

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

Dated the 13th July, 1982.

To

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

Subject : Action taken notice 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

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 therefrom 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.

## OBSERVATIONS BY PAC REFERRED TO LR. NO. RW/N-7/MD/2101/W DT. 13.7.82

Sl.No.	Para No.	Conclusions/Recommendations
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 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.

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