3.6 Unproductive outlay on incomplete buildings

Expenditure of ₹6.20 crore on Administrative building and Fine Arts building of Potti Sreeramulu Telugu University was rendered unproductive due to abandonment of the work by the contractor. This was due to non-settlement of contractor's claims in time by the University

The present campus of Potti Sreeramulu Telugu University, established in 1985, is centrally located in Hyderabad. The University was allotted 100 acres of land at Bachupally village (Rangareddy district) for development of a new campus because of acute shortage of space. Work on construction of Administrative Block (August 2006) and a building for department of Fine Arts (August 2007) was taken up at an estimated contract value (ECV) of ₹2.90 crore and ₹4.09 crore respectively. For this purpose, the University earmarked an amount of ₹7.69 crore out of 'Other Grants in Aid' of ₹12.93 crore released by State Government during the period 2005-11. Contracts were awarded (August 2006/August 2007) to the same contractor[181] at contract values of ₹2.93 crore[182] (Administrative Block) and ₹4.15 crore[183] (Building of Fine Arts). The buildings were scheduled to be completed by August 2007 and August 2009 respectively so as to shift to new campus by the academic year 2011-12.

Audit scrutiny (March 2017) of the records and information obtained subsequently, however, showed that the construction of both the buildings was not completed (October 2017). This was despite the lapse of over 10 years and even after incurring an expenditure of ₹6.20 crore. The work was stalled after the Contractor abandoned the works in June 2011. The main reason was that his claims were not settled timely.

Audit further observed the following:

- The scope of works on several aspects[184] was changed considerably after conclusion of the agreement and handing over of the site which resulted in inordinate delay in construction. Further, the Engineering Department of the University (ED) did not take action on the related grievances of the Contractor.
- During the period of construction, the Contractor claimed price adjustments (March 2009) of ₹0.64 crore (for Administrative Block) and ₹0.80 crore (for Fine Arts building). Price adjustment was permissible[185] for all ongoing works. It was further noticed that Government released (August 2010) an additional grant of ₹3.29 crore towards clearing of outstanding dues to the Contractor. Despite release of funds by the Government, the University did not make the payment to the contractor for a period of two years. After a prolonged delay, however, the University approached the Government in April 2011 seeking specific permission for allowing price adjustments.

[181] M/s Chabra Associates, Hyderabad
[182] 0.90% excess over ECV
[183] 1.53% excess over ECV
[184] included (a) change of location of the proposed administrative block from plain to hilly terrain, leveling of which took eight months for the Contractor, (b) additional Cellar area which became feasible due to sloping terrain in the new location, (c) work on approach road to the new location (not included in the original estimate of the administrative block), (d) for the building of Fine Arts, removal of boulders found in foundations and increased depth thereof
[185] As per Government Orders of April 2008 and January 2009

- In July 2011, the Government permitted the University to allow the price adjustments. In the meantime, the Contractor stopped the work in June 2011. The University made (November 2012) a part payment towards price adjustments (only ₹0.65 crore against ₹0.80 crore claimed by the Contractor) in respect of the building of Fine Arts. For the 'Administrative Block', however, the price adjustment was not allowed (June 2012) by the Executive Council on the ground that there was no such a clause in the agreement. The payment of balance[186] amount towards price adjustment was not made. The University, however, requested (June 2016) the contractor to resume the work who refused. Instead, the Contractor insisted that the valuation of contracts should be done on the basis of current SSRs and escalation of contract price.

In their reply forwarded by the Government (February 2018), the University confirmed the fact of non-completion of the two buildings. With regard to the belated payments to the contractor it was stated that during the period there was severe stress on the finances of the University even to meet the minimum requirements and keep the institution running.

The reply of the University was not acceptable as the University had delayed the payments (November 2012) to the contractor for about one and half years even after release (August 2010) of funds by the Government.

Thus, expenditure of ₹6.20 crore on the administrative and Fine Arts buildings was rendered unproductive due to stoppage of work by contractor and as the contractor's claims were not settled timely. Consequently, the objective to shift academic and administrative activities of the University to the new spacious campus remained unachieved.

Municipal Administration & Urban Development Department
(Hyderabad Metropolitan Water Supply and Sewerage Board (HMWS&SB))

3.7 Avoidable expenditure of ₹5.17 crore on rerouting of Underground Power Cable

Absence of coordination between HMWS&SB and Telangana State Southern Power Distribution Company Limited (TSSPDCL) during the execution of a project resulted in avoidable expenditure of ₹5.17 crore

Hyderabad Metropolitan Water Supply and Sewerage Board provides potable water in the area of Greater Hyderabad Municipal Corporation (GHMC). In order to augment water supply in its service area, the Board undertook a number of projects[187]. Prior to undertaking digging work for the projects, the Board obtains permission/No Objection Certificate[188]

[186] ₹0.64 crore + ₹0.15 crore (0.80 – 0.65)
[187] Godavari Drinking Water Supply Project and Krishna Drinking Water Supply Project in multiple phases
[188] for road cutting, road restoration, way leave charges and licence fee