

CHAPTER XI

Government of India Assisted Mega Projects

The Royal Audit Authority conducted the audit of the GOI assisted projects and observed the following deficiencies.

Dungsum Cement Project

Table 1.1: Showing the audit observations by different categories

Nature of Observation	Number of observation	%	Amount (Nu. in million)	%
Outstanding Revenue	3	23	0.488	1.46
Outstanding Advance	1	8	7.415	21.19
Excess payment	2	15	0.268	1
Non-accountal of stock	1	8	0.170	1
Wasteful expenditure	5	38	24.949	75
Non-levy of liquidated damages	1	8	0.112	.33
Grand total	13	100	33.402	100

1. Outstanding revenue

Revenue amounting to Nu.0.488 million was not realised by the management of Dungsum Cement Project. The revenue was generated on hire of excavator and bulldozer Nu. 0.28 million and Nu. 0.21 million against the salary tax of the employees.

2. Outstanding advance

It was observed that advance amounting to Nu. 7.415 million remained unadjusted. These advances were against suppliers, contractors and staff of the DCP.

3. Excess payment

The Dungsum Cement Project Authority had made an excess payment of Nu. 0.268 million to the contractors. This was incurred due payment on deviations in quantities and on the differences in rates claimed by the contractors.

4. Non-accountal of stock

Computer worth Nu. 0.170 million was not accounted by the Dungsum Cement Project.

5. Wasteful expenditure

It was observed over Nu. 21 million were incurred by the Dungsum Cement Project on Consultancy services. While huge expenditures were reported, project's progress was not commensurate with the expenditure thereby leading to wasteful expenditure of precious resources of the government. Similarly, the project incurred about Nu. 2.35 million towards construction of Kalapani diversion road to Marung which is now abandoned.

6. Non-levy of liquidated damages

It was also observed that the Dungsum Cement Project had not levied over Nu. 0.1 million to the suppliers defaulting to deliver on the agreed date.

Tala Hydroelectric Project Authority

Table 1.2: Showing the audit observations by different categories

Nature of Observation	Number of observation	%	Amount (Nu. in million)	%
Irregular payment	2	15	43.331	58
Excess payment	6	46	20.518	28
Recoverable amount from contractor	2	15	9.683	13
Non-levy of liquidated damages	3	23	0.434	1
Grand total	13		73.966	100

1. Irregular payment

The Royal Audit Authority had observed that the Roads Division of the Tala Hydroelectric Project Authority (THPA) had incurred an expenditure of about Nu. 29 million without the approved technical estimates. It was also found that advances to the tune of Nu. 13 million were paid to the contractors in contravention to the clauses of the Contract Agreement, which in effect granted an undue favor to the contractors undertaking the road construction.

2. Excess payment

Excess payment to the extent of Nu. 21 million was made to the contractors beyond the stipulations in the contract. Payments were made to the contractors for deviations in the quantity of work ranging upto 4000% from the original bill of quantities. Similarly, payments were also found to have been made to the contractors for the damages to the road construction before it was handed over by the contractor. Such incidences mostly relate

to the construction of project roads and the construction of executive and field hostel of the Tala Hydroelectric Project Authority.

3. Recoverable amount from contractors

The construction of approach roads from Barkey village was awarded by the THPA to M/s Welfare Construction Company. The contractor could not complete the work inspite of repeated time extensions. The work had to be awarded to a new contractor. The terms of the original contract provided that any extra liability arising from the second contract shall have to be borne by the original contractor. Audit detected that extra liability of about 7.2 million and compensation for not completing the work amounting to over Nu. 2.4 million were not recovered by the THPA from M/s Welfare Construction Company.

4. Non-levy of liquidated damages

The Tala Hydroelectric Project Authority did not levy liquidated damages amounting to over Nu. 0.4 million to the suppliers who had failed to fulfil the terms and conditions of the contract.