

CAG sees no logic behind toll plans

TIMES NEWS NETWORK

Mumbai: A probe by the Comptroller and Auditor-General of India (CAG) has revealed that the implementation of the Mumbai-Pune Expressway was flawed from the word go.

“Work on the Mumbai-Pune Expressway was undertaken and executed without adequate planning... Contract management was deficient at all levels. There were several deficiencies in



The CAG probe says the work was executed without adequate planning

MUMBAI-PUNE EXPRESSWAY

the toll collection-cum-maintenance contract...,” the strongly-worded observations made by CAG auditors, after a detailed scrutiny of the papers and site visits, says.

One of the fundamental blunders was that work on the Rs 2,000-crore-plus project began without a detailed feasibility study. It was necessary to “evaluate to what extent profitability would be adversely affected if the actual revenue differed from the projected revenue.

The company, MSRDC (Maharashtra Road Development Corporation), failed to undertake such an elementary exercise when the project started,” the report says.

Though Central government undertaking RITES conducted a feasibility

study in 1995, two years before the project was flagged off in 1997, there was no firm plan for repayment of loans raised to finance the project. The 86-km expressway, linking Mumbai and Pune, was constructed at a cost of Rs 2.084 crore on build-operate-transfer basis and completed by 2002.

“Audit analysis has revealed that the time schedule for repayment of the loans did not match with the cash-flow patterns. As a result, the MSRDC is faced with a massive payment obligation totalling Rs 1,349.73 crore from 2006 to 2010,” the report states.

The mismatch in the income and committed expenditure has compelled the MSRDC to go in for fresh loans to repay its earlier debts.

Toll collections, the major source of revenue besides roadside advertisements and hoardings, reveal “several deficiencies... highly detrimental to the financial interests of the company (MSRDC)”, the report states. The contract to collect toll from users was awarded to IRB on the terms that the collections would be remitted to the MSRDC which, in turn, would pay the expenses towards the collection.

CAG has pointed out the IRB was selected to collect toll despite quoting the minimum collection to be remitted to MSRDC.

“Normally, the selection is on the basis of maximum revenue the party agrees to remit to MSRDC. Selection of the party on the basis of minimum quoted collection charges was in deviation from the normal procedure...,” the CAG report states, adding that it was prone to misdeclaration of revenues.

“The toll revenue projection for the 2000-2003 period was close to Rs 355 crore but the actual toll remitted was Rs 107 crore. New bids should have been called for by changing the method for selection of the party in subsequent years. But the party was given extensions on the same defective terms,” the report states.