

HUNDRED AND THIRTY-SECOND REPORT

PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

NATIONAL HIGHWAYS

MINISTRY OF SHIPPING AND TRANSPORT
(ROADS WING)

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 88th Report (Seventh Lok Sabha)]



Presented in Lok Sabha on... 5.5. APR 1983
Laid in Rajya Sabha on.....

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PUBLIC ACCOUNTS COMMITTEE

(1982-83)

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INTRODUCTION

1. the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 132nd Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 88th Report (Seventh Lok Sabha) regarding National Highways relating to the Ministry of Shipping and Transport (Roads Wing).

2. In their 88th Report, the Committee had expressed concern over the tardy development of National Highways as was clear from the fact that only 9918 Kms of national highways had been added in the last 34 years. The existing National Highways also suffered from a number of deficiencies like missing links, weak and overaged bridges, culverts etc. Considering that National Highways, like the Railways, are the arteries of the nation and on their development, extension and improvement depends the entire economic growth of the country, the Committee have, in this Report, expressed the view that this programme needs to be accorded higher priority in the Plan and adequate resources provided to accelerate the tempo of work for achieving the target and removing the deficiencies in the system so as to allow smooth and unhindered flow of traffic throughout the country. The Committee has stressed that far greater allocation than provided hitherto should be made available for development and improvement of the National Highways in the years to come.

3. Commenting on the utter negligence on the part of the officers concerned with the execution of the project for construction of a high level road bridge across the Pamban Strait in total disregard of norms of public expenditure the Committee had, in their earlier Report, recommended that the case should be referred to the CBI for investigation with a view to fixing responsibility. Considering the serious nature of financial irregularities in the execution of the project, the Committee have reiterated the view that it would be in the interest of all concerned if the CBI enquiry suggested by them is instituted without delay.

4. The Committee considered and adopted this Report at their sitting held on 10 March, 1983. Minutes of the sitting form Part II of the Report.

5. For facility of reference and convenience, the recommendations and observations of the Committee have been printed in thick type in the body

of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

6. The Committee 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 16, 1983.

Phalgun 25, 1904 (S).

SATISH AGARWAL

Chairman

Public Accounts Committee.

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations and observations contained in their 88th Report (7th Lok Sabha) on paragraph 13 of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Civil) on National Highways relating to the Ministry of Shipping and Transport (Roads Wing).

1.2 The 88th Report on National Highways was presented to Lok Sabha on 16th April, 1982, the Report contained 28 recommendations/observations. Action Taken Notes in respect of all the 28 recommendations/observations have been received from the Government and these have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by Government.
S. Nos. 1—24 and 26.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from the Government.
NIL.
- (iii) Recommendations/Observations the replies to which have not been accepted by the Committee and which require reiteration.
S. Nos. 25, 27 & 28.
- (iv) Recommendations/Observations in respect of which Government have furnished interim replies.
NIL.

1.3 The Committee will now deal with the action taken by Government on some of their recommendations/observations.

1.4 Development of National Highways.

(S. No. 2, 3, 4 and 5—

Para Nos. 1.50, 1.51, 1.52 and 1.53).

Pointing out the total negligence of the Ministry of Shipping towards the development of National Highways the Committee in para 1.50 of their 88th Report had observed as follows:

“The Committee regret to note that the development of national highways has been grossly neglected all these years since independence. This is evident from the fact that while in 1947 the total length of national highways was 21,440 kms there was a meagre addition of only 9,918 kms in 34 years and on 31st March, 1981, the total length was only 31,358 kms. This falls far short of the target of about 51,200 kms as contemplated by the 20 years Plan (1961—81) formulated by the Chief Engineers-in-charge of road and bridge development of the Central and State Government (popularly known as Bombay Plan). From the statement of addition to National Highways in the various Five Year Plans, it is seen that not a single km was added in the First Plan, 179 km in the Third Plan and only 52 kms in the period 1966—69. Thereafter as much as 4,819 kms were added in Fourth Plan Period and 46 kms during 1979-80. From this the Committee cannot but arrive at the conclusion that Government has been callously negligent towards the development of National Highways in the country. What is still more distressing is that the neglect in the development of “National Highways” should have continued even after the committee had highlighted it in 1977-78 in their 18th Report (Sixth Lok Sabha) on “Road Development in Fourth Plan.”

1.5. In their action taken reply, the Ministry of Shipping and Transport (Roads Wing) have stated:

“The observations made by the PAC have been noted. Lack of adequate financial allocations over the years has been the **main reason** for the limited expansion of the National Highway System and removal of deficiencies in that system. Government is fully conscious about the need and urgency for the expansion of the existing National Highways System but they are also anxious at the same time to ensure that before they take over any new liability as new National Highways, they are able to maintain the existing National Highways also adequately and properly to cater to the needs of the growing traffic of the country fully and effectively. The Ministry has been making and will continue to make sustained efforts at the highest level to obtain adequate funds required for the expansion of the

existing National Highway System as well as for the development and maintenance of the existing system and would consider taking up selected roads for being added to the National Highway System as soon as more funds become available.”

1.6. Expressing their concern at the present condition of National Highways and emphasising the need for removing the deficiencies at the earliest, the Committee in para 1.51 of their 88th Report had commented as follows:

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

1.7 In the action taken reply, Government have stated:

“The Government are conscious of the fact that with the increase in traffic intensity and axle load, there is need for extensive developmental work on the National Highways. The requirement of funds for this however being of a high order and keeping in view the acute constraint of resources, this necessarily has had to be phased over a number of years. Due to

overall constraint of resources in the country, it has been difficult to provide fully need-based outlays in most sectors of the economy. Efforts are continuously being made by the Government to enhance the pace of resource generation in various sectors so that the total national plan may increase in real terms commensurate with the needs of expenditure for developmental work in various fields. In the meanwhile, efforts are made to distribute the available resources during the five year and annual plans in the most judicious manner as between the different sectors after taking into account the essentiality and relative priority of the various programmes in the economy of the country. The needs of National Highways as mentioned by the Public Accounts Committee will be duly kept in view while deciding future inter-sectoral distribution of available resources.”

1.8. Expressing their concern at the slow speed at which the work relating to removal of deficiencies in National Highways was progressing, the Committee in para 1.52 of the report had stated as follows:

“What is a matter of still greater concern to the Committee is that not only are there a number of deficiencies in the National Highways hampering smooth flow of traffic but there is also no likelihood of these deficiencies being removed in the near future because of the snail’s pace at which the work in this regard is progressing. The Committee are distressed to learn that according to an assessment, there are 8,000 kms. of National Highways which are of single lane and are required to be widened to double (Lanes) because of traffic requirements. Similarly, there are about 2,000 kms of National Highways which need to be widened from two lanes to four-lane standard. However, due to inadequate financial allocations, it will be possible to widen only 2,500 kms. *i.e.*, about 26 per cent of two lanes and 300 kms. *i.e.*, 15 per cent to four lanes during the Sixth Plan period. Similarly, 362 railway crossing have been identified for construction of overbridges and underbridges during the Sixth Plan but due to financial constraints only 52 over/under bridges have been sanctioned and during 1980-81 only one overbridge costing Rs. 0.15 crore had been sanctioned. Similarly, a number of culverts which are 80 to 100 years old still remain to be strengthened but no programme for the same has been taken in hand.”

1.9. In their Action Taken Note, the Ministry of Shipping and Transport (Road Wing) have stated:

“Kind observations made by PAC have been noted. Lack of adequate financial allocations over the years has been the main reason for the slow progress in the removal of the existing identified deficiencies in the National Highway System. The Ministry has been making and will continue to make sustained efforts at the highest level to obtain adequate funds required for the proper development and strengthening of the National Highway System. However, the availability of funds for Road Sector necessarily governed by the total availability of resources in the country and priorities fixed at the national level. It is hoped that the position will improve in the years to come and it will be possible to obtain larger allocations for National Highways than at present, so that the removal of the existing deficiencies in the National Highway System can be carried out at a faster pace.”

1.10. Stressing the need for having a time bound programme for the removal of deficiencies in the National Highways, the Committee in para 1.53 of the Report had recommended as follows:

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

1.11. The Ministry in the Action Taken reply have stated as under:

“Government is fully alive to the need and urgency for the removal of deficiencies in the existing National Highways System, and agrees that a time bound programme for removal of these deficiencies is desirable. It would however be appreciated that the implementation of the programme would depend to a great extent on the availability of funds which like in any other sector, in the case of road sector also are necessarily governed by the total availability of resources in the country and the priorities fixed at the national level. Within the available

resources, the Government would do their utmost to implement the recommendations of the Committee. . . . It is hoped that the position would improve in the years to come and it would be possible to provide larger allocations for National Highways for taking up the removal of deficiencies in the existing National Highways System on the basis of a time bound programme on the lines indicated by the Committee."

1.12 Emphasising the need for increasing the financial allocations for road sector, the Committee in para 1.54 of their report had recommended:

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

1.13 In their action taken note furnished to the Committee, the Ministry of Shipping and Transport had stated as follows:

"The observations of the Committee have been brought to the notice of the Planning Commission and Ministry of Finance."

1.14. The Committee had in their 88th Report observed that Government had been callously negligent towards the development of National Highways in the country as was evident from the fact that there was a meagre addition of only 9,918 kms in 34 years and the total length of National

Highways as on 31 March 1981 was only 31358 kms. which was far short of the target of 51,200 kms. laid down in the 20 year plan (1961—81). The Committee had further expressed concern that even the condition of the existing National Highways was not satisfactory and the same were suffering from a number of deficiencies like missing links, weak and overaged bridges, culverts etc. What was a matter of still greater concern to the Committee was that there was no likelihood of these deficiencies being removed in the near future because of the snail's pace at which the work in this regard was progressing. The Committee had recommended that a time-bound programme for removing all the deficiencies in the National Highways within a period of 10 years should be chalked out and taken in hand at the earliest. Taking note of the fact that road transport was contributing substantial revenue to the National exchequer, the Committee had further recommended that Government should ensure that till the deficiencies in the National Highways were removed and the length of National Highways was increased as per the target, a large portion of the revenues collected from road transport should be spent on their development and maintenance.

1.15. In their action taken replies, the Ministry of Shipping and Transport have stated that Government are fully alive to the need and urgency for the removal of deficiencies in the existing National Highways System, Government agree that a time bound programme for removing these deficiencies is desirable. However due to overall constraint of resources in the country it has not been possible to provide adequate finances for the purpose. ... The Committee have been assured that the needs of National Highways would be fully kept in view while deciding future inter-sectoral distribution of available resources. The Ministry of Shipping and Transport have also expressed the hope that the position regarding availability of funds would improve in the years to come and it would be possible to provide larger allocations for National Highways for taking up the work of removal of deficiencies in the existing National Highways system on the basis of a time bound programme.

1.16. So far as the question of allocating a larger portion of the revenues collected from road transport for being spent on development of national highways is concerned, the Ministry of Shipping & Transport have informed the Committee that the observations have been brought to the notice of the Planning Commission and Ministry of Finance. The Committee are not satisfied with this reply of the Ministry. Having regard to the enormous set-back which the programme of development and improvement of national highways has suffered all these years, the Committee consider that the matter should have received consideration of Government and the Planning Commission at the highest level and a precise reply to the Committee's observations furnished in the action taken note. Considering that national highways, like the Railways, are the arteries of the

nation and on their development, extension and improvement depends the entire economic growth of the country, the Committee need hardly stress that this programme need to be accorded high priority in the Plan and adequate resources provided to accelerate the tempo of work for achieving the targets of the 20 year plan. . .

Moreover road transport is contributing substantial revenues to the national exchequer (while the total revenue collected from road transport was about Rs. 7666.16 crores during the years 1974-75 to 1978-79, the total amount spent on development and maintenance of roads during the period was only Rs. 2955.07 crores i.e. less than 40 per cent of collections). It is only natural that the users should expect a greater share of the available revenues to be spent on development and maintenance of the network and in providing the missing links/removing the deficiencies in the system so as to allow smooth and unhindered flow of traffic throughout the length and breadth of the country. The Committee would therefore stress that for greater allocations than provided hitherto should be made available for development and improvement of the national highways in the years to come.

Construction of a high level road bridge across the Pamban Strait (S. Nos. 25, 27 and 28, Para 2.136, 2.138 and 2.139)

1.17. Referring to the inordinate delays and huge cost escalation in the construction of a high level road bridge across the Pamban Strait, the Committee had in para 2.136 of the 88th Report observed:

“..... The Committee cannot but conclude that this is a clear case of utter negligence on the part of officers concerned in total disregard of norms of public expenditure. There has been delay in the project at every stage, approval of the project, acceptance of tenders, approval in designs and actual execution and now it is not clear when the project which was conceived as early as in 1956 would be actually completed. The Committee are distressed at this glaring instance of delays in the execution of a project resulting in not only escalation of the project cost which has already increased from an estimated amount of Rs. 1 crore in 1956 to more than Rs. 8 crores by 1978, but also depriving the people of benefit of the project.”

1.18. In paras 2.138 and 2.139 of the Report, the Committee had further observed:

“The Committee cannot but reach at the conclusion that there was disregard of all norms of financial propriety and violation of

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

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

1.19 In their action taken note dated 6 December, 1982, the Ministry of Shipping & Transport have stated:

"As the Pamban bridge project like all other National Highway works is being executed by the State Govt. on an agency basis and the officers connected with this project belongs to the State P.W.D. who also have the various documents relating to the award of the work etc., the recommendations of the Committee have been intimated to the State Govt. for taking necessary action on all the issues involved. The matter would be pursued further with the State Govt. to ensure early action.

Actually, the issues raised by the Committee including that of inadequate monitoring at Ministry's level cover the various lacunae which have surfaced in the functioning of the agency system under which all the National Highway works, including the Pamban bridge, are being executed and underline the need and urgency for taking suitable measures for avoiding the recurrence of such situations. The Govt. of India are seized of this problem also and have already set up a High Powered Committee for reviewing the functioning of the agency system for the execution of National Highway works in the context of the present and future demands on the National Highways system, and to suggest measures for improving performance of the system including the monitoring methodology both at Central and State levels. The Committee is expected to submit its report by the end of this year and it is expected that it would be possible to avoid the recurrence of such situations."

1.20 Commenting on the utter negligence on the part of the officers concerned with the execution of the project for construction of a high level road bridge across the Pamban Strait in total disregard of norms of public expenditure, the Committee in para 2,136 of the 88th Report had observed that there had been delay in the project at every stage, viz. in the approval of the project, acceptance of tenders, approval of designs and the actual execution, resulting in not only escalation of the project cost from Rs. 1 crore in 1956 to more than Rs. 8 crores in 1978 but also depriving the people of the benefit of the project. The Committee's examination had revealed disregard of all norms of financial propriety and violation of financial rules at various stages on the part of the executing agency. The Committee had observed that the possibility of some officials concerned with the work being in collusion with the contractor, could not be ruled out. The Committee had therefore observed that this was a fit case to be referred to the C.B.I. for investigation with a view to fixing responsibility. The Committee had further pointed out that the Ministry of Shipping & Transport also failed to monitor and supervise the progress in implementing of the project. The Committee had therefore recommended that the proposed inquiry should also cover the role played by the officials of the Ministry of Shipping & Transport and the extent of failure on their part.

1.21 The Committee regret to point out that the Ministry's reply completely glosses over the various observations of the Committee. The Committee consider that it is not enough for Government to have intimated the findings of the Committee to the State Government for taking necessary action on the plea that the work on the project like other national highway works, is being executed by the State Government on an agency basis. Considering the serious nature of financial irregularities in the execution of the project, the Committee consider that it would be in the interest of all concerned if the CBI inquiry suggested by them is instituted without delay. The Committee would therefore like the Ministry to take up the matter with the State Government for early action. The Committee would like to be apprised of the action taken in this regard within three months.

The Committee note Government's decision to appoint a High Powered Committee for reviewing the functioning of the agency system for the execution of national highway works in the context of the present and future demands on the national highway system and for suggesting measures for improving the performance of the system including the monitoring methodology both at the Central and State levels. The Committee would like to be apprised of the findings of the High Powered Committee and the action taken thereon as expeditiously as possible.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

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

[S. No. 1 Para 1.49 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Recommendation

The Committee regret to note that the development of national highways has been grossly neglected all these years since independence. This is evident from the fact that while in 1947 the total length of national highways was 21,440 kms there was a meagre addition of only 9,918 kms in 34 years and on 31st March, 1981, the total length was only 31,358 kms. This falls far short of the target of about 51,200 kms as contemplated by the 20 year Plan (1961—81) formulated by the Chief Engineers in-charge of road and bridge development of the Central and State Governments popularly known as Bombay Plan. From the statement of addition to National Highways in the various Five Year Plans, it is seen that not a single km was added in the First Plan, 179 km in the Third Plan and only 52 kms in the period 1966-69. Thereafter as much as 4,819 kms were added in Fourth Plan Period and 46 km during 1979-80. From this the Committee cannot but arrive at the conclusion that Government has been callously negligent towards the development of National Highways in the country. What is still more distressing is that the neglect in the development of "National Highways" should have continued even after the committee had highlighted it in 1977-78 in their 18th Report (Sixth Lok Sabha) on "Road Development in Fourth Plan".

[S. No. 2 para 1.50 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action Taken

The observations made by the PAC have been noted. Lack of adequate financial allocations over the years has been the main reason for the

limited expansion of the National Highway System and removal of deficiencies in that system. Government is fully conscious about the need and urgency for the expansion of the existing National Highway System but they are also anxious at the same time to ensure that before they take over any new liability as new National Highways, they are able to maintain the existing National Highways also adequately and properly to cater to the needs of the growing traffic of the country fully and effectively. The Ministry has been making and will continue to make sustained efforts at the highest level to obtain adequate funds required for the expansion of the existing National Highway System as well as for the development and maintenance of the existing system and would consider taking up selected roads for being added to the NH system as soon as more funds become available.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5
(1)82, dated the 11th Nov. 1982]

Recommendation

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

[S. No. 3, para No. 1.51 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action taken

The Government are conscious of the fact that with the increase in traffic intensity and axle load, there is need for extensive developmental work on the National Highways. The requirement of funds for this however being of a high order and keeping in view the acute constraint of resources, this necessarily has had to be phased over a number of years. Due to overall constraint of resources in the country, it has been difficult to provide fully need-based outlays in most sectors of the economy. Efforts are continuously being made by the Government to enhance the pace of resource generation in various sectors so that the total national Plan may increase in real terms commensurate with the needs of expenditure for developmental work in various fields. In the meanwhile, efforts are made to distribute the available resources during the five year and annual plans in the most judicious manner as between the different sectors after taking into account the essentiality and relative priority of the various programmes in the economy of the country. The needs of National Highways as mentioned by the Public Accounts Committee will be duly kept in view while deciding future inter-sectoral distribution of available resources.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5
(1)|82, dated the 11th Nov. 1982]

Recommendation

What is a matter of still greater concern to the Committee is that not only are there a number of deficiencies in the National Highways hampering smooth flow of traffic but there is also no likelihood of these deficiencies being removed in the near future because of the snail's pace at which the work in this regard is progressing. The Committee are distressed to learn that according to an assessment, there are 8,000 Kms. of National Highways which are of single lane and are required to be widened to double (Lanes) because of traffic requirements. Similarly, there are about 2,000 Kms. of National Highways which need to be widened from two lanes to four-lane standards. However, due to inadequate financial allocations, it will be possible to widen only 2,500 Kms. i.e. about 26 per cent of two lanes and 300 Kms. i.e. 15 per cent to four lanes during the Sixth Plan period. Similarly, 362 railway crossings have been identified for construction of overbridges and under bridges during the Sixth Plan due to financial constraints only 52 over/under bridges have been sanctioned and during 1980-81 only one overbridge costing Rs. 15 crores had been sanctioned. Similarly, number of culverts which are 80 to 100 years old still remain to be strengthened but no programme for the same has been taken in hand.

[S. No. 4, para 1.52 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action taken

Kind observations made by PAC have been noted.

Lack of adequate financial allocations over the year has been the main reason for the slow progress in the removal of the existing identified deficiencies in the National Highway system. The Ministry has been making and will continue to make sustained efforts at the highest level to obtain adequate funds required for the proper development and strengthening of the National Highway system. However, the availability of funds for Road Sector is necessarily governed by the total availability of resources in the country and priorities fixed at the national level. It is hoped that the position will improve in the years to come and it will be possible to obtain larger allocations for National Highways than at present, so that the removal of the existing deficiencies in the National Highway system can be carried out at a faster pace.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Road Wing) O.M. No. RW/B-5
(1)/82, dated the 11th Nov. 1982]

Recommendation

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

[S. No. 5, para 1.53 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action taken

Government is fully alive to the need and urgency for the removal of deficiencies in the existing National Highways System, and agrees that a time bound programme for removal of these deficiencies is desirable. It would however be appreciated, that the implementation of the programme would depend to a great extent on the availability of funds which like in any other sector, in the case of road sector also are necessarily governed by the total availability of resources in the country and the priorities fixed at the national level. Within the available resources, the Government would do their utmost to implement the recommendations of the Committee. Attention is also invited in this connection to the Government's

reply to Para 1.52 (copy enclosed for ready reference).* As indicated therein, it is hoped that the position would improve in the years to come and it would be possible to provide larger allocations for National Highways for taking up the removal of deficiencies in the existing National Highways system on the basis of a time bound programme on the lines indicated by the Committee.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5
(1)/82, dated the 11th Nov. 1982]

Recommendation

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

[S. No. 6 Appendix V (Para 1.54) of 88th report of PAC (7th Lok Sabha)]

Action Taken

The observation of the Committee have been brought to the notice of the Planning Commission and Ministry of Finance.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Road Wing) O.M. No. RW/B-5
(1)/82, dated the 11th Nov. 1982]

*Reproduced at page 13, of the Report.

Recommendation

The Committee note that an allocation of Rs. 50 crores has been made during the Sixth Plan for new National Highways. However, the Committee are shocked to learn that even out of this meagre allocation, no allocation was made for the year 1980-81 and only an amount of Rs. 3.5 crore was allocated during 1981-82 with the result that it has not been possible to undertake any works in this direction. If the same trend of annual allocation continues, the Committee have an apprehension that there would be heavy shortfalls in the actuals utilisation out of total meagre allocation during the Sixth Plan. The Committee would like to draw the attention of Planning Commission to this unsatisfactory state of affairs and recommend that annual allocation in the remaining years of Sixth Plan for new additions in National Highways should be stepped up considerably so as to make up for the inadequate allocation in the earlier years. Further, not only should annual allocations be stepped up, it should also be ensured that the progress on works is adequate so that funds are fully utilised. This assumes special importance in view of the fact that most of the allocation in Sixth Plan is to be spent on development of six National Highways in North-Eastern region which is scantily served by Railway system and where these National Highways provide the only means of transport and communications with the rest of the country.

[S. No. 7 para 1.55 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action Taken

The P.A.C.'s apprehension about shortfalls in expenditure on the New National Highways is correct. The Ministry is making every effort in consultation with the Planning Commission, who have been informed about the observation of the P.A.C., to ensure that the annual allocations are suitably stepped up in the remaining years of the Sixth Plan. It is hoped that with the stepped up allocations and increased pace of work, it would be possible to take up the works on New National Highways envisaged in the Sixth Plan 1980-85.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5
(1)/82, dated the 11th Nov., 1982]

Recommendation

The Committee note that while the Ministry of Shipping and Transport is responsible for the over all planning, sanctioning of Projects and

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

[S. No. 8 Para 1.65 of Appendix V to 88th Report of PAC 1981-82
(7th Lok Sabha)]

Action Taken

The Government of India have recently appointed a Committee under the Chairmanship of Shri B. B. Vohra, Chairman, National Committee on Environmental Planning, Department of Environment, New Delhi for reviewing the functioning of the Agency System for the execution of National Highways Works in the context of the present and future demands of National Highways System and to suggest measures for improving the performance of the system. A copy of the resolution dated 3rd February, 1982 as published in the Gazette of India (Extra Ordinary) giving details of the composition and terms of reference of the Committee is enclosed. The Committee while examining the various problems connected with the execution of National Highway works will also go into question of adequacy or otherwise of the powers delegated to the States for sanctioning estimates, acceptance of tenders etc. The Committee held its first meeting on 30th April 1982 and is expected to submit its report within a period of six months from the date of first meeting.

This has been vetted by Audit.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. RW/B-5(1)/82, dated 11th Nov. 1982]

Recommendation

The Committee are constrained to note the poor performance of the works sanctioned and undertaken in national highways from time to time. Out of 5834 projects sanctioned from Fourth Plan to Sixth Plan, 1539 projects had not been completed till 30th September, 1981. Out of 25

major projects each costing Rs. 2 crores and above only 6 projects had been completed. As many as 5 projects which were sanctioned more than a decade ago are now likely to be completed between January, 1982 and September, 1985. From another statement furnished by the Ministry, the Committee find that work on 376 projects is in progress for more than 5 years in 21 States. In addition to it, the cases of non-completion and delays in work relating to a number of projects have been pointed out by Audit and dealt with in succeeding paragraphs. Audit has pointed out that the delay in finalising and approving the designs of the projects by the authorities, acquisition of land, approval of tenders, approval of funds by the Central Government etc. have been responsible for non-completion of projects in time. The Committee need hardly emphasise the need for completion of projects within the target date and estimated cost as any failure to complete the projects within the scheduled time escalates the cost of the projects and also deprive the people from the likely benefits from the projects.

[S. No. 9 Para No. 1.57 of Appendix V to 88th Report of PAC 1981-82,
(7th Lok Sabha)]

Action Taken

The Ministry is seized of the problem of delays in completion of sanctioned works. Steps have been taken to ensure completion of old sanctioned works at the earliest. Since the last two years, work-wise reviews are being carried out with the State Chief Engineers to monitor the progress of works. As a result, out of 376 projects sanctioned prior to 1-4-76 which were in progress on 1-4-81, 238 projects have already been brought to completion by March 1982. The remaining projects are likely to be completed within the current (1982-83) financial year, some of them by the end of June, 1982, except only 11 works which have to continue on account of contractual complications arising out the court cases, land acquisition problems, difficult foundation conditions in respect of Bridge projects and chronic labour problems etc. List of the 11 works is at Annexure-I.

2. Of the said 1539 projects as continuing on 30-9-1981, only 503 belong to the 4th and 5th Plan periods out of which 281 projects have already been completed by 3/82 and 52 more would have been completed by 6/82. 145 works are likely to be completed within 1982-83 and 7 more by 6/83. 18 works, however, will continue beyond 6/83 for reasons mentioned in para 1 above. The remaining 1036 projects were sanctioned from 1-4-78 onwards upto 30-9-81 and 245 works have already been

completed by 3/82. All projects sanctioned during 1978—80 period are likely to get completed by 6/83 except 36 works. The position of number of works sanctioned during various Plan periods, works completed and on-going works as on 1-4-82 is given in Annexure II.

3. Of the 25 major projects costing Rs. 2 crores and above, 6 projects had already been reported complete. 3 more projects have since been completed by 3/82.

Another 4 projects are likely to get completed during this financial year and one more by 6/83. Remaining 11 projects will continue beyond 6/83 of which 8 projects are of recently sanctioned category, viz. from 6/79 onwards. List of such cases is at Annexure III.

4. The observations of the Committee have been noted for needful to the extent possible.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Road Wing) O.M. No. RW/B-5
(1)/82, dated the 11th Nov., 1982]

ANNEXURE I

Works Sanctioned Before 1-4-76 likely to continue beyond 6/83

S. No.	State	Name of work	Job No.	Target	Remarks
1	2	3	4	5	6
			Original sanctd. cost/Dt Revised cost/date (Rs. lakhs)		
1	Bihar	Constn. of Dhangad bye-pass on NH-32	208-BR-32 47·35/24·3·72	6/85	Contractor had left the work half-way and fresh tenders had to be called. Time taken to decide type of crossings for two railway lines in consultation with the Railways. Delay in receipt of drawing for ROB and RUB from the Railways.
2	Karnataka	Kalinadi Br. on NH-17	608-KNT-17 175·29/4·11-74 367·5/30-6-82	10/83	82% work done. Sinking of wells through rockystrata required pneumatic sinking which is a very slow process. Scarcity of steel plates and inadequate supply of requisite quality of cement for high strength concrete required for long span super-structure cause delay. Main structure will be completed by 6/83 and minor fini hing work will be completed by 10/83.
3	Kerala	Br. between Kumbalam and Aroor on NH-47	203-KR-47; 104·61/16-12-72 212·77/23-1-76	6/84	Difficult foundation conditions and chronic labour problems at site. Inability of Kerala Govt. Constn. Corpn. to marshall adequate resources for such a major job requiring long length pile driving. To expedite, Secy (T) is taking a meeting with Chief Secy. Kerala and the State GE as well as the M.D. Kerala Govt. Constn. Corp. to impress upon them the immediate necessity of completion of this job and sort out bottlenecks, if any.

1	2	3	4	5	6
4	M. P.	Widening/strengthening M. 66 to 10.4 of NH-3	129-MP-3 ----- 44.37/22-5-72	3/84	Widening work completed. For strengthening work requiring use of hot-mix plate, contractors were not forthcoming. This problem has not been overcome.
5	Maharashtra	L.A. for constn. of diversion outside Thana-Bhiwandi towns on NH-3&4	326-MR-3 & 4 ----- 51.75/15-6-82	3/84	Delay in land acquisition by State Revenue Deptt.
6	Meghalaya	Widening & strengthening M. 80 to 51 of GS Road sec. NH-40	441-AS/40 ----- 60.26/1-6-71	12/84	We have been continuously impressing upon the State PWD for early completion of the work and in this respect our MS has also addressed a d.o. to the C.M. Meghalaya.
7	T. Nadu	Pamban Br. on NH-49	595-MD-49 ----- 532.89/6-3-72		Previous contract terminated on 29-12-80 on a/c of poor performance by the contractor who did 36% of work during the time frame of completion of the work. Fresh tenders for balance work have been invited to be recd. on 23-7-82. Previous contr. filed a suit in the Madras High Court. Clearance of High Court has to be obtained before work is awarded to new contractor.
8	W. Bengal	Belgharia Expressway (LA)	351-BG-Belg. ----- 53.31/3-2-72		
9	W. Bengal	Constn. of Belgharia Expressway	369-BG-Belg ----- 227.7/9-2-73		No fund is being provided now to the State Govt. for constn. of this work till land is acquired by the State Govt.
10	Do.	Shantipur bye-pass on NH-34	324-BG-34 ----- 6.74/19-5-71	3/84	Land acquisition problem due to acquisition of 3 plots belonging to Ashram.
11	Do.	L.A. for D'alkhola diversion on NH-34	352-BG-34 ----- 2.67/13-2-72 ----- 6.00/7-9-77	3/84	Land acquisition problem. Homestead land and buildings are also required for acquisition.

ANNEXURE II

Position of Works on National Highways taken since Fourth Five Year Plan

Sl. No.	Plan period	Sanctioned upto	Completed upto	On-going as on	Further works completed by	Further sanctions upto	Total on-going works on	Likely completion	targets of			To continue beyond
		30-9-81	30-9-81	30-9-81	31-3-82	31-3-82	1-4-82	6/82	3/83	6/83	6/83	
1	4th Plan	3623	3302	321	193	..	128	32	79	6	11	
2	5th Plan	835	653	182	88	..	94	20	66	1	7	
3	During 78-80 . . .	739	278	461	180	..	281	51	180	14	36	
4	6th Plan	637	62	575	65	399	909	Likely to be completed within a time frame of 4 to 5 years from the date of sanction depending upon availability of funds.				
Total		5834	4295	1539	526	399	1412					

List of major works costing Rs. crores and above sanctioned from iv plan (I-4-1969) onwards.

S. No.	Name of state	Name of work	Sanctioned cost (Rs. crores)	Date of sanction	Remarks
1	2	3	4	5	6
1	Andhra Pradesh .	Xrishna ridge near Vijayawada on NH-5	3.70	5-6-81	Likely target 3/86;
2	Assam	Gandagadhar Bridge on NH-31	2.89	6-11-75	Completed
3	Bihar	Widening strengthening of road crust between Mile 0 to 30 of Barhi-Debour Sec of NH-31	1.05(o)* 2.51(R)**	26-9-70	Likely to be completed by 3/83
4	Delhi	Flyover at ITO intersection on NH-2	3.95	13-11-80	Flyover commissioned to traffic. Some ancillary works remain to be completed.
5	Goa	Zuari Br. on NH-17	2.51 (o)* 3.61 (R)**	23-9-70 19-6-82	Likely to be completed by 12/82
6	Goa	Colvale Br. on NH-17	2.09(o)* 2.70(R)**	3-6-79 13-2-81	Work started in 7/80. Likely to be completed by 9/85
7	Haryana	Widening providing addl crust in M. 115 to 194 of NH-10	3.39	5-12-74	Completed
8	Haryana	Four-laning of GT Road NH-1 from Delhi Haryana border to Murthal in (Km. 29.295 to Km 50)	3.27	19-7-79	Phase-I with interim Bituminous surfacing will be completed by 31-7-82 except one minor bridge which is likely to be completed by 31-3-83 Phase-II with final bituminous layers is likely to be completed by 30-6-83.

9	Jammu & Kashmir	Tawi Bridge on NH-1A	Likely revised cost 2.34	16-6-73 (original)	Completed.
10	Kerala	Br. between Kumbalam and Aroo on NH-47	1.04(0)* 2.12(R)7**	16-6-72 23-1-76	Delay due to difficult foundation condition and chronic labour problems at site and inability of construction agency (Kerala Govt. Constn. Corpn.) to marshal adequate resources for such a major job requiring long leath pile driving. Work likely to be completed by 6/84.
11	Kerala	Bridge at Kottapuram on NH-17	2.63	20-12-79	Likely to be completed by 3/85
12	Maharashtra	Strengthening of pavement & providing asphaltic layers on Manor-Dahisar sec. Km. 439 to 502 of NH-8.	2.47	24-5-80	Road crust likely to be completed by 5/83. Final A.G. layer is to be deferred for observation under R & D scheme and likely to be completed by 6/85
13	Maharashtra	Realignment of local Borghat reach between M53 7 and 68/7 of Bombay Poona Road NH-4	2.23	17-5-80	Likely to be completed by 6/84
14	Maharashtra	Constn. of bypass outside town including approach link Kasheli Br. on NH-3 & 4	4.55	23-8-80	See-I likely to be completed by 4/83 Sec-I by 6/83 & Sec-III by 3/85
15	Maharashtra	Pr. Kasheli Creek on NH-3	1.70 3.21	12-11-71 17-5-80	Likely to be completed by 12/82
16	Punjab	Providing divide carriageway including approach to Phillor over bridge Km. 228 to 243	2.41	18-6-80	Likely to be completed by 3/85
17	Rajasthan	Chembal Br. on NH-3	2.97	2-1-75	Completed
18	Tamil Nadu	Pamban Br. on NH-49	5.33	6-3-72	Previous contract terminated on 29-12-80 on account of poor performance by contractor who did 36% of work during the time frame of completion of work.

1	2	3	4	5	6
					Fresh tenders for balance work invited to be received on 18-8-82. Previous contractor filed a suit in Madras High Court. Clearance of High Court has to be obtained before work is awarded to the new contractor. Time stipulated in the notice inviting tenders for balance works is three years after date of resumption of work.
19	U. P.	Strengthening double lane sec. of Kanpur-Fatehpur section of NH 2m 19 447 to (74.91)	0.83(o)* 2.03(R)**	31-3-71 8-6-77	Completed
20	U. P.	Laying of 4 lanes divide 1/2 lane dual carriageway) Road pavement etc. in the Ghaziabad bye-pass of NH-24.	2.74	31-3-80	Likely to be completed by 3/85
21	U. P.	Gang Br at Kanpur on NH-25	4.29	23-12-71	Completed
22	U. P.	Yamuna Br. at Kalpi on NH-25	2.63	29-7-71	Completed
23	U. P.	Ganga Br. at Allahabad on NH-2	6.51	31-12-73	Completed
24	West Bengal	Strengthening double lane carriageway and providing hard shoulder on NH-41	3.30	5-1-79	Likely to be completed by 3/83
25	West Bengal	Construction of Belgaria Expressway (Road Portion)	2.28	9-2-73	No find in being provided now to the State Govt. for construction of this work till land is acquired by the State Govt.

(o)* - Original

(R)** - Revised

Recommendation

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

[S. No. 10—Para 2.16 of Appendix V to Eighty-Eighth Report of PAC 1981-82 (Seventh Lok Sabha)]

Recommendation

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

treated in an unplanned and haphazard manner and there has been scant regard to the need of getting the work completed in time.

[S. No. 11—Para 2.17 of Appendix V to Eighty-Eighth Report of PAC 1981-82 (Seventh Lok Sabha)]

Action Taken

The displeasure of the Public Accounts Committee in this case has been communicated to the Government of Andhra Pradesh vide this Ministry's letter of 3rd June, 1982. While forwarding the relevant extracts of the recommendations of the Public Accounts Committee, the State Government was informed that the Committee, have reached the conclusion in this case that the whole matter was treated in an unplanned and haphazard manner and there has been scant regard by the State Government to the need of getting the work completed in time and an avoidable extra burden of Rs. 1.35 lakhs on public exchequer resulted.

2. The Government of Andhra Pradesh have been further advised to take all possible steps to avoid such lapses in future.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5(1)/82, dated 10 August 1982]

Recommendation

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

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

2.33 In this connection, the Committee would like to draw attention to the recommendation made in Para 2.14 of their 196th Report (Fifth Lok Sabha) on Farakka Barrage Project where the Committee had stressed the need for initiating proceedings for land acquisition well in advance and for close liaison between the Central Authorities and State Governments at all levels in this regard. The Committee regret to note that although the Government had accepted the recommendation of the Committee, similar delays in land acquisition continue to happen. The Committee hope that atleast now Government would ensure that necessary action for land acquisition in such cases is taken well in advance.

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

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

[S. Nos. 12 to 16—Paras 2.31 to 2.35 of Appendix V to Eighty-Eighth Report of PAC 1981-82 (Seventh Lok Sabha)]

Action Taken

The recommendations of the PAC have been noted and communicated to the State Government on 4th June, 1982. The State Government have also vide their memo. No. 599|R-II-1|79|48, dated the 3rd May, 1982 (Annexure A) issued instructions streamlining the procedure for land acquisition in the R&B Department. In the Ministry also land acquisition estimates are by and large being sanctioned separately so that delay in land acquisition does not create contractual and legal complications. The State Government have further been advised on 16th September, 1982 to take suitable action for delay in the finalisation of the second contract as per recommendations of the PAC (Annexure B).

This has been vetted by Audit.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. RW|B-5(1)/82, dated 11th Nov., 1982]

‘ANNEXURE-A’

GOVERNMENT OF ANDHRA PRADESH

TRANSPORT ROADS AND BUILDINGS DEPARTMENT

Copy of Memo No. 599|R. II-1|79-48, dated 3-5-82

SUBJECT:—Land Acquisition—Streamlining the procedure of land acquisition—Land required for Roads and Buildings Department.

REF.—From the Chief Engineer (NH), letter No. VFTJIT.A.VI N.H. III-1|79-31, dated 6-7-81.

From the Commissioner, Land Revenue, letter No. G1|1700|81, dated 30-9-81.

The Chief Engineer (NH) is informed that as per the report of the Commissioner, Land Revenue, it is possible for the Land Acquisition Officer to handover possession of land to the requisitioning Department, within one year from the date of the requisition provided the lands propos-

ed to be acquired is clearly peg marked and no discrepancies are found later as a result of incorrect requisition or change in a alignment etc. Further the process of Land Acquisition could be speeded up, if the order of priority in each case is clearly indicated by the requisitioning department, while, ensuring that lands in such cases are properly peg marked to facilitate quick survey and that the officers of the requisitioning department should keep themselves in constant touch with the land Acquisition Officer for this purpose and promptly rectify the defects and discrepancies pointed out by them. The requisitioning department should ask for invoking the urgency provision, wherever necessary so as to enable the Land Acquisition Officer to hand over possession of Land before the award is passed.

2. The Chief Engineer (NH) is requested to take action accordingly.

Sd/- K. V. ANANTHACHARY

Deputy Secretary to Government.

To

The Chief Engineer (NH), Hyderabad.

Copy to Accountant General, Andhra Pradesh, Hyderabad in continuance of this Government letter No. 599/R. II-1/79-43, dated: 28-7-81.

'true copy'

Sd|-xxx

for Chief Engineer (NH).

'ANNEXURE-B'

PAC

IMMEDIATE

(COPY)

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING & TRANSPORT

(Road Wing)

No. RWNHIV-2(3)/82

TRANSPORT BHAWAN,
No. 1 PARLIAMENT STREET,
New Delhi-110001.

Dated the 16th Sept. 1982.

To

The Joint Secretary,
Transport, Roads & Buildings Department,
Govt. of Andhra Pradesh, Hyderabad.

SUBJECT:—*Action taken notes on the recommendations of the P.A.C. contained in their 88th Report (Seventh Lok Sabha) on para 13 of the Advance Report of the C&AG of India for 1979-80 on Kasarapalli Bypass Delay in Land Acquisition.*

Sir,

I am directed to refer to your official letter No. 1112/R. II-1/82-83 dated the 10th August, 1982 on the above subject and to say that the reply furnished by the State Government in the prescribed proforma indicating the 'Action Taken Notes' has been examined in the light of recommendations of the Public Accounts Committee and it is observed that the Government of Andhra Pradesh have not communicated their firm recommendations on the specific observations of the Public Accounts Committee made in the relevant paragraphs of the report. Your attention in this connection is invited to paragraphs 3 & 4 of this Ministry's letter of even number dated the 4th June 1982, wherein the State Government were requested to furnish specific information in respect of the points raised by the Public Accounts Committee.

2. It would be appreciated if you kindly re-examine the matter in the light of the following comments and arrange to furnish the revised "Action Taken Notes" immediately in the prescribed proforma, already made available to the State Government:—

(a) Delay in land acquisition

(1) State Chief Engineer has put the blame for the delay in land acquisition on the Revenue Department. This has been endorsed by the State Government. As desired by PAC in para 2.34, responsibility for delay at various stages of land acquisition may kindly be fixed and action taken against those found responsible.

(ii) It may please be confirmed whether the State Government have issued instructions to Revenue Department prescribing time limit in processing land Acquisition proposal as proposed by the State Chief Engineer, vide his D.O. letter No. 16901|TA|NH.III-1|79, dated the 17-6-1982. If so, a copy thereof may kindly be supplied

(iii) A copy of the State Government Memo No 599/R-II-1|79|48 dated the 3rd May, 1982 may also kindly be supplied.

(b) Delay in awarding the contract to the same contractor at an extra cost of Rs. 14.78 lakhs in Feb., 1978.

As recommended by PAC, responsibility for delays at various stages in inviting fresh tenders and awarding the work to same contractor in Feb., 1978 may kindly be fixed and action taken against those found responsible.

3. We are required to furnish the 'Action Taken Notes' on the various recommendations of the Public Accounts Committee duly vetted by 1st October, 1982. As the time left at our disposal is very short, you are

requested to send the reply at an early date. Copies of the documents/papers already asked for by the Ministry in our letter No. RWNHIV-2(3)/82 dated the 30-8-1932 may also be supplied immediately.

Yours faithfully,

Sd/- (NAND LAL)

Under Secretary to the Govt. of India

Copy forwarded for information and similar necessary action to the Chief Engineer National Highways, Errum Manzil, Andhra Pradesh, Hyderabad.

Sd/- (NAND LAL)

Under Secretary to the Govt. of India

Copy to:—

1. The Superintending Engineer, Ministry of Shipping and Transport (Roads Wing), 12, 1st Main Road, Gandhinagar, Adyar, Madras.
2. The Engineer Liaison Officer, Ministry of Shipping and Transport (Road Wing) C/o. the Chief Engineer, National Highway, Andhra Pradesh Hyderabad.

for information and follow up action.

Sd/- (NAND LAL)

Under Secretary to the Govt. of India

Recommendation

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

2.52 The Committee recommend that the Ministry of Shipping & Transport should examine this case with a view to analyse the different factors

which came in the way of finalisation of tenders on time. On the basis of their findings, suitable guidelines may be issued by Government to the concerned agencies/officials so that such delays do not occur in future.

[Sl.No. 17 & 18, Paras 2.51 & 2.52 of Appendix V to 88th Report of PAC 1981-82 (7th Lok Sabha)]

Action Taken

An in-depth examination of the case revealed that the delay was primarily due to long post-tender correspondence between the State PWD and the tenders, involving the necessity of seeking clarification on several points, before the State could make its final recommendation to the Ministry.

2. The recommendations of the Committee have been noted and as desired by the Public Accounts Committee, suitable guidelines have been issued to the State Governments in this Ministry's circular letter No. N-47/KR/396/82 dated 7-9-82 (copy enclosed), requesting them to ensure that such delays do not occur while processing tender cases in future.

This has been vetted by Audit.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. RW/B-5(1)|82, dated 11th Nov. 1982]

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT (ROADS WING)

No. N-47|KR|396|82

New Delhi, the 7th Sept. 1982.

To

All State Governments

(Deptts. dealing with National Highways).

SUBJECT:—*Procedure for finalisation of tenders—Need for avoiding delays.*

Sir,

I am directed to state that the Public Accounts Committee in their 88th Report (Seventh Lok Sabha) has adversely commented on the delay in the finalisation of tenders for a work on the National Highway, and have instructed that such delays should not be allowed to recur in future.

2. An in-depth examination of the case in question, revealed that the delay in settlement of tenders and allotment of the work was primarily due to long post-tender correspondence between the State P.W.D. and the tenders to obtain various clarifications before the State Government could make final recommendations to the Ministry for approval. The delay has also been due to incomplete recommendations by the State P.W.D. at the time of submission of the case which again required further correspondence between the Ministry and the State P.W.D.

3. The procedure for expeditious handling of the tender cases has already been laid down in this Ministry Circular No. NH. III-30(108)/72, dated 28-3-1973, and reiterated in this Ministry's letter No. PL-30(62/76, dated 26th June, 1976. It is once again requested that instructions/guidelines given in the two above mentioned letters may be strictly followed. It may also be ensured that the tenders are received in this Ministry at least a month and a half before the expiry of their validity since in some cases it has been seen that the tenders are received for approval hardly a few days before the expiry of the validity period. It would be appreciated that scrutiny of tenders and revised estimates, and obtaining the concurrence from our Finance requires some reasonable time which in any case is not less than a month or so.

4. In order to avoid unnecessary correspondence between the Department and the tenderers, the State P.W.D. should ensure that the tender documents are made as complete as possible, especially with regard to the technical requirements of the work. Further more, it may also be ensured that the reference made to the Ministry is complete in all respects and includes all relevant information required for processing the tender and the revised estimate for obtaining approval of the Finance. Clearcut recommendations of the State Government would be necessary especially in respect of:

- (a) Reasonableness of the tender;
- (b) Experience, technical competence and capacity of the recommended tenderer for carrying out the work within the time frame of the contract and in accordance with the specifications laid down; and
- (c) in case of a single tender, whether recall of tenders would be advisable or not; and if tendered rates are very high, full justification for accepting such a tender.

5. It has also been seen in a few cases that considerable time is lost in furnishing additional information of clarification sought for by the Ministry from the State P.W.D. Such delays should be avoided and necessary information furnished promptly on priority basis.

6. It is requested that these guidelines may be brought to the notice of all concerned officers in the State P.W.D./State Government dealing with works on National Highways or other Centrally aided works where approval from the Ministry is sought for acceptance of tenders.

... .. Yours faithfully,

(SWARAN DASS)

Desk Officer

Copy forwarded to all State Chief Engineers for guidance and necessary action.

2. Copy to all Regional Officers/Engineer Liaison Officers.
3. Copy also forwarded to all Work Sections in the Roads Wing.

(SWARN DASS),
Desk Officer.

Recommendation

2.66. The Committee note that the work of widening and strengthening the carriageway to two lanes from kilometre 251.370 to kilometre 254.600 of National Highway No. 47 (Vaniampara Trichur section) was awarded to a contractor by the State Public Works Department in November, 1971 before finalising the formation level and vertical alignment of the road. The work was originally targetted to be completed by April 1973. However, on account of delay in finalising the formation level and vertical alignment of the road, change in side slopes during execution and consequential increase in the quantities of work, the work was considerably delayed and was completed only in April 1976 at an extra expenditure of Rs. 2.19 lakhs. Part of the work had to be got completed by another contractor. Another lapse on the part of officials of the State Public Works Department is not incorporating in the schedule to the agreement the description of the blasting in hard rock and stacking the materials for measurement resulted in extra payment of Rs. 0.51 lakh to the contractor. This is regrettable.

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

[S. Nos. 19 & 20 Paras 2.66 & 2.67 of Appendix V to 88th Report of PAC 1981-82 (7th Lok Sabha)].

Action Taken

The recommendations of the PAC have been noted for compliance in future. These recommendations have been forwarded to the State Govt. of Kerala and they have been requested to ensure that lapses of the type do not recur in future.

All the State Governments dealing with National Highway works have also been requested to ensure that the estimates for National Highway projects are prepared after proper survey and investigations to avoid revi-

sion in the cost of the projects. Instructions issued by this Ministry's letter No. NHIII/P/31/77 dated the 20th October, 1977 and the 31st May 1978 have again been emphasised to the State Governments.

This has been vetted by Audit.

[Ministry of Shipping and Transport (Road Wing) O.M. No. RW/B-5(1)|82, dated 11th Nov. 1982]

Recommendations

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

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

[S. Nos. 21 and 22, Paras 2.79 and 2.80 of Appendix V to 88th Report of the PAC 1981-82 (7th Lok Sabha)].

Action Taken

All functions relating to the construction and maintenance of National Highways have been entrusted to the State Governments in terms of Section 5 of the National Highways Act, 1956. Since the matters relating to the

awarding of contracts and execution of works are being handled by the State Governments in pursuance of the entrustment made to them by the Govt. of India, necessary instructions have been issued to the State Governments on the basis of the recommendations of the Committee. A copy of the instructions issued is enclosed.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Road Wing) O.M. No. RW/B-5(1)/82 dated the 11th November, 1982].

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING & TRANSPORT
(ROADS WING)

No. RW/N-7/MD/2101/W.

New Delhi, the 13th July, 1982.

To

The Secretary,
Public Works Departments,
of all States and U.Ts.

SUBJECT:— *Action taken notes on the recommendations of the PAC contained in their 88th Report (Seventh Lok Sabha) on Para 13 of the Advance Report of the C&AG of India for the year 1979-80—Union Govt. (Civil) on National Highways.*

Sir,

I am directed to say that Public Accounts Committee, in its 88th Report (1981-82) on the Seventh Lok Sabha, have made critical observations on one of the National Highway Projects in Tamil Nadu because of the delay in the execution of work and excessive cost escalation. A copy of their observations is enclosed for information and guidance. It would be observed there from that the Committee have recommended that antecedents and past performance of the contractors should be thoroughly checked before awarding contract relating to Central Sector Projects. The Committee has also felt that in view of the growing tendency of the contractors to back out on contracts, it would be appropriate to undertake departmentally as many works as possible. It is, therefore, requested that the observations/recommendations made by Public Accounts Committee may kindly be kept in view while awarding contracts for Central Sector Projects in future.

Yours faithfully,

(S. L. NARANG)
Desk Officer

1. Copy forwarded to information and necessary action to the Chief Engineers, P.W.Ds of all States & Union Territories.

2. Copy also forwarded for information to:—

- (i) Regional Officers/Engineers Liaison Officers.
- (ii) All Technical Officers of the rank of Superintending Engineer and above in Roads Wing.

(S. L. NARANG)

Desk Officer

Observations by PAC referred to Lr. No. PW/N-7/D/2101/W dt. 13-7-82

Sl.	Para	Conclusions/Recommendations
1	2	3
21	2.79	The Committee note that this work relating to widening and strengthening of the pavement in National Highways No. 7 between Madurai and Kanyakumari was awarded to a contractor viz., M/s. Nilkanthan & Bros. Construction Pvt. Ltd., Madras in February, 1974 at a cost of Rs. 15.48 lakhs. The work was to be completed within 8 months from the date of handing over of site. (i.e. 21st June, 1974). However, the contractor discontinued the work after completing only part of the work with the result that the work had to be entrusted to another contractor for Rs. 24.14 lakhs and the same was completed in July, 1979 only. The Committee further note that the estimate for the work has been revised thrice, the third revised estimate was sanctioned by the Ministry in January, 1980 for Rs. 27.02 lakhs against the original estimate of Rs. 14.61 lakhs. As against this, an expenditure of Rs. 33.72 lakhs had been incurred on the work up to April, 1980. Thus there has been a cost escalation of more than 100 per cent. Moreover, the work which was to be completed in 8 months time actually took about 5 years.
22	2.80	The Committee cannot but express their dissatisfaction at this state of affairs. They are further constrained to observe that in some other case also, e.g. construction of a road bridge over Pamban, they have noted the tendency on the part of contractors to back out of the agreements after completing only part of

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work with the result that not only the work is delayed but it also results in avoidable extra expenditure. The Committee, therefore, recommend that the antecedents and past performance of the contractors should be thoroughly checked before awarding contracts relating to such important works. The Committee feel that in view of this growing tendency of the contractors to back out of contracts, it would be more prudent to undertake departmentally as many works as possible.

23

2.81

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

Recommendations

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

[S. No. 23, para 2.81 of Appendix V to 88th Report of PAC Committee. 1981-82 (7th Lok Sabha)].

Action Taken

Chief Engineer (National Highway), Madras has initiated action for institution of a suit against the (original) contractor for the recovery of the amount. Final settlement of the issue will depend on the outcome of the proposed legal action.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5(1)/82 dated 11th November, 1982].

Recommendations

2.135. The Committee note that the proposal for the construction of a high level road bridge across the Pamban Strait on NH 49 connecting Mandappam on the main land with Pamban on the Island of Rameshwaram at

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

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

[S. Nos. 24 and 26 & Paras 2.135, & 2.137, of Appendix V to 88th Report of PAC 1981-82 (7th Lok Sabha)].

Action Taken

As the Pamban bridge project like all other National Highway works is being executed by the State Govt. on an agency basis and the officers connected with this project belongs to the State P.W.D. who also have the various documents relating to the award of the work etc., the recommendations of the Committee have been intimated to the State Govt. for taking necessary action on all the issue involved. The matter would be pursued further with the State Govt. to ensure early action.

Actually, the issues raised by the Committee including that of inadequate monitoring at Ministry's level cover the various lacunae which have surfaced in the functioning of the agency system under which all the National Highway works, including the Pamban bridge, are being executed and underline the need and urgency for taking suitable measures for avoiding the recurrence of such situation. The Govt. of India are seized of this problem also and have already set up a High Powered Committee *vide* Resolution No. PL-30(36)/81, dated the 1st December, 1982 (copy enclosed) for reviewing the functioning of the agency system for the execution of National Highway works in the context of the present and future demands on the National Highways system and to suggest measures for improving performance of the system including the monitoring methodology both at Central and State levels. The Committee is expected to submit its report very soon, and it is expected that it would be possible to avoid the recurrence of such situations.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Roads Wing) O.M. No. RW/B-5(1)/'82 dated 14th January, 1983].

ENCL: as above

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING & TRANSPORT
(ROADS WING)

New Delhi, dated: 1st December, 1982.

RESOLUTION

With a view to reviewing the functioning of the Agency System for the execution of the National Highway Works in the context of the present and future demands on the National Highway System and to suggest measures

for improving the performance of the system, the Government have decided to set up a Committee with the following composition:—

Chairman,

1. Shri B. B. Vohra,
National Committee on Environmental Planning,
Department of Environment,
New Delhi.

MEMBERS

2. Brig. Gobindar Singh
Director General (Road Development)
and Additional Secretary,
Ministry of Shipping & Transport (Roads Wing),
New Delhi.
3. Shri Prakash Narain,
Adviser (Transport), Planning Commission,
New Delhi.
4. Shri S. S. Shukla,
Joint Secretary (Financial Adviser),
Ministry of Shipping & Transport,
New Delhi.
5. Shri K. K. Sarin,
Secretary to the Govt. of Rajasthan,
Public Works Department,
Jaipur.
6. Shri K. C. Reddy,
Managing Director,
Karnataka Power Corporation Ltd.
Bangalore.

MEMBER-SECRETARY

7. Shri P. C. Bhasin,
Additional Director General (Bridges),
Ministry of Shipping & Transport, (Roads Wing),
New Delhi.

2. The Terms of Reference of the Committee will be as follows:—

To review the Agency System for National Highways arrived at as suggest remedial measures, with Particular reference to:—

- (i) Administrative arrangements;
- (ii) Agency Charges;
- (iii) Financial arrangements;
- (iv) Technical and financial approval of projects;
- (v) Actual implementation/execution of the projects with a particular reference to cost and time controls;
- (vi) The general condition of the National Highways net-work in the country; its shortcomings and measures for improvement; **and**
- (vii) Recommendations on other matters for the improvement of National Highways e.g. prevention of ribbon development alongside National Highways removal of encroachments; improvement of aesthetics; provision of resting places for truck operators, etc.

3. The Headquarters of the Committee will be at Delhi but it will be free to visit all such places as it may consider necessary in connection with its work. The Central Government hope that the State Governments and Local Administrations concerned will afford the Committee all assistance it may require and will furnish any information which it may call for.

4. The Committee will submit its Report within a period of six months from the date of its first meeting.

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

-Nil-

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

2.136. From the above facts, the Committee cannot but conclude that this is a clear case of utter negligence on the part of officers concerned in total disregard of norms of public expenditure. There has been delay in the project at every stage, approval of the project, acceptance of tenders, approval in designs and actual execution and now it is not clear when the project which was conceived as early as in 1956 would be actually completed. The Committee are distressed at this glaring instance of delays in the execution of a project resulting in not only escalation of the project cost which has already increased from an estimated amount of Rs. 1 crore in 1956 to more than Rs. 8 crores by 1978, but also depriving the people of benefit of the project.

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

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

[S. Nos. 24 to 28, Paras 2.135, 2.136, 2.137, 2.138 and 2.139 of Appendix V to 88th Report of PAC 1981-82 (7th Lok Sabha).]

Action Taken

As the Pamban bridge project like all other National Highway works is being executed by the State Government on an agency basis and the officers connected with this project belongs to the State P.W.D. who also have the various documents relating to the award of the work etc, the recommendations of the Committee have

been intimated to the State Government for taking necessary action on all the issues involved. The matter would be pursued further with the State Government to ensure early action.

Actually, the issues raised by the Committee including that of inadequate monitoring at Ministry's level cover the various lacunae which have surfaced in the functioning of the agency system under which all the National Highway works including the Pamban bridge, are being executed and underline the need and urgency or taking suitable measures for avoiding the recurrence of such situation. The Government of India are seized of this problem also and have already set up a Hsgh Powered Committee *vide* Resolution No. PL-30(36)/81, dated the 1st December, 1982 (copy enclosed) for reviewing the functioning of the agency system for the execution of National Highway works in the context of the present and future demands on the National Highways system and to suggest measures for improving performance of the system including the monitoring methodology both at Central and State levels. The Committee is expected to submit its report very soon and it is expected that it would be possible to avoid the recurrence of such situations.

This has been vetted by Audit.

[Ministry of Shipping & Transport (Road Wings) O.M. No. RW/B-5(1)/82, dated the 14th Jan. 1983].

No. PL-30(36)/81

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING & TRANSPORT

(ROADS WING)

New Delhi, dated the 1st Dec., 1982

RESOLUTION

With a view to reviewing the functioning of the Agency System for the execution of the National Highway Works in the Context of the present and future demands on the National Highway System and to suggest measures for improving the performance of the system, the Government have decided to set up a Committee with the following composition:—

1. Shri B. B. Vohra, Chairman
Chairman
National Committee on Environmental Planning,
Department of Environment,
New Delhi.

2. Brig Gobindar Singh, *Member*
 Director General (Road Development),
 and Additional Secretary,
 Ministry of Shipping and Transport
 (Road Wing).
 New Delhi.

3. Shri Prakash Narain, *Member*
 Adviser (Transport),
 Planning Commission,
 New Delhi.

4. Shri S. S. Shukla, *Member*
 Joint Secretary (Financial Adviser),
 Ministry of Shipping & Transport,
 New Delhi.

5. Shri K. K. Sarin, *Member*
 Secretary to the Govt. of Rajasthan,
 Public Works Department,
 Jaipur.

6. Shri K. C. Reddy, *Member*
 Managing Director,
 Karnataka Power Corporation Ltd.,
 Bangalore.

7. Shri P. C. Bhasin, *Member-Secretary*
 Additional Director General
 (Bridges),
 Ministry of Shipping & Transport,
 (Roads Wing),
 New Delhi.

2. The Terms of Reference of the Committee

To review the Agency System for National Himalayas as suggest remedial measures with Particular reference:

- (i) Administrative arrangements;
- (ii) Agency Charges;

- (iii) Financial arrangements;
- (iv) Technical and financial approval of projects;
- (v) Actual implementation|execution of the projects with a particular reference to cost and time controls;
- (vi) The general condition of the National Highways net-work in the country; its shortcomings and measures for improvement; and
- (vii) Recommendations on other matters for the improvement of National Highways e.g., prevention of ribbon development alongside National Highways removal of encroachments improvement of aesthetics; provision of resting places for truck-operators, etc.

3. The Headquarters of the Committee will be at Delhi but it will be free to visit all such places as it may consider necessary in connection with its work. The Central Government hope that the State Governments and Local Administrations concerned will afford the Committee all assistance it may require and will furnish any information which it may call for.

4. The Committee will submit its Report within a period of six months from the date of its first meeting.

CHAPTER V

RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

NIL

NEW DELHI;

March 16, 1983.

Phalguna 25, 1904(S).

SATISH AGARWAL

Chairman

Public Accounts Committee.

PART II

MINUTES OF THE 63RD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1982-83) HELD ON 10TH MARCH, 1983.

The Committee sat from 1530 to 1630 hrs. in Committee Room No. 50, Parliament House, New Delhi.

PRESENT

Shri Satish Agarwal—*Chairman*

MEMBERS

2. Shri Chitta Basu
3. Smt. Vidyavatichaturvedi
4. Shri G. L. Dogra
5. Shri Bhiku Ram Jain
6. Shri K. Lakkappa
7. Shri Mahavir Prasad
8. Shri Sunil Maitra
9. Shri Jamilur Rahman
10. Shri Uttam Rathod
11. Dr. Sankata Prasad
12. Smt. Pratibha Singh
13. Shri Syed Rehmat Ali
14. Shri Kalyan Roy

REPRESENTATIVES OF THE OFFICE OF C&AG

1. Shri R. K. Chandrasekharan, ADAI (R)
2. Shri S. R. Mukherjee, D.A.C.W.&M.
3. Shri T. G. Srinivasan, Joint Director (P&T).

SECRETARIAT

1. Shri T. R. Kishnamachari—*Joint Secretary.*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer.*
3. Shri K. K. Sharma—*Senior Financial Committee Officer.*
4. Shri M. G. Agarwal—*Senior Financial Committee Officer.*

2. * * * *

3. The Committee then considered and adopted the Draft Report on action taken on 88th Report (7th Lok Sabha) regarding National Highways with certain modifications as shown in Annexure II.

4. * * * *

5. The Committee also approved certain other minor modifications arising out of factual verification of the aforesaid Reports by Audit.

The Committee then adjourned

ANNEXURE

Amendments/modifications made by Committee in the Draft Report on Action taken by Government on Eighty Eighth Report (7th Lok Sabha) at their sitting held on 10th March, 1983.

Page	Para	Line(s)	Amendment/Modification
10	1.16	7-8 from bottom	For "Moreover road transport.....only natural" read "Moreover road transport is contributing substantial revenues to the national exchequer (while the total revenue collected from road transport was about Rs.7666.16 crores during the years 1974-75 to 1978-79, the total amount spent on development and maintenance of roads during the period was only Rs.2955.07 crores i.e. less than 40% of collections. It is only natural."

APPENDIX

(Vide Introduction)

Statement of Recommendations and Observations

Sl. No.	Para No.	Ministry/Deptt.	Recommendations Observation
1	2	3	4
1	114	Shipping & Transport	The Committee had in their 88th Report observed that Government had been callously negligent towards the development of National Highways in the country as was evident from the fact that there was a meagre addition of only 9,918 kms in 34 years and the total length of National Highways as on 31 March 1981 was only 31,558 kms which was far short of the target of 51,200 kms. laid down in the 20 year plan (1961—81). The Committee had further expressed concern that even the condition of the existing National Highways was not satisfactory and the same were suffering from a number of deficiencies like missing links, weak and overaged bridges, culverts etc. What was a matter of still greater concern to the Committee was that there was no likelihood of these deficiencies being removed in the near future because of the snail's pace at which the work in this regard was progressing. The Committee had recommended that a time-bound programme for removing all the deficiencies in the National Highways within a period of 10 years should be chalked out and taken in hand at the earliest. Taking note of the fact that road transport was contributing substantial revenue to the National exchequer, the Committee had further recommended that Government should ensure that till the

deficiencies in the National Highways were removed and the length of National Highways was increased as per the target, a large portion of the revenues collected from road transport should be spent on their development and maintenance.

2 I. 15

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In their action taken replies, the Ministry of Shipping and Transport have stated that Government are fully alive to the need and urgency for the removal of deficiencies in the existing National Highways System, Government agree that a time bound programme for removing these deficiencies is desirable. However due to overall constraint of resources in the country it has not been possible to provide adequate finances for the purpose. The Committee have been assured that the needs of National Highways would be fully kept in view while deciding future inter-sectoral distribution of available resources. The Ministry of Shipping and Transport have also expressed the hope that the position regarding availability of funds would improve in the years to come and it would be possible to provide larger allocations for National Highways for taking up the work of removal of deficiencies in the existing National Highways system on the basis of a time bound programme.

5

3 I. 16

-do-

So far as the question of allocating a larger portion of the revenues collected from road transport for being spent on development of national highways is concerned, the Ministry of Shipping & Transport have informed the Committee that the observations have been brought to the notice of the Planning Commission and Ministry of Finance. The Committee are not satisfied with this re-

ply of the Ministry. Having regard to the enormous set-back which the programme of development and improvement of national highways has suffered all these years, the Committee consider that the matter should have received consideration of Government and the Planning Commission at the highest level and a precise reply to the Committee's observations furnished in the action taken note. Considering that national highways, like the Railways, are the arteries of the nation and on their development, extension and improvement depends the entire economic growth of the country, the Committee need hardly stress that this programme needs to be accorded High priority in the Plan and adequate resources provided to accelerate the tempo of work for achieving the targets of the 20 year Plan.

Moreover road transport is contributing substantial revenues to the national exchequer (while the total revenue collected from road transport was about Rs. 7666.16 crores during the years 1974-75 to 1978-79, the total amount spent on development and maintenance of roads during the period was only Rs. 2955.07 crores i.e. less than 40 per cent of collections). It is only natural that the users should expect a greater share of the available revenues to be spent on development and maintenance of the network and in providing the missing links/removing the deficiencies in the system so as to allow smooth and unhindered flow of traffic throughout the length and

breadth of the country. The Committee would therefore stress that far greater allocations than provided hitherto should be made available for development and improvement of the national highways in the years to come.

Commenting on the utter negligence on the part of the officers concerned with the execution of the project for construction of a high level road bridge across the Pámban Strait in total disregard of norms of public expenditure, the Committee in para 2.136 of the 88th Report had observed that there had been delay in the project at every stage, viz. in the approval of the project, acceptance of tenders, approval of designs and the actual execution, resulting in not only escalation of the project cost from Rs. 1 crore in 1956 to more than Rs. 8 crores in 1978 but also depriving the people of the benefit of the project. The Committee's examination had revealed disregard of all norms of financial propriety and violation of financial rules at various stages on the part of the executing agency. The Committee had observed that the possibility of some officials concerned with the work being in collusion with the contractor, could not be ruled out. The Committee had therefore observed that this was a fit case to be referred to the C.B.I. for investigation with a view to fixing responsibility. The Committee had further pointed out that the Ministry of Shipping and Transport also failed to monitor and supervise the progress in implementing of the project. The Committee had therefore recommended that the proposed inquiry should also cover the role played by the officials of the Ministry of Shipping and Transport and the extent of failure on their part.

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1.21

Shipping & Transport

The Committee regret to point out that the Ministry's reply completely glosses over the various observations of the Committee. The Committee consider that it is not enough for Government to have intimated the findings of the Committee to the State Government for taking necessary action on the plea that the work on the project like other national highway works, is being executed by the State Government on an agency basis. Considering the serious nature of financial irregularities in the execution of the project, the Committee consider that it would be in the interest of all concerned if the CBI inquiry suggested by them is instituted without delay. The Committee would therefore like the Ministry to take up the matter with the State Government for early action. The Committee would like to be apprised of the action taken in this regard within three months.

The Committee note Government's decision to appoint a High Powered Committee for reviewing the functioning of the agency system for the execution of national highway works in the context of the present and future demands on the national highway system and for suggesting measures for improving the performance of the system including the monitoring methodology both at the Central and State levels. The Committee would like to be apprised of the findings of the High Powered Committee and the action taken thereon as expeditiously as possible.

20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Mori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatrai Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central New Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
IV-D/50, Lajpat Nagar,
Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

P.A.C. No. 931

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