any responsible technical authority, yet contract was not rescinded and HUDCO was allowed to continue work till May 1985. Originally the date of completion of work was 12 July 1980. The work was awarded at the estimated cost of Rs. 1.58

crores plus departmental charges of 6 per cent. But HUDCO has already been paid Rs. 2.05 crores upto May 1985 and the cost of balance works was estimated to be Rs. 1.13 crores. The Committee would like the Ministry to reassess the work done by HUDCO and recover the excess payment made to HUDCO. The Committee would like to be informed of the decision when taken. They recommend that in future only experienced agencies are engaged in construction work particularly of this magnitude.

12.9 The Committee note that CBI enquiry is on in certain cases and disciplinary action has been initiated against officers indicated by the Chief Technical Examiner and it is at various stages of investigation. The Committee would like to be informed of the outcome of investigation and action taken against delinquent officials.

12.10 The Committee note that HUDCO's cost reduction factors related to down grading of certain technical specifications, the admissibility or effectiveness of which were never considered by Government.

The Committee fail to understand why the CPWD which is expected to be a repository of construction expertise in the country, did not ascertain the new construction techniques to be adopted by HUDCO and evaluate them before awarding the work to HUDCO. The Committee also wonder how the technical wing of the Ministry gave clearance for the claims of HUDCO of cost reduction without an analysis of the factors and technical clearance thereof. The Committee are of the opinion that the entire issue relating to acceptance of cost reduction factors which led to technical deficiencies should be investigated, responsibilities fixed and appropriate action taken against Government officials responsible for accepting the downgraded specifications. The Committee would also like to be apprised of the circumstances under which the quarters of sub-standard quality constructed by HUDCO were converted into transit accommodation instead of regular quarters.

13. ARBITRATION CLAIMS

13.1 According to Audit, the Department rescinded 7 contracts for construction of 1056 houses under the crash housing programme due to failure of contractors to complete the work by the stipulated dates and entrusted the works to new contractors at the risk and cost of the earlier contractors.

13.2 The claims of the Department for recovery of extra cost of Rs. 52.36 lakhs incurred on completion of these were, however, rejected by the

arbitrators on the ground that the Department did not make available part of the sites within stipulated/extended period. As a result, the extra expenditure of Rs. 52.36 lakhs could not be recovered. Further a test check of 38 cases revealed that in 29 cases in Delhi, construction work was delayed as the Department failed to make sites available. Asked why the tenders were called and works awarded when clear sites were not available the Secretary, Urban Development replied in evidence as under:

“We have learnt from our bitter experience that unless land is absolutely available and ready for construction purpose we should not call tenders or give work orders.”

13.3 The Committee consider it unfortunate that in none of the arbitration cases the department succeeded in establishing its claim against the contractors; it is apparent that several latent failures of the Department were not taken note of before rescinding the contracts and award of work at the risk and cost of the contractors. The Committee recommend that each of the 7 cases may be thoroughly examined, and responsibilities fixed for the loss of Rs. 52.36 lakhs.

13.4 The Department should enquire into the circumstances in which tenders were invited and work orders placed without making sure that sites were available to pinpoint the responsibility in calling tenders and giving work orders without land being available. The Committee trust that the lesson learnt from the bitter experience that unless land is available and ready for construction purpose, tenders should not be called and work orders should not be given, will not be lost sight of in future.

14. WORKS EXECUTED BY NATIONAL BUILDINGS CONSTRUCTION CORPORATION

14.1 The work of construction of 1000 quarters (200 type 'A', 400 type 'B' and 400 type 'C') at Mehrauli Badarpur Road, New Delhi was awarded on a turn-key basis to the National Buildings Construction Corporation Ltd. (NBCC) on 3rd July 1979 at a total ceiling cost of Rs. 2.78 crores with date of completion as 12th July, 1980. No formal agreement was entered into with the NBCC. The intention of the Government in awarding the contract to the NBCC was to get the construction of quarters completed early and to reduce the cost of construction as compared to that of the CPWD by adoption of new techniques by the NBCC.

14.2 According to the arrangement made with NBCC, the NBCC was to be paid at the same rates as accepted by the CPWD for similar work awarded at Mehrauli Badarpur Road on the basis of tenders invited in June-July 1979. In addition, 6 per cent departmental charges were also

payable. In July 1980, the Chief Engineer, Construction Zone, however, intimated that CPWD had not invited any tenders during this period. The department, decided (28th March 1981) that the percentage of 31.47 above the Delhi Schedule of Rates, 1977 (DSR 1977) quoted on 18th May 1979 for a similar work in North Delhi and allowed by a Public Works Division of Delhi Administration, may be taken for working out the cost of work to be paid to the NBCC excluding internal electrifications. Audit has however, pointed out that lower rates ranging from 11.25 per cent to 13.90 per cent above DSR 1977 had been received in respect of similar works at Mehrauli Badarpur Road by the department in January 1979 and May 1979 and that the CPWD had awarded a similar type of work (112 type 'C' quarters at Aram Bagh area) in June 1979 at 13.74 per cent above the DSR 1977. In the circumstances Audit has contended that the decision to award the work to the NBCC at 31.47 per cent above DSR 1977 was not justified and that computed with reference to the rate of 13.90 per cent above DSR 1977, the department incurred an extra expenditure of Rs. 56.75 lakhs upto August 1986.

14.3 Asked to justify the rate, the Ministry has stated that no tenders were invited during these months in CPWD and that the tenders received nearest to those months were the one received on 18.5.1979 for similar civil works at Mall Road, which were 31.47% above the DSR 1977.

14.4 Clarifying the point, the Secretary observed during evidence that it was very rarely that the Government got works done on such a condition, that the work that was given to the NBCC was not normal work and that NBCC had been told that it would be paid whatever was the current rate at that particular point of time for similar houses.

14.5 The Committee note that work of construction of 1000 quarters was awarded to NBCC with a view to adopt new techniques of construction and achieve cost reduction as compared to the costs incurred by CPWD. The Committee would like to be enlightened about the new techniques actually adopted, cost reduction actually effected, and steps taken to review the utility and adoption of the new techniques.

14.6 The Committee note that while on the one hand award of work was to ensure cost efficiency, NBCC was allowed to be paid the highest rates as available in a far off place, rather than in the neighbouring area. What is equally surprising to the Committee is that the Department agreed for a percentage increase without having any idea what the percentage increase would be or what its effect would be on the cost of the works or whether the condition was workable at all. In any case, when the prevailing rate in another area in the city at the time of award of work to NBCC was only 13.74% above the schedule of rate and earlier rates in the same area, hardly 5 months before, were only 11.25 to 13.90 per cent over the schedule

of rates, the inescapable conclusion is that an undue favour was done to NBCC by granting an increase of 31.47% above the schedule of rate by taking recourse to a rate prevailing in an entirely different locality. The Committee are of the strong view that the extra expenditure of Rs. 56.75 lakhs incurred by adoption of higher rate for award of contract to NBCC is quite unjustified. The Committee recommend that responsibility for agreeing to such loose terms resulting in the avoidable extra expenditure of Rs. 56.75 lakhs upto August 1986 should be fixed and suitable action taken against those found responsible.

15. DISMANTLING OF OLD HOUSES AND DISPOSING OF THE MATERIALS IN DELHI

15.1 Audit has pointed out that whereas according to departmental rules, separate tenders were required to be invited for dismantling and disposal of demolished materials and for construction of quarters, the department awarded 15 composite contracts both for dismantling and construction. Audit has further pointed out that the reserve price for dismantled materials was fixed as low as Rs. 17.28 lakhs as against the price of Rs. 85.98 lakhs worked out in accordance with departmental regulations and that the department accepted offers of Rs. 18.26 lakhs, resulting in shortfall in realisation by Rs. 67.72 lakhs.

15.2 Asked to justify the invitation of composite tenders in contravention of departmental instructions, the Ministry has stated that it is not a workable proposition to have one contractor for demolition and another for construction, because demolition contractor would have taken some time before building contract could be fixed, resulting in delay in the start of construction work, increase in rates etc.

15.3 Clarifying further on the issue during evidence, the Department stated that normally when one or two houses are to be dismantled, separate auction is conducted and that in other cases, where time required for demolition is long, composite tenders are given.

15.4 In regard to the reserve price fixed, the department has contended that it was correctly fixed during January 1979 by the replacement cost method which was higher than reserve price based on salvage value and that the figure of Rs. 85.98 lakhs was based on the increased reserve prices fixed in September 1980.

15.5 During evidence, the Ministry was asked to examine the wide disparity in the rates and to give a report and the Ministry agreed.

15.6 The Ministry did not, however, examine the reasons for wide disparity to give the findings but instead gave a general reply and observed as under :—

“However, the substantive point is that the reserve price for the demolition of a house or houses is not a major decisive factor in

accepting a composite tender. The reason is that the Contractor quotes for a composite tender and the CPWD evaluates it on the basis of the price quoted for demolishing the old building as well as for constructing the new house. In other words, CPWD will reject the tender of a contractor who quotes a higher price for demolishing as well as for the construction of a new house in preference of a contractor who quotes a low price both for demolishing and the new construction. Thus, the rates quoted by the contractors for demolition are not dependent solely on the reserve price fixed by CPWD."

15.7 The Committee have been informed that it is not a workable proposition to have one contractor for demolition and another for construction because demolition contractor would take his time for completion of his job and thereafter only the building contract could be fixed. The Committee does not agree with this contention and recommend that the proper procedure to be adopted in such cases should be examined by a technical Committee and appropriate rules be laid down for strict compliance by the executive agencies.

In the cases cited by Audit the reserve price fixed for dismantled material was as low as Rs. 17.28 lakhs as against the value of Rs. 85.98 lakhs worked out in accordance with the departmental regulations. According to the Department the rate of Rs. 17.28 lakhs related to the estimation done in January 1979 and the higher rate related to the estimation done in September 1980. Considering the very little time lag, the Committee are not convinced by the clarification given. Though the Ministry agreed during evidence to investigate the reason for wide disparity in rates, the Committee regret that no information has been given to the Committee and they assume that no investigation has been carried out by the Ministry in spite of the assurance given to the Committee. The Ministry has also not given any information as to when the relevant contracts were awarded nor stated how far the estimate of Rs. 17.28 lakhs was justified. In view of the substantial variation between the amount realisable from the dismantled materials and the value worked out in accordance with the departmental regulation, the Committee recommend that the specific cases covered in the Audit paragraph may be fully investigated by a Committee appointed for the purpose and the results of investigation intimated to the Committee.

NEW DELHI;

March 15, 1989

Phalgun 24, 1910 (S)

AMAL DATTA

Chairman,

Public Accounts Committee.

APPENDIX I

Audit Paragraph

54.1 *Introductory*

Towards the end of 1977, Government announced a crash programme for the construction of 30,000 general pool staff quarters for Central Government employees. As nearly 9,000 houses were already in various stages of construction in the 'general pool', the Ministry accorded (July 1978) sanction for Rs. 68.11 crores (Rs. 63.06 crores as works outlay and Rs. 5.05 crores as departmental charges) for construction of 21,300 quarters. The work of construction of quarters, commenced in 1978-79, could not be completed by the end of 1981-82 as was originally intended due to shortage of steel, cement, bricks, non-availability of sites and inadequate provision of funds. This necessitated an upward revision of cost, for which a memorandum was submitted to the Expenditure Finance Committee in May 1980. The following points were, *inter-alia* brought out in the memorandum:

- (i) The controlled price of cement and market price of steel had gone up sharply and due to restricted availability of coal, it was not possible for the department to run the departmental brick kilns to their optimum capacity and the department had, therefore, to depend on the market for meeting the requirement of bricks. This had enhanced the estimated cost of construction by about Rs. 22.30 crores.
- (ii) Rupees 4.33 crores were required for providing balconies that were not provided earlier.
- (iii) An additional estimated expenditure of Rs. 2.26 crores on works outlay was required for bulk services like underground pumps, overhead water tanks and pumps due to taking up of construction of 4 storeyed quarters at Delhi instead of double storeyed quarters.

The Expenditure Finance Committee approved (June 1980) the revised cost estimates of Rs. 96.91 crores (Rs. 89.74 crores works outlay plus 7.17 crores departmental charges) on 2nd June 1980 for the construction of 21,300 quarters.

Subsequently, due to (i) increase in the cost of construction, (ii)

decision taken in March 1981 to construct quarters with larger plinth areas and (iii) addition of balconies to the quarters, the Ministry decided (November 1981) to reduce the total number of quarters from 21,300 to 19,940 and conveyed (November 1981) sanction to a revised estimate amounting to Rs. 96.91 crores (Rs. 89.74 crores works outlay plus Rs. 7.17 crores) (Rs. 89.74 crores works outlay plus Rs. 7.71 crores departmental charges). The reasons for increase in the works outlay to the extent of Rs. 26.68 crores are given in the Annexure.

A sanction for Rs. 2.60 crores (Rs. 2.42 crores works outlay plus Rs. 0.18 crores departmental charges) was accorded separately by the Ministry in November 1981 for providing bulk services.

The following table gives details of houses to be constructed at various places as per the original sanction and the revised sanction.

Number of houses to be constructed

Cities	Type A		Type I		Type B		Type II		Type C		Type III		Type V		Total	
	O	R	O	R	O	R	O	R	O	R	O	R	O	R	O	R
Delhi	1,000	742	-	-	5,000	3,661	-	-	9,180	7,881	-	1,708	120	120	15,300	14,112
Bombay	800	800	-	-	1,200	1,200	-	-	600	600	-	-	-	-	2,600	2,600
Calcutta	800	816	-	-	600	592	-	-	600	592	-	-	-	-	2,000	2,000
Madras	100	96	-	-	100	108	-	-	100	96	-	-	-	-	300	300
Chandigarh	100	100	-	-	50	52	-	-	150	148	-	-	-	-	300	300
Hyderabad	125	-	-	88	225	-	-	144	150	-	-	96	-	-	500	328
Bangalore	50	48	-	-	150	156	-	-	100	96	-	-	-	-	300	300
Total:	2,975	2,602	Nil	88	7,325	5,769	-	144	10,880	9,413	-	1,804	120	120	21,300	19,940

O - Original
R - Revised

In this connection, following points were noticed.

- (i) In Delhi against 14112 houses sanctioned, construction of 14277 houses was taken up.
- (ii) The plinth area norms of 1975 which were reduced in September 1978 were restored in March 1981 for all future construction. However, construction of 17801 quarters (88.5 per cent) of different categories had already started by that time. Construction of 2304 quarters only could, therefore, be taken up according to the standard plinth area norms of 1975.

54.2 Expenditure on execution of the programme

As the expenditure on the crash housing programme was booked under '483-capital outlay' along with expenditure of other scheme, year-wise expenditure incurred on the programme was not available. In August 1986, the Director General of Works intimated that the total expenditure on the programme up to March 1986 was Rs. 126 crores approximately and estimated that the project would cost Rs. 127 crores. The excess of expenditure over the revised sanction (Rs. 96.91 crores) would be of the order of Rs. 30.09 crores. The revised estimates are yet to be approved.

54.3 Progress of construction

The table below gives the number of quarters sanctioned, taken up for construction, quarters completed and made over to the Director of Estates up to March 1986.

	Quarters sanctioned for construction	Quarters taken up for construction	Quarters completed	Quarters to be completed	Quarters handed over to Director of Estates	Quarters to be handed over
Delhi	14112	14277	11238	3039	11238	—
Bombay	2600	2600	2600	—	2600	—
Calcutta	2000	2000	1294*	706*	417*	767
Madras	300	300	300	—	300	—
Chandigarh	300	300	300	—	300	—
Hyderabad	328	328	328	—	—	328
Bangalore	300	300	300	—	300	—
TOTAL	19940	20105	16360	3745	15155	1095

*(As on June 1986)

The construction of quarters was proposed to be completed by 1984-85. As per assessment made by the Ministry, in March 1986, out of 3039 quarters to be completed in Delhi, 2640 quarters were expected to be ready by 1986-87 and the balance 399 quarters by 1987-88.

(ii) Availability of land

For the construction of quarters at Bombay, Chandigarh and Madras land was already available with the department.

The position of availability of land at other places is given below:

Delhi

Out of 15,300 quarters, originally planned to be constructed at Delhi, land was available for construction of 6,600 quarters. Land for construction of the remaining 8700 quarters was to be made available after dismantling 1111 old quarters. The department could, however, make available 849 quarters to the contractors for demolition in piece meal up to June 1986. Out of the remaining 262 quarters, the Chief Engineer, Construction Zone had approved survey report (28th February 1981) for demolition of 100 existing quarters in Raja Bazar (Gole Market) but these quarters could not be demolished so far (August 1986) as these were under-unauthorised occupation. To prevent re-occupation of such of the quarters as may be got vacated, chowkidars were employed by the department upto March 1986 and, thereafter, the work of watch and ward was assigned to a private agency on a quarterly payment of Rs. 6,930.

Calcutta

In Calcutta, 55,8442 acres of land was acquired at a cost of Rs. 184.74 lakhs by 1978 against the estimated requirement and cost of 55,9572 acres and Rs. 92.07 lakhs respectively.

Hyderabad

The Ministry approved (August 1979) purchase of 120 acres of land from the State Government. The department could take possession of only 40 acres from the State Government in October 1981 i.e., after a lapse of two years. Consequently, the work of construction of 328 quarters could be awarded only in July 1982.

Bangalore

Out of 300 quarters to be constructed, land was available for 96 quarters and for the remaining 204 quarters, 10 acres of land was procured from the Bangalore Development Authority at a cost of Rs. 7.50 lakhs.

(iii) Delay in construction attributable to the department

Delhi

- (i) A test-check of 38 contracts, where extensions were granted to the contractors for the constructions of 8,640 quarters at Delhi revealed that in 29 cases (7,779 quarters) the delays were attributable to the department, because of not making available the sites, non-supply of materials, and delay in taking decision on lay out plans. The delay was 26 days in one case (60 quarters), 180 days in another case (480 quarters) and ranged between, 251 and 500 days in 9 cases (2136 quarters), 501 and 750 days in 7 cases, (1882 quarters), 751 and 1000 days in 7 cases, (1933 quarters) and 1001 and 1500 days in 4 cases, (1288 quarters).
- (ii) As the construction of 1056 quarters at Delhi, awarded against 7 contracts during January 1979 to May 1979, could not be completed by the contractors by the stipulated dates/extended dates of completion, the department rescinded the contracts during March 1980 to January 1981 and got the balance works executed at an extra cost of Rs. 52.36 lakhs through other contractors at the risk and cost of original contractors. The claims of the department for recovery of extra cost of Rs. 52.36 lakhs were referred to arbitrators, at the instance of the contractors in six cases and at the instance of the department in one case. The arbitrators in their awards held that the recovery of extra cost in these cases was not justified as the department did not make available part of the sites within the stipulated extended period. As a result, the extra expenditure of Rs. 52.36 lakhs could not be recovered. The extent of delay in making available the sites has not been quantified by the department.

Bangalore

At Bangalore, due to failure to make timely supply of materials (cement, for steel, G.I. pipe etc.) to the contractor and delay in securing electrical connection, there was a delay of 24 months in the completion of 204 quarters (48 type 'A' and 156 type 'B'). Further, in the construction of 96 type 'C' quarters, out of a total delay of 40 months, delay of 9 months was attributable to the department due to delay in taking decision about (i) colour scheme (ii) substitution of battened door shutters by panelled door shutters and (iii) change of cup board frames from teak wood particle boards to wooden frames.

Calcutta

At Calcutta, there was a delay of 1175 days in the construction of 128 type 'A' quarters due to not making available the site (31 days), short supply of cement (26 days), delay in communicating decision (751 days)

and stoppage of work for testing internal sanitation, water supply line etc. (808) days.

There was also delay in the construction of 592 'B' type quarters due to irregular supply of stipulated materials, delay in communicating decision on technical point viz. structural drawing of roof, revised drawing of grill, thickness of door shutter, construction of balcony, RCC precast shelf and stair-case railing, colour scheme, layout of soil, rain water pipe, sewer line, external G.I. pipe line, etc., delay in according sanction to the project plan by the Salt Lake Development Authority and delay in getting possession of land etc.

Chandigarh

There was a delay of 7 months, 6 months and 5 months in the construction of 100 type 'A', 52 type 'B' and 148 type 'C' quarters respectively on account of non-arranging timely supply of materials and getting the overhead electric lines removed promptly and non-completion of electric works etc.

Madras

There was delay of 2 years in awarding the contractor the construction of 96 'C' type quarters. The lowest tender received in January 1979 was 77.21 per cent above the estimated cost of Rs. 16.31 lakhs and was rejected. In the second call (February 1979), a single tender was received at 49.47 per cent above the estimated cost and was brought of by 75 per cent (value Rs. 24.10 lakhs) during negotiation. Although the tender was recommended by the Superintending Engineer to the Chief Engineer (May 1979) for acceptance with the remarks that there was no possibility of getting more favourable rates, it was not accepted (May 1979) by the Chief Engineer on the grounds that for similar construction at Anna Nagar, tender received in March 1979 was 35.78 per cent above the estimated cost. Fresh tenders were called subsequently on four occasions (lowest acceptable being for amounts of Rs. 31.45 lakhs, 31.24 lakhs and Rs. 33.46 lakhs on third, fourth and fifth call respectively) and the tender received at the sixth call 131.45 per cent above the estimated cost was accepted in February 1981. The rejection of the tender received in the second call and acceptance of the tender received in the sixth call at 131.45 per cent above estimated cost (value Rs. 37.74 lakhs) resulted in an extra expenditure of Rs. 13.64 lakhs besides the delay in the construction of the quarters.

Hyderabad

The works relating to external water supply, external sewerage and drainage etc. were not taken up simultaneously with the civil works of the buildings (July-August 1982) but were commenced between July 1983 and May 1984. This resulted in a delay of about 12 to 21 months. There was

also similar delay in commencing the electrical works which were taken up in April 1983 and August 1983.

54.4 Execution of works

Delhi

(A) Sub-standard construction of quarters by HUDCO

With a view to supplementing the efforts of the department in the execution of the programme and affording an opportunity to the Housing and Urban Development Corporation (HUDCO) to try its new technique for quick construction at a cheaper cost, the Ministry awarded (July 1979) the work of construction of 875 houses (175 type 'A', 350 type 'B' and 350 type 'C') at Delhi to HUDCO on turn-key basis, at a cost of Rs. 1.58 crores as estimated by HUDCO plus departmental charges at 6 per cent with the date of completion of the works as 12th July 1980.

A special construction cell was created in the Ministry in 1979 for exercising proper check on technical / financial aspects and making payments to HUDCO for the work done.

The process of construction was reviewed in a meeting attended by the representatives of the Ministry and the HUDCO on 11th December 1979, wherein it was decided that a joint inspection of the works, executed by HUDCO should be carried out. In the joint inspection carried out on 17th December, 1979, the progress of construction was found to be 4 to 5 per cent against the expected progress of 37 per cent. The quality of work was also found to be substandard. The Superintending Engineer (Civil) in his note dated 20th December 1979 to the Ministry stated that the quality of the work done by HUDCO would not be acceptable to any responsible technical authority on account of the fact that the work had been done in "an unengineering manner" and suggested that HUDCO might not be permitted to continue further construction. HUDCO was, however, allowed to continue the work. The Ministry decided in May 1985 that the department should itself take over and complete the remaining work. The un-executed work (about 35 per cent) was actually taken over by the department in November, 1985.

HUDCO had been paid Rs. 2.05 crores up to May 1985. In May 1985, the cost of the balance work was estimated by the department to be Rs. 1.13 crores.

As per the letter of award of work, dated 3rd July 1979, the plinth area of the houses and other amenities were to be according to the norms prescribed by the Government. HUDCO was, however, allowed to adopt

its own design and specifications and was required to certify the structural safety and soundness of the buildings. In May 1985 the Chief Engineer pointed out the following deficiencies in the work executed by HUDCO.

- (a) The plinth area of the constructed houses was less by 6.89 per cent than the prescribed norms adopted by the department for similar type of houses resulting in reduction of works outlay by Rs. 13.76 lakhs.
- (b) (i) Brick work was done in 1:8 cement mortar instead of 1:6 adopted by the department. (ii) Pointing with cement mortar 1:3 had been done on all the external faces against different types of cement mortar generally used by CPWD. (iii) Reinforced cement concrete chhajja and rain water pipes had been eliminated.

The cost difference on account of these lower specifications adopted by HUDCO was assessed at Rs. 4.84 lakhs on the total work outlay. No recovery had been effected from HUDCO on account of above deficiencies (September 1986).

The requisite certificate regarding structural safety and soundness of the building had also not been obtained from HUDCO (September 1986).

The work had not been completed so far (October 1986) and as such it had not been possible to correlate the quantities of work executed with the payment made to HUDCO and to ascertain overpayment, if any, made by the department.

As the quarters constructed by HUDCO were found unpopular, it was decided (July 1985) to convert 250 of them into 200 transit camps at an estimated cost of Rs. 2 lakhs. The work of conversion had not been completed so far (September 1986).

(B) Works executed by National Buildings Construction Corporation

The work of construction of 1000 quarters (200 type 'A', 400 type 'B' and 400 type 'C') at Mehrauli Badarpur Road, New Delhi was awarded on a turn-key basis to the National Buildings Construction Corporation (NBCC) on 3rd July 1979 at a total ceiling cost of Rs. 2.78 crores with date of completion as 12th July 1980. No formal agreement was entered into with the NBCC. The intention of the Government in awarding the contract to the NBCC was to get the construction of quarters completed early and to reduce the cost of construction as compared to that of the CPWD by adoption of new techniques by the NBCC.

The NBCC started work on the first 500 quarters from 2nd July 1979, on the next 200 quarters from 13th February 1980 and on the remaining 300 quarters from 5th March 1980.

The following points were noticed in connection with execution of the above contract:--

- (i) The NBCC was to be paid at the same rates as accepted by the CPWD for similar work awarded at Mehrauli Badarpur Road on the basis of tenders invited in June-July 1979. In addition, 6 per cent departmental charges were also payable. In July 1980, the Chief Engineer, Construction Zone, however, intimated that CPWD had not invited any tenders during this period. The department, decided (28th March 1981) that the percentage of 31.47 above the Delhi Schedule of Rates, 1977 (DSR 1977) quoted on 18th May 1979 for a similar work in North Delhi and allowed by a Public Works Division of Delhi Administration, may be taken for working out the cost of work to be paid to the NBCC excluding internal electrifications. It was, however observed that lower rates ranging from 11.25 per cent to 13.90 per cent above DSR 1977 had been received in respect of similar works at Mehrauli Badarpur Road by the department in January 1979 and May 1979. The CPWD had awarded a similar type of work (112 type 'C' quarters at Aram Bagh area) in June 1979 at 13.74 per cent above the DSR 1977. The decision to award the work to the NBCC at 31.47 per cent above DSR 1977 was therefore not Justified. Computed with reference to the rate of 13.90 per cent above DSR 1977, the department incurred an extra expenditure of Rs. 56.75 lakhs upto August 1986. The final bill payable to the NBCC was under revision and additional expenditure was likely to be incurred further.
- (ii) According to the revised cost estimate submitted (August 1985) by the CPWD to the Ministry for finalisation of accounts of the NBCC, the cost payable to the NBCC worked out to Rs. 2,83,76,982 (excluding the element of escalation in the cost of materials like sand, stone blast, wood, sanitary items etc. on which there was no statutory increase). The department had released Rs. 2,87,50,000 up to August 1985. The final bill was yet to be prepared.
- (iii) 500 quarters (100 type 'A', 200 type 'B' and 200 type 'C', completed by the NBCC were placed at the disposal of the Cabinet Secretarial (Special Protection Group) in July 1985. The remaining 500 quarters although stated (July 1985) by the Director General of Works as almost ready in June 1983 except for a few finishing items, had not been taken over by the CPWD (March 1986).

- (iv) The Ministry / CPWD had not initiated action for levy of compensation or for liquidated damages (August 1986) for delay in the construction of work scheduled to be completed on 12th July 1980.

(C) Extra cost due to non-provision of balconies in the Original estimates

As the Delhi Urban Arts Commission did not approve (December 1979) the building plans of the quarters at Delhi due to non-provision of sleeping-out balconies in the original estimates, these were provided in the revised estimates (November 1981) at an estimated cost of Rs. 331.84 lakhs for works at Delhi and Rs. 101.00 lakhs for works at other places.

The work of constructing balconies at Delhi was taken up by the department during the years 1982-83 and 1983-84 at rates much higher than the rates at which the contracts were awarded for the construction of quarters. This resulted in extra expenditure of Rs. 116.00 lakhs in respect of 5120 'C' type quarters.

As the work of providing balconies at Delhi was taken up after the quarters had been completed or construction was in progress, parts of the walls had to be dismantled and windows taken out during 1982-83 for providing doors at an extra cost of Rs. 6.23 lakhs. Dismantled materials worth Rs. 5.61 lakhs were yet to be disposed of (September 1986).

(D) Loss due to delay in taking decision on tender

- (i) The contract for construction of 64 type 'A' and 80 type 'B' quarters in DIZ area, Delhi awarded to a contractor in January 1979 was rescinded in January 1981 on account of slow progress work. The tenders for the balance work (estimated cost of Rs. 7.63 lakhs) were invited in June 1981. In response the following tenders were received.

Alternative-I (with department bricks)	Alternative-II (with contractor's bricks)	Amount offered for demolition / sale of quarters	Relative position
'A' 47 per cent above esti- mated cost	64 per cent above estimated cost	Rs. 9000	lowest
'B' 65 per cent above esti- mated cost	78 per cent above estimated cost	Rs. 52000	Second lowest

The rates of contractor 'A' (1st lowest) were valid for acceptance upto 30 days from 29th June 1981 i.e. 28th July 1981. The executive Engineer recommended (23rd July 1981) the tender for acceptance in favour of contractor 'A' stating that the contractor had been requested to extend the validity period of the tender upto 60 days. The contractor agreed to extend the validity period of his tender upto four months i.e upto 28th October 1981. As the department could not take any decision on the tender, the contractor was requested (6th November 1981) to extend the validity period upto 29th November 1981 and again (13th November 1981) upto 30th November 1981. The contractor, however, intimated (16th November 1981); his inability to extend the validity period further. The Chief Engineer accepted (30th December 1981) the second lowest tender of contractor 'B' who had extended the validity of his tender upto 31st December 1981 at 78 per cent above the estimated cost of Rs. 7.63 lakhs (alternative II).

Due to delay in taking a decision on the tenders, the department had to award the work at a higher rate of 78 per cent above, resulting in avoidable expenditure of Rs. 0.70 lakh after adjusting the higher amount received for demolition/sale of old quarters.

(E) Extra expenditure of Rs. 2.48 lakhs due to provision of recessed conduit wiring in original technical estimates

During execution, doubts were expressed about the advisability of recessed conduit wiring provided in the technical estimates, as chases were required to put out in walls for dropping conduit pipes. The earlier decision (March 1979), was therefore, changed (1st June 1979) to provide for batton wiring. By that time the department had awarded over 15 works with recessed conduit wiring and in some cases there works were in progress upto the 4th floor. It was, therefore, decided (4th June 1979) to execute the balance work in surface conduit with proper linking. This necessitated provision of junction boxes to connect recessed conduit wiring with that on surface. In 12 works (2688 quarters), test checked by Audit, the extra expenditure incurred on this account worked out to Rs. 2.48 lakhs.

(F) Recoveries from contractors

In the following cases, where contracts were rescinded by the department due to failure of the contractor to execute the work in time, extra expenditure incurred for getting the balance work executed at the risk and cost of the contractor could not be recovered.

Particulars of work	Amount of extra expenditure that could not be recovered	Remarks
1	2	3
	(Rupees in lakhs)	
Delhi Construction of 288 type 'C' quarters awarded on 27th December 1978	4.62	As the contractor failed to complete the work by the due date of completion (10th April 1980) balance work was awarded (13th February 1982) to another contractor without issuing rescission notice to the original contractor. The claim for recovery of extra expenditure referred to the arbitrator appointed in October 1981 to adjudicate claims of the parties was withdrawn by the department because the formalities required for rescission of the contract were not complied with.
Madras 1. Construction of 96 type 'A' quarters awarded on 8th February 1979	2.39	The contractor was to complete the work by the extended date of completion (30th June 1982) but the contract was rescinded by the department on 14th June 1982 and the balance of work was got done by another contractor at an extra cost of Rs. 2.46 lakhs. The arbitrator appointed at the instance of the contractor did not allow department's claim (except for Rs. 0.07 lakh for getting the defective flooring rectified and removal of malwa on the grounds that there were breaches on the part of both the parties and from their conduct it appeared that time was not intended to be the essence of the contract and therefore, the contract did not become voidable due to contractor's failure to complete the work and rescission of the contract was not in order.

1	2	3
2. Construction of 48 type 'B' quarters awarded in April 1979.	1.71	As the contractor delayed execution of the work, the contract was terminated (11th June 1982) and the balance work got executed at an extra cost of Rs. 1.71 lakhs. The arbitrator, to whom the case was referred at the instance of the contractor, did not allow the claim of the department on the same grounds as mentioned against 1 above.

54.5 Dismantling of old houses at Delhi.

- (i) According to departmental rules, separate tenders were required to be invited for dismantling and disposal of demolished material and construction of quarters. The department, however, awarded 15 contracts after inviting composite tenders for both the work of dismantling and disposal of dismantled material and construction of quarters. The reserve price of the houses to be demolished mentioned in the tenders was Rs. 17.28 lakhs as against Rs. 85.98 lakhs worked out in accordance with the departmental instructions. The department accepted offers of Rs. 18.26 lakhs which was less by Rs. 67.72 lakhs as compared to the amount of Rs. 85.98 lakhs.

(ii) Loss due to adoption of wrong method in award of work for demolition

A comparison of the offers received for the sale of dismantled material where tenders (5 cases) for demolition of houses and sale of dismantled material were invited separately with that received against tenders (7 cases) whose composite tenders were invited for dismantling, disposal of demolished material and construction of new quarters revealed that higher offer for sale of dismantled material were received in the former case; the differences between the two being Rs. 9.25 lakhs.

54.6 Loss of revenue due to delay in completion and handling over of quarters.

The delay in completion of quarters at various places resulted in avoidable payment of Rs. 3.95 crores as house rent allowance to

prospective allottees and loss of revenue of Rs. 1.87 crores, by way of licence fee as under :

Place	Number of quarters not completed in time	Avoidable expenditure on payment of house rent allowance (Rupees in lakhs)	Loss of revenue
1. Delhi	13,686	310.00	138.00
2. Hyderabad	328	7.18	4.39
3. Calcutta	2,000	67.35	38.44
4. Madras	300	4.34	2.04
5. Bangalore	300	6.02	3.30
6. Chandigarh	300	0.39	0.46
		395.28	186.63

The loss of revenue and payment of houses rent allowance from the dates of actual completion of quarters to the dates of their handing over to the Director of Estates worked out to Rs. 14.86 lakhs and Rs. 28.95 lakhs respectively as indicated below :

Place	Number of completed quarters whose handing over was delayed	Loss of revenue	Loss due to avoidable payment of house rent allowance
		(Rupees in lakhs)	
1. Delhi	2197	7.58	16.90
2. Hyderabad	328	0.56	0.91
3. Calcutta	767	6.37	10.31
4. Madras	120	0.20	0.39
5. Bangalore	156	0.15	0.44
		14.86	28.95

Note : The loss in the above tables has been worked out up to the month of handing over of the quarters to Director of Estates or up to July 1986 where these had not been handed over.

54.7 Delay in disposal of shops in Pushp Vihar (M.B. Road), Delhi

Under the Crash Housing Programme, Convenient Shopping Centres (CSCs) were constructed at a cost of Rs. 12.12 lakhs in Pushp Vihar. The following table gives details of the number of units of CSCs constructed, month of completion, cost of construction and month of sending intimation to the Land and Development Office (L&DO) for their disposal.

Sector	Units of CSCs constructed	Month of completion	Cost of construction (Rupees in lakhs)	Month of sending intimation to the L&DO	Remarks
I	40	September 1981	4.86	March 1981	Intimation was sent to L&DO before completion
III-A	8	February 1982	1.26	February 1982	
III-B	12	October 1981	1.80	February 1982	
V	30	August 1982	4.20	April 1983	There was delay of 4 months and 6 months respectively in sending intimation to the L&DO

The reserve price fixed for auction of the various units (40) of CSC in Sector-I was initially fixed (January 1982) by the L&DO taking the cost of land at Rs. 6000 per sq. metre but was later revised by taking the cost of land at Rs. 2400 per sq. metre. These units were, however, not put to auction.

The reserve price of the 20 units of CSC in Sector III-A & III-B was fixed by the L&DO in December 1983 by taking the cost of land at Rs. 2400 per sq. metre and approved by the Government in January 1984. In February 1984, 6 shops and 4 covered stalls put to auction in February 1984 could not be disposed of as there were no bidders.

30 units of CSC in Sector-V could not be put to auction as reserve price fixed in November 1983, was not got approved from the Government.

Consequent on the decision taken by the Government to take cost of land at 25 per cent of full land value, the reserve price of the units of all the sectors was revised which was approved by the Government in October 1985. It was decided to allot the stalls/platforms to the squatters of Ramji Lal Market, Saket through the Municipal Corporation Delhi (MCD) at the reserve price.

Out of 40 shops (excluding stalls/platforms) put to auction in March 1986, only 24 units were auctioned and the remaining 16 units were still awaiting disposal. The position of allotment of stalls and platforms by the MCD was not available.

Due to delay in the auction of shops, stalls etc. Rs. 12.12 lakhs spent in the construction of these markets remained blocked for periods ranging from 3 to 5 years. In addition, an expenditure of Rs 0.32 lakh was incurred on watch and ward of these buildings upto August 1986.

54.8 Other points of interest

(i) Expenditure on watch and ward

The quarters constructed at Calcutta could not be handed over to the Directorate of Estates on account of non-availability of staff for maintenance due to ban on recruitment imposed by the Government. Expenditure of Rs. 1.96 lakhs was incurred for payment to private agencies for watch and ward.

(ii) Delay in completing electrical works

As the construction work of 'A' and 'B' type quarters at Calcutta was in progress (July 1986), electrical works were held up due to non-availability of site. Expenditure incurred on electrical works up to March 1986 amounted to Rs. 62.85 lakhs against the expenditure sanction of Rs.52.25 lakhs and the additional expenditure required for completion of the works was estimated at Rs.20.95 lakhs. Electrical stores procured for the quarters and awaiting installation (July 1986) included 1007 ceiling fans (cost Rs.3.86 lakhs), 2 centrifugal pumps (cost Rs. 1.25 lakhs), 1 turbine pump (cost Rs. 1.12 lakhs) and three generating sets (cost Rs.4.35 lakhs).

(iii) Delay in passing the final bills

The final bills of the construction works are required to be passed for payment within 6 months from the date of completion of the work. The department had not passed (August 1986) final bills in respect of 37

contracts where work had already been completed as per details given below:

	Number of contracts for which accounts not finalised	Period of completion of works
Delhi	30	July 1982 December 1985
Calcutta	6	April 1984 April 1986
Bangalore	1	December 1987
	37	

Summing up

The following are the main points that emerge:

The construction of 21,300 quarters at a cost of Rs.68.11 crores was sanctioned in July 1978 with the work scheduled to be completed by the end of 1981-82.

The cost estimates were revised to Rs.96.91 crores (November 1981) having regard to the increase in the cost of construction and the decision taken to enlarge the plinth area and to construct balconies. The number of quarters was, however, reduced to 19940.

The overall cost is expected to be around Rs. 127 crores against which an expenditure of Rs.125 crores had been incurred till March 1986. As on March 1986, 16360 quarters had been completed and 3745 quarters were in various stages of construction. 767 quarters at Calcutta, and 328 quarters at Hyderabad, although completed, were yet to be handed over to the Director of Estates (July 1986).

There were delays in the construction of quarters on account of delays in making available the sites, supply of material, taking decisions on tenders, approval of layout plans etc. These ranged from 26 to 1500 days in respect of 29 works at Delhi, 9 to 24 months in respect of works at Bangalore, 1175 days in respect of one work at Calcutta, 5 to 7 months in respect of works at Chandigarh and 12 to 21 months in case of works at Hyderabad.

Delay in taking a decision in awarding a contract in Madras resulted in an extra expenditure of Rs. 13.64 lakhs.

In respect of a contract awarded to HUDCO (July 1979) for the construction of 875 quarters at Delhi, the progress of work being

unsatisfactory and the quality of work being sub-standard the unexecuted work (about 35 per cent) was taken over by the department in November 1985.

Quarters constructed by HUDCO were not popular and it was decided to convert 250 of them into 200 transit camps at an estimated cost of Rs. 2 lakhs.

A contract for the construction of 1000 quarters at Mehrauli Badarpur Road, New Delhi awarded (July 1979) to NBCC was 31.47 per cent above the DSR 1977 although similar works in this area were awarded by the department at lower rates. The amount payable to the NBCC worked out to Rs. 283.77 lakhs against which the department had released Rs. 287.5 lakhs up to August 1985. Against the scheduled date of completion of 12th July 1980, 500 quarters were handed over (July 1986) and balance 500 quarters were yet (March 1986) to be handed over, as the work of giving finishing touches was in progress.

The construction of balconies at Delhi was taken up during 1982-83 and 1983-84 at rates higher than the rates at which contracts for construction of quarters were awarded, resulting in extra expenditure of Rs. 116 lakhs. Further, due to addition of balconies, after the construction of quarters had either been completed or was in progress, an extra expenditure of Rs. 6.23 lakhs had to be incurred in dismantling part of the walls and windows. Dismantled materials worth Rs. 5.61 lakhs were yet to be disposed of.

Due to decision taken in March 1979 to change the recessed conduit wiring to battern wiring in respect of works at Delhi, an extra expenditure of Rs. 2.48 lakhs was incurred in the case of 12 works (2688 quarters) where contracts had already been awarded for recessed conduit wiring.

Extra expenditure amounting to Rs. 61.08 lakhs incurred in respect of 10 works (Delhi: 8 works = Rs. 56.98 lakhs and Madras: 2 works = Rs. 4.10 lakhs) on account of balance work got executed through other contractors could not be recovered from the original contractors as the claims were not allowed by the arbitrators due to omissions on the part of the department.

Although the departmental rules required calling of separate tenders for work of dismantling and disposal in 15 cases, the department invited composite tenders at Delhi. As compared to 5 cases where separate tenders for demolition and sale were invited, the price advantage lost by Government was estimated to be Rs. 9.25 lakhs.

The reserve priced for the sale of dismantled material was wrongly worked out at Rs. 17.28 lakhs against Rs. 85.98 lakhs as worked out in accordance with the departmental instructions.

Delay in completion of quarters at various places resulted avoidable payment of Rs. 3.95 crores as house rent allowance to prospective allottees and loss of potential revenue of Rs. 1.87 crores by way of licence fee.

Delay in handing over the completed quarters to the Director of Estates resulted in loss of revenue on account of licence fee amounting to Rs. 14.86 lakhs (Rs. 7.58 lakhs at Delhi, Rs. 0.56 lakh at Hyderabad, Rs. 6.37 lakhs at Calcutta, Rs.0.20 lakh at Madras and Rs. 0.15 lakhs at Bangalore).

There was delay of 3 to 5 years in the auction of shops constructed under the programme in Pushp Vihar (M.B. Road) at a cost of Rs. 12.12 lakhs.

The quarters constructed at Calcutta could not be handed over to the Director of Estates and consequently watch and ward arrangements for these quarters had to be made, for which an expenditure of Rs. 1.96 lakhs was incurred.

Other irregularities/short-comings noticed were non-installation of ceiling fans, centrifugal pumps, turbine pumps and generating sets procured at a cost of Rs. 10.58 lakhs in respect of works at Calcutta as civil works were in progress and delay in passing 37 final bills (30 cases at Delhi, 6 cases at Calcutta and 1 case at Bangalore).

ANNEXURE

*Statement showing reasons for variation between
original estimate and revised estimate*

Sl. No.	Description of item	Original estimate	Revised estimate	Variation increase (+) decrease (-) (Figures in crores of rupees)	Main reasons for variation
1	2	3	4	5	6
1.	Construction of houses	52.52	74.50	(+) 21.98	Due to (i) increase in the cost of materials like cement, steel, bricks in respect of works already awarded. (ii) adoption of increased cost of index as 176 approved in April 1980 for works to be awaited and (iii) addition of provision for sleeping out balconies.
2.	Tools and plant	0.12	0.12	—	—
3.	Development of land	9.59	12.22	(+) 2.63	Increase of Rs. 2.68 crores for works at Delhi due to increase in the area taken for development due to non-vacation of quarters in Devnagar and DIZ area and Rs. 0.26 crore in R / o Madras, Bangalore, Hyderabad and Chandigarh due to increase in cost index. There was, however, reduction of Rs. 0.31 crore in respect of Bombay and Calcutta due to reduction in area of land.
4.	Amenities	0.75	0.93	(+) 0.18	Due to increase in cost index.
5.	Compound Wall	—	0.08	(+) 0.08	Due to new provision in revised estimate.

1	2	3	4	5	6
6.	Scooter sheds	—	0.05	(+) 0.05	Due to new provision in revised estimate.
7.	Overhead tanks	—	0.42	(+) 0.42	Due to new provision in revised estimate.
8.	Land	0.08	0.19	(+) 0.11	Due to additional provision made for purchase of land at higher rate at Hyderabad and increase in cost index at Bangalore and Chandigarh.
9.	Electrical works; street lighting etc.	—	1.23	(+) 1.23	Due to new provision in the revised estimate.
		63.06	89.74	(+) 26.68	

APPENDIX II

Statement of conclusions and recommendations

Sl. No.	Para No.	Ministry/ Department concerned	Recommendations and observations
1	2	3	4
1.	3.7	Urban Development	Government servants are provided housing facility as welfare measure and not as a service condition. While conceding the contention that Government need not accept responsibility to provide houses to all its employees, it is rather unfortunate that Government have not formulated any policy as to what level of satisfaction has to be achieved in the matter of providing houses to Government employees. Though employees can be helped in other ways also such as by grant of housing loans, formation of Cooperative Housing Societies, grant of house rent allowance etc., yet considering the acute shortage of housing in general in all metropolitan cities, high level of rents and the need to encourage a planned growth of housing facilities in general as a plan programme, the Committee are convinced that Government much evolve a definite policy regarding provision of accommodation to its employees and chalk out a time bound programme as a plan project keeping in view the need to provide adequate accommodation to its employees as well as constraint of resources.
2.	3.8	— do —	Theoretically, all government employees who are in regular employment are eligible for allotment of government accommodation. However, the stock position of Government accommodation being low, only those who have put in a certain length

of government service are eligible to apply and get government accommodation. The total number of general pool quarters available in 13 cities is 83,025 and the registered demand in these 13 cities is reported to be 1.83 lakhs. The Committee also note that no attempt has been made so far to assessee the actual total demand for government houses for formulating a plan for construction keeping in view the total requirement of houses by all Government employees. The level of satisfaction as reported by government does not reflect the real position, rather it is based on the demand registered with reference to a certain criteria of eligibility. It does not reflect the real position, rather it gives an exaggerated level of satisfaction, as a result of restrictions placed on registration. The Committee are of the strong view that for an effective planning, it is imperative that the magnitude of the problem is correctly ascertained to assess the actual level of satisfaction for prescribing a target of satisfaction to be achieved gradually over the various Plan periods. As agreed by the Secretary during evidence the Committee hope that the Government would take steps to assess the actual total demand so that the actual level of satisfaction can be assessed to help the planning process.

3. 3.9 — do —

The Committee are surprised to note that despite the very low level of satisfaction, employees assisted by Government to build and own their houses are also eligible for allotment of Government accommodation if they fall within the prescribed priority dates. The reasons given for eligibility of such Government employees to allotment of Government accommodation are far from convincing if viewed in the context of the object of assistance to the employees for acquiring their own houses. The Committee are convinced that the employees once assisted to procure and own accommodation at the place of posting should not be eligible for allotment of Government accommodation on the same place until all other eligible officers have been allotted Government accommodation. The Committee recommend that the rules in this regard should be amended appropriately.

1	2	3	4
4.	3.10	Urban Development	<p>Even on the basis of the particulars furnished by the Ministry on the extent of registered demand (which are deliberately kept low) and supply of Government accommodation the Committee are constrained to note that in some of the major cities like Bombay, Madras, Chandigarh, Bangalore etc. where it is very difficult to procure a decent accommodation with the limited house rent allowance offered by Government, the percentage of satisfaction with reference to registered demand is less than 50 and in particular, at Bombay, it is as low as 20. In Delhi and Calcutta the level of satisfaction with reference to the registered demand is 56 and 58 per cent respectively. The Committee feel concerned over the highly lopsided provision of houses and recommend that special schemes for increasing the availability of houses in major metropolitan cities by a time bound programme should be introduced. While noting the heavy shortage in several places, the Committee would like to know the justification for construction of quarters at Hyderabad where supply (644 quarters) is substantially in excess of the registered demand (266 quarters).</p>
5.	4.5	— do —	<p>The Committee have been informed that the level of addition of new Government quarters for Government servants was of the order of 2500 to 2700 units per year upto 1977 and that the crash programme planned to increase the annual output to 10,000 units per year for a period of 3 years from 1978. On the other hand, despite introduction of the crash programme, the output has not come anywhere near the target in as much as it was hardly 3400 units per year during the envisaged period of 3 years and about 3240 units per year during the last 10 years. It is obvious that the Crash Housing Programme introduced with great fanfare has not been implemented with any degree of seriousness or urgency. The Committee cannot but regret that due to failure of the crash scheme the Government failed to make any dent into the problem of shortage of accommodation for Government employees during the period</p>

the scheme has been in operation. Unfortunately the scheme has proved to be no more than a paper exercise without any real value.

6. 4.6 — do — The Committee also note that whereas on the one hand, in cities like Madras, Chandigarh and Bangalore, the registered unsatisfied demand ran in thousands, and only 300 quarters were planned for construction in each of these cities in the crash programme, on the other hand at Hyderabad against registered demand for less than 300 quarters and the then availability of about 150 quarters, and additional number of 500 quarters were planned under the crash housing programme. The Committee would like to be apprised of the justification for the plan for construction of 500 quarters at Hyderabad.
7. 5.4 — do — The Crash Housing Scheme for construction of 10,000 houses each year was announced in August 1977. The Committee regret to note that the detailed planning and the exercises to find funds and determine categories, specifications and location of houses etc. were commenced long after announcement of the scheme. Even the preliminary sanction of the scheme took a period of almost one year out of the committed period of three years and was issued in July 1978 only. The Committee deplore the casual way in which the planning of a crash programme was carried out. The Committee also regret to note that despite the commitment made, the agencies responsible to carry out the commitment took their own time of one year out of the 3 years, to plan the scheme and give it a shape. The Committee cannot but regret this lackadaisical approach of the responsible wings of Government and would like the causes to be fully examined for appropriate remedial action.
8. 5.5 — do — The Committee consider it improper that Government should have chosen to announce execution of a crash scheme without conducting detailed planning and only hope that Government would not venture to announce such welfare schemes without conducting detailed feasibility studies so as to ensure their timely execution.
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1	2	3	4
9.	5.6	Urban Development	<p>On the causes that contributed to delay, the Committee are constrained to note that none of the reported causes could be considered as such that could not have been anticipated. On the other hand these are the causes to which delays in execution of all government works are attributed time and again. The Committee find it difficult to appreciate how and why these were not anticipated and remedial measures not taken at the time of planning the programme itself. The Committee are of the opinion that a scheme that was announced with a laudable objective, was not given the due thought and importance by those who were to implement it, with the result that the scheme had miserably failed to achieve its objective.</p>
10	6.6	-do-	<p>The Committee are shocked to note that whereas for completion of the accepted commitment under the scheme by 1980-81 funds required during the years 1979-80 and 1980-81 (with reference to the original estimate of Rs. 68.11 crores) were of the order of Rs. 56 crores, the total provision in the entire grant for all programmes for residential buildings included in the grant was only Rs. 31 crores in the original estimates and hardly Rs. 23 crores in final grant. The lack of adequate provision for the Crash Housing Programme speaks volumes about the seriousness with which the crash programme was taken up for execution. The Committee are convinced with reference to financial provision alone that the concerned Ministries were not serious enough for a timely completion of the project. The Committee recommend that the circumstances under which the availability of funds could not be kept in view while planning and embarking upon execution of the project should be investigated and the results of findings intimated to the Committee.</p>

11 6.7 — do — The Committee also note that the Cabinet approval was taken in October 1981 for a provision of Rs. 16.74 crores for the crash programme for the then running financial year 1981-82. However, the actual provision for all programmes included in the relevant grant for the year was only Rs. 5.81 crores in original estimates and Rs. 5.19 crores in the final estimates. Since the financial constraints, extent of commitment, feasibility of achieving the prescribed level of target etc. ought to have been well known during the middle of the financial year, the Committee desire to know on what basis Cabinet approval for an expenditure of Rs. 16.74 crores for this scheme alone was taken and why the commitment was not translated into action. The Committee also desire that the objective behind the Cabinet approval for an expenditure of Rs. 16.74 crores in 1981-82 without making provision may also be elucidated.

12. 6.13 -do- The Committee have been informed that the cost of the crash programme was estimated at Rs. 68.11 crores in July 1978 with reference to cost indices obtaining in May 1978 for 21300 quarters and within two years the cost estimate was revised upwards to Rs. 96.91 crores, i.e. by 42% over the original estimate despite reduction in number of quarters to 19940. For the substantial increase in cost hardly within two years of sanction, only generalised reasons have been given. The Secretary also observed during evidence that usually escalation does not affect for construction to be completed within a period of 2-3 years. In the circumstances, the Committee feel that the original estimates finalised a year after the scheme was announced in August 1977 were not prepared with adequate care; as otherwise such substantial revision within two years would not have been called for. The Committee recommend that the circumstances under which original estimates were so under valued should be examined and the results of the examination intimated to the Committee.

1	2	3	4
13	6.14	Urban Development	<p>It is equally surprising to the Committee that for a committed project costing over Rs. 50 crores, no separate provision was made in accounts so as to keep a watch on the actual expenditure as against the provision in the budget. While on the one hand Audit was intimated that the progressive expenditure on the scheme was Rs. 125 crores upto March 1986, the Committee have been informed that the expenditure was only Rs. 94.59 crores upto March 1987. The casual manner in which this discrepancy was sought to be explained away brings into sharp focus the irresponsible manner in which the affairs of the Ministry have been and still are being conducted. Though the Ministry agreed to reconcile the discrepancy during evidence, details of reconciliation have not been furnished to the Committee so far, bringing out lack of concern of the Ministry for its accountability to Parliament. The Committee desire that the discrepancy between the two figures should be reconciled expeditiously and the results of reconciliation intimated to the Committee.</p>
14.	7.5	-do-	<p>It is shocking that construction of houses was delayed ranging upto more than four years in respect of 29 works at Delhi; upto 24 months for 2 works at Bangalore; more than 3 years in respect of one work at Calcutta and upto 7 months in respect of one work at Chandigarh. These delays have been attributed, <i>inter-alia</i>, to shortages of raw materials like bricks, cement, steel and other materials as housing activity is accorded comparatively low priority. It is surprising to note that even though difficulties in arranging the required materials were anticipated, effective arrangement was not made to ensure smooth supply of materials before embarking upon the massive project. Evidently, the impact of the massive construction under this programme on prices and availability of various inputs was not gauged properly at the planning stage for taking timely remedial action. The Committee view this casual manner of planning a big project seriously as the consequential delays led to an alarming cost increase besides hampering completion of construction on schedule. The Committee note that there were avoidable delays and cost over runs in construction</p>

of houses mainly because of the failure to ensure provision of adequate funds during the targetted period of construction, failure to make arrangements for supply of construction materials like steel, cement, bricks and coal; non-availability of sites in re-development areas in Delhi etc. These reasons and the fact that the Ministry could not provide alternative accommodation to the occupants in re-development areas for a period of 3 years by which time the entire project was to be completed speaks volume about the weaknesses in planning and execution of the crash programme. The Committee therefore, urge upon the Ministry of Urban Development to set up an effective monitoring organisation to oversee progress of all projects so as to eliminate delays in planning and implementation in future.

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8.2

-do-

Delays in approval of lay out plans and getting clearances from various local authorities also resulted in considerable delays in completion of quarters. The requirements of getting clearances varied from place to place because of local by-laws. In some cases building licence procedure had also to be followed. The Committee feel, that delays in getting approvals and clearances not only adversely affect the construction plans of Government but also cause considerable hardship to general public who undertake construction work particularly in big cities. The Committee share the views of the Ministry of Urban Development that as far as the citizen is concerned, it should be a single window approach so that the citizen should be able to go to only one local authority for getting clearance of the construction plans within a prescribed time limit. In the case of Government construction also such a system can be evolved. The Committee, therefore, urge the Ministry of Urban Development to take up the matter earnestly with the concerned agencies to bring about uniformity in the procedures followed by various municipalities and also evolve single window approach in the matter so that the construction plans can be approached by only one local authority with a view to minimising the time taken in

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1	2	3	4
			the clearance of layout plans. The Committee would like to be apprised of the results of Ministry's efforts in this behalf.
16	9.3	Urban Development	The Committee are surprised to be informed that the Ministry did not make out a proper plan of action for vacation of quarters due for demolition and for making available alternate accommodation of appropriate type in an acceptable area and that consequently there was time overrun. The Committee consider it unfortunate that those incharge of planning did not apply their mind even to fundamental requirements for large scale construction of houses.
17	9.4	-do-	In regard to obtaining vacant possession of quarters and land, the Committee feel that these factors can, by no stretch of imagination, be considered as reasons that could not have been thought of at the time of planning for appropriate action for expedition. The Committee is constrained to conclude that the planning process at the Ministry level had been lacking in foresight about basic bottlenecks likely to be encountered in implementation of such projects and to ensure appropriate solutions before prescribing targets for completion of the programmes to be implemented. The Committee hope that the planning section will be suitably strengthened so that foreseeable reasons are not themselves projected as contributory reasons for slippages in time schedules in respect of future projects of this nature.
18	10.5	-do-	The Committee consider it odd for the Government to have taken a unilateral decision on omission of sleeping out balconies, reduction of plinth area of quarters etc. without consulting the other authorities concerned with clearance of building plan as also the staff side. The objective for which the modifications were to be made was

the increase in number of quarters by a substantial extent in a period of 3 years, but it was obvious right from 1978-79 that this objective was not likely to be achieved and was actually not achieved also. It was evident on the basis of available resources as early as 1978-79 itself that the scheme would turn out to be no more than a regular programme. It is unfortunate that the Ministry failed to consult concerned authorities and parties and later had to go back on its decisions, resulting in a further set back in the achievement of target.

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|-----|------|--------|--|
| 19 | 10.6 | — do — | As the construction of 17801 quarters (88.5 per cent) of different categories had already commenced by the time, the Ministry decided to revert to 1975 norms, the Committee would like to know to whom the quarters constructed with reduced plinth area and without balconies etc. were allotted i.e., whether they were allotted only to those categories of staff from whom they were originally intended or to next lower categories by reducing the categorisation of the quarters. The Committee would also like to know how the deficiencies in the 17801 quarters constructed with the reduced plinth areas without balconies etc. were subsequently met so as to conform with the requirements of 1975 norms and what was the total expenditure incurred therefor. |
| 20 | 10.7 | -do- | The Secretary admitted during evidence that there exists a case for review of specifications, not only of Government residential buildings, but also of other buildings for a realistic view on the specifications. The Committee recommend that appropriate action and a full review of building specifications may be taken by a time bound programme so that the decisions thereon are ready for implementation at least from the Eighth Plan period. |
| 21. | 11.2 | -do- | The delay in construction of quarters according to Audit resulted in avoidable payment of Rs 3.95 crores as house rent allowance to perspective allottees and loss of revenue of Rs. 1.87 crores by way of licence fee. A further loss of revenue of Rs. 14.86 lakhs and payment of house rent allowance of Rs. 28.95 lakhs on account of delays in handing over of completed quarters at various places has also been |

calculated by Audit. In Hyderabad, out of 680 quarters constructed, 200 are still vacant. Delays in getting electric and water supply connections, non-posting of an Estates Officer at Hyderabad and non-availability of infrastructure at places where quarters were constructed have been cited by the Ministry as contributory reasons for delays in handing over quarters. It is highly deplorable that the completion of quarters and provision of essential facilities could not be synchronised which resulted in heavy losses to exchequer. The committee would like the Ministry of Urban Development to evolve a suitable machinery and take other necessary step to prevent such eventualities in future.

22. 12.8 Urban
Development

The Committee are perturbed to note that Housing and Urban Development Corporation (HUDCO), although essentially a planning and financial institution having no experience of construction work, was awarded construction of 875 quarters of various types at Delhi on turn key basis. Even though it was found out at quite an early stage of construction in December 1979 that the work was being done in "un-engineering" manner and quality was not acceptable to any responsible technical authority, yet contract was not rescinded and HUDCO was allowed to continue work till May 1985. Originally the date of completion of work was 12 July 1980. The work was awarded at the estimated cost of Rs. 1.58 crores plus departmental charges of 6 per cent. But HUDCO has already been paid Rs. 2.05 crores upto May 1985 and the cost of balance works was estimated to be Rs. 1.13 crores. The Committee would like the Ministry to reassess the work done by HUDCO and recover the excess payment made to HUDCO. The Committee would like to be informed of the decision when taken. They recommend that in future only experienced agencies are engaged in construction work particularly of this magnitude.

23. 12.9 — do — The Committee note that CBI enquiry is on in certain cases and disciplinary action has been initiated against officers indicated by the Chief Technical Examiner and it is at various stages of investigation. The Committee would like to be informed of the outcome of investigation and action taken against delinquent officials.
24. 12.10 -do- The Committee note that HUDCOs cost reduction factors related to down grading of certain technical specifications, the admissibility or effectiveness of which were never considered by Government. The Committee fail to understand and why the CPWD which is expected to be a repository of construction expertise in the country, did not ascertain the new construction techniques to be adopted by HUDCO and evaluate them before awarding the work to HUDCO. The Committee also wonder how the technical wing of the Ministry gave clearance for the claims of HUDCO of cost reduction without an analysis of the factors and technical clearance thereof. The Committee are of the opinion that the entire issue relating to acceptance of cost reduction factors which led to technical deficiencies should be investigated, responsibilities fixed and appropriate action taken against Government officials responsible for accepting the downgraded specifications. The Committee would also like to be apprised of the circumstances under which the quarters of sub-standard quality constructed by HUDCO were converted into transit accommodation instead of regular quarters.
25. 13.3 —do— The Committee consider it unfortunate that in none of the arbitration cases the department succeeded in establishing its claim against the contractors; it is apparent that several latent failures of the Department were not taken note of before rescinding the contracts and award of work at the risk and cost of the contractors. The Committee recommend that each of the 7 cases may be thoroughly examined, and responsibilities fixed for the loss of Rs. 52.36 lakhs.
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1	2	3	4
26.	13.4	Urban Development	The Department should enquire into the circumstances in which tenders were invited and work order placed without making sure that sites were available to pinpoint the responsibility in calling tenders and giving work orders without land being available. The Committee trust that the lesson learnt from the bitter experience that unless land is available and ready for construction purpose, tenders should not be called and work orders should not be given, will not be lost sight of in future.
27.	14.5	-do-	The Committee note that the work of construction of 1000 quarters was awarded to NBCC with a view to adopt new techniques of construction and achieve cost reduction as compared to the costs incurred by CPWD. The Committee would like to be enlightened about the new techniques actually adopted, cost reduction actually effected, and steps taken to review the utility and adoption of the new techniques.
28.	14.6	-do-	The Committee note that while on the one hand award of work was to ensure cost efficiency, NBCC was allowed to be paid the highest rates as available in a far off place, rather than in the neighbouring area. What is equally surprising to the Committee is that the Department agreed for a percentage increase without having any idea what the percentage increase would be or what its effect would be on the cost of the works or whether the condition was workable at all. In any case, when the prevailing rate in another area in the city at the time of award of work to NBCC was only 13.74% above the schedule of rate and earlier rates in the same area, hardly 5 months before, were only 11.25 to 13.90 per cent over the schedule of rates, the inescapable conclusion is that an undue favour was done to NBCC by granting an increase of 31.47% above the schedule of rate by taking recourse to a rate prevailing in an entirely different locality. The Committee are of the strong view that the extra expenditure of Rs. 56.75 lakhs incurred by adoption of higher rate for award of contract to NBCC is quite unjustified. The Committee recommend that responsibility

for agreeing to such loose terms resulting in the avoidable extra expenditure of Rs. 56.75 lakhs upto August 1986 should be fixed and suitable action taken against those found responsible.

29. 15.7 — do — The Committee have been informed that it is not a workable proposition to have one contractor for demolition and another for construction because demolition contractor would take his time for completion of his job and thereafter only the building contract could be fixed. The Committee does not agree with this contention and recommend that the proper procedure to be adopted in such cases should be examined by a technical Committee and appropriate rules be laid down for strict compliance by the executive agencies. In the cases cited by Audit the reserve price fixed for dismantled material was as low as Rs. 17.28 lakhs as against the value of Rs. 85.98 lakhs worked out in accordance with the departmental regulations. According to the Department the rate of Rs. 17.28 lakhs related to the estimation done in January 1979 and the higher rate related to the estimation done in September 1980. Considering the very little time lag, the Committee are not convinced by the clarification given. Though the Ministry agreed during evidence to investigate the reason for wide disparity in rates, the Committee regret that no information has been given to the Committee and they assume that no investigation has been carried out by the Ministry in spite of the assurance given to the Committee. The Ministry has also not given any information as to when the relevant contracts were awarded nor stated how far the estimate of Rs. 17.28 lakhs was justified. In view of the substantial variation between the amount realisable from the dismantled materials and the value worked out in accordance with the departmental regulation, the Committee recommend that the specific cases covered in the Audit paragraph may be fully investigated by a Committee appointed for the purpose and the results of investigation intimated to the Committee.

