

Compendium of Guidelines
Related to works
Issued by Central Vigilance Commission

2003-04



Vigilance Awareness Week

3 - 8 November, 2003



Vigilance Department

TEHRI HYDRO DEVELOPMENT CORPORATION LTD.

(A Joint Venture of Govt. of India and Govt. of U.P.)

14A, East Canal Road, Dehradun 248001, Uttarakhand

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‘हिन्दी को राजभाषा बनाता भाषा का प्रश्न नहीं अपितु देशभिमानी का प्रश्न है’
टिहरी हाइड्रो डेवलपमेंट कॉरपोरेशन लिमिटेड
(भारत सरकार एवं उ०प्र० सरकार का संयुक्त उपक्रम)
Tehri Hydro Development Corporation Ltd.
(A Joint Venture of Govt. of India & Govt. of U.P.)
Office of the Chief Vigilance Officer

This compendium contains guidelines issued by Central Vigilance Commission related to Civil Construction Works, Electrical/Mechanical works, Procurement, Intensive Examination of Works by CTE's Organisation etc. This compilation is for internal circulation and is being brought out on the occasion of Vigilance Awareness Week-2003. Some of the instructions/documents in this compendium are of confidential nature and therefore it is desired that this handbook may be kept carefully and treated as an accountable document.

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Intensive Examination of Works

GUIDE LINES

**CHIEF TECHNICAL EXAMINERS ORGANISATION
CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA**



सत्यमेव जयते

Intensive Examination of Works

GUIDE LINES

**CHIEF TECHNICAL EXAMINERS ORGANISATION
CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA**

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Intensive Examination of Works

1. Introduction

In pursuance to the recommendation made by the Public accounts Committee (PAC) in its Report for the year 1947-48, the Government set up in May, 1948 an inter-departmental committee to examine the question of setting up an independent inspection agency for the technical examination of expenditure on CPWD works. The Committee recommended the introduction of organisations on the pattern of (a) Chief Technical Examiner and (b) Chief Surveyor of Works in the CPWD. Though this recommendation was accepted in principle by the Government, initially only a Superintending Surveyor of Works Organisation was set up under the control of the Chief Engineer, CPWD. The task assigned to it included inspection of all important works undertaken by CPWD, both during their progress and after their completion.

The PAC in its report for the year 1955-56, however, reiterated its earlier recommendation for the introduction of an independent audit of the works in the CPWD and pressed for the setting up of the CTE Organisation. In pursuance to this, the Government finally issued formal orders for the creation of Chief Technical Examiner Cell in the then Ministry of Works Housing and Supply in May, 1957.

The Government in 1963 set up a Committee on Prevention of Corruption under the Chairmanship of Shri K. Santhanam for examining the much wider issue of prevention of corruption in the public administration. The Committee, inter alia, observed that the CTE's Cell had been doing extremely good work and recommended that this organisation not only needed to be continued but be strengthened to enable it to work more effectively. The Committee further recommended that the jurisdiction of the Organisation should be extended to cover construction works undertaken by other Ministries/Department, etc. and to place it under the administrative control of the Central Vigilance Commission. The CTE's Organisation was finally placed under the administrative control of the Central Vigilance Commission in November, 1964.

The CTE's Organisation when set up in 1957, had one CTE and 2 Technical Examiners. Additional posts were added in course of time including one more post of CTE in 1979.

2. Organisation

Central Vigilance Commission is a multi member body comprising of Central Vigilance Commissioner and Vigilance Commissioner. The Commission is assisted by a Secretariat in the exercise of its functions. The Chief Technical Examiner's Organisation of the Commission deals with Technical matters including technical examination of works of various organisations.

The present set up of the CTEO is given below:

CTE (CIVIL WORKS)

- TE(NH)
- TE(SH)
- TE(WT)
- TE(ET)

CTE (STORE PURCHASES, ELECTRICAL, ELECTRONICS & MECHANICAL WORKS)

- TE(S.P. & IC-I)
- TE(S.P. & IC-II)
- TE(ELECT)NE
- TE(ELECT)SW

3. Selection of Works

The Resolution No.24/7/64-AYD, dated 11.2.64, under which Central Vigilance Commission was set up, empowers the Commission to call for reports, returns and statements from all Ministries/Departments/Corporate Central Undertakings so as to enable the Commission to exercise general check and supervision over the vigilance and anti-corruption work in the Ministries/Departments/Undertakings.

Though the CTE's organisation can examine original or repair works of any magnitude, yet considering its own limited resources it generally examines works of a larger size only. For this purpose, all the Chief Vigilance Officers of the Department of Government of India, Union Territories, Central Public Sector Undertakings, other autonomous and similar bodies are required to furnish quarterly progress reports (QPRs), in respect of civil works costing more than Rs. one crore, electrical works costing more than Rs. 15 lakhs, horticultural works costing more than Rs.2 lakhs and stores purchase contracts costing more than Rs.2.00 crores for the quarter ending March, June, September and December by the 15th day of the month following the quarter. Circulars were issued in this regard vide OM No.98-VGL-25 dated 20.10.98 (Appendix-I) and No.98-VGL-25 dated 20.07.2001 (Appendix-II) which contain detailed guidelines with reference to submission of QPRs. Format for submission of QPRs is also given in the above circulars.

While submitting the QPR returns to the CTE Organisation, the following points are to be kept in mind:

- a) The cost of the work relates to the accepted/tendered value of the work and not the estimated cost.
- b) If one Ministry/Department/Undertaking of the Central Government has entrusted the work to another Ministry/Department/undertaking of the Central Government for execution, it may be included in the return to be submitted by both the Organisations.
- c) The location of the work must be indicated.
- d) Use of abbreviations that are not known ordinarily should be avoided.
- e) Air-conditioning, Telecommunication Engineering works etc may be treated as Electrical works and Marine works may be treated as Civil works for the purpose of reporting to the CTE organisation.
- f) The purchase of ready-built properties, materials and stores, if not purchased on DGS&D approved rates or at the rates approved by other Govt. agency may also be treated as works for the purpose of inclusion in the Quarterly Progress Reports. However, cases wherein the supplier is a Central Government Deptt. or Central Govt. Undertakings need not be included.
- g) The QPRs for purchase of stores/materials are to be submitted separately.
- h) Some of the departments have set up Civil wings for execution of their Civil Works. While such Civil Wings submit QPRs with regard to the works being executed by them, the other works being executed through the contractors or any other agency are not being reported to the CTE. The concerned Departments should also report such works to the CTE's Organisation.
- i) All the works undertaken by the Organisations, whether in India or outside India should be included in the QPRs.
- j) QPRs should be sent to the CTE Organisation every quarter, even if the information is nil.
- k) All works in progress, contracts awarded, and the works completed during the quarter should be included in the QPRs. In respect of works completed during the relevant quarter, the actual date of completion should be indicated.
- l) The QPRs in respect of Civil Works, Electrical works, Purchase cases and Horticulture works should be submitted on separate sheets of paper so that it can be detached and sent to concerned technical examiner.

- m) The monetary limit fixed for reporting works in QPRs is as follows:
- i) Civil works – Rs.1 crore.
 - ii) Electrical works – Rs.15 lacs
 - iii) Horticulture works – Rs.2 lacs
 - iv) Stores purchase contract – Rs.2 crores
- n) Information not asked in the format of QPR should be avoided.

4. Documents for Inspection

Based on Quarterly Progress Report received from various Organisations, works are selected for intensive examination keeping the following broad guidelines in view:-

- a) Complaints received from various sources.
- b) Works specifically recommended by CVOs for inspection.
- c) Works under charge of officers of doubtful integrity
- d) Works of organisations with substantial work load as compared to others.
- e) Large contracts.
- f) Works of organisations which do not have their own Engineering Departments for supervision and quality control.
- g) Works of organisations which have not been inspected at all.
- h) Works of different nature, such as sewerage, water supply, drainage works etc.

In the large organisations like the DDA, CPWD etc. efforts are made to select works of different divisions and of different contractors. Works of unusual nature are also given due consideration. A proposal for inspection of works is prepared by Technical Examiner from QPRs and submitted to CTE for approval. After the approval of work for inspection by CTE, an intimation is sent to the organisation (CVO of PSUs and CE/EE of Govt. department) requesting for sending a certified copy of the Contract Agreement and a copy of the last bill paid to the contractor along with other details as per standard proformas (Appendix -III & IIIA). A list of records/documents to be kept ready for examination during site inspection is also enclosed in the above proforma.

5. Inspection

The CTE's inspections are mostly done with prior intimation so that the concerned engineers and others may be present at the site to clarify any points. Concerned engineers include the representatives of Planning, Design, tender processing, acceptance of tenders and construction wings. The representative of the contractor, the consultant, if any, and the CVO are also encouraged to be present. The presence of representative of C.V.O. is a must during inspection of work, if the C.V.O. is otherwise busy in other works. While taking samples, representative of contractor, construction team and the C.V.O. are invariably required to be present at the site. The sample will be ultimately handed over to the representative of C.V.O. for sending the same to the laboratory except in important cases where the team of CTEO decides to get the samples tested separately. Required proforma in this regard are enclosed as Appendix IV and V. The inspection is generally conducted in two parts. The first part covers the inspection of the records and documents and the second part covers the physical inspection of the work/material including checking of measurements and quality of materials and work, collecting samples of materials for testing, wherever possible etc.

6. Intensive Examination Report

After intensive examination of work is carried out by CTE's Organisation, an inspection report is sent to the Chief Vigilance Officer. Intensive examination report broadly covers the following points:

- a) Preliminary estimate, administrative approval and expenditure sanction, vetting of demands, checking of specification etc. in respect of purchases.
- b) Detailed estimate, technical sanction.
- c) Appointment of consultant
- d) Call of tenders and award of work.
- e) Agreement
- f) Inspection, despatch and acceptance of materials.
- g) Scrutiny of bills
- h) Scrutiny of site records
- i) Site inspection

The report brings out instances of lapses/irregularities in awarding contracts, defective contract conditions and clauses, over payments made to contractors, execution and acceptance of substandard work, infructuous and avoidable expenditure etc.

After inspection the CTE might also suggest preventive measures in certain areas as a safeguard against malpractices or corrupt practices and to plug loopholes in the procedures, rules, regulations etc. In such cases, the CVO should arrange to have suitable directions issued by the Chief Executive/head of the department and furnish copies of such directions to the CTE's Organisation. The report is issued by the TE and sent to the Chief Vigilance officer. A copy of report proforma showing various points which are contained in the report issued by CTE is enclosed (Appendix - VI). Generally, each TE is expected to inspect at least two works in a month. In cases where serious irregularities or negligence are observed, paras are referred directly for detailed investigation to CVO immediately. CVOs are expected to conduct the detailed investigation where cases have been referred to them.

It has been clarified by the Commission that CTE's working papers should not be made available for inspection/production during formal departmental inquiries. Since the allegation in a charge sheet is based on the conclusion arrived at by the competent authority after perusing documents / evidence, the CTE's report etc. cannot, by itself, be considered to be a factor which determined the final decision of the competent authority.

7. Reply

After receipt of the IE report, the CVO should obtain comments of various officers at the site of work or in the office at appropriate level, on this inspection report. The comments should include the followings:

- a) A statement regarding correctness of facts stated in the report. If some of the facts are not correct, this should be clearly brought out and at the same time the correct facts, if different from the facts mentioned in the report, should also be indicated.
- b) A detailed reply for the acts of commission or omission brought out in the report.
- c) Comments on the explanations received from concerned officers.

Replies to the observations in the IE report should be sent promptly as far as possible and latest within three months from the date of despatch of report. Documentary evidence in support of reply should also be enclosed with reply. A sample proforma for sending reply is enclosed as Appendix VII.

The Chief Vigilance Officers should arrange to have similar and complete examinations done in other cases since the examination done by Chief Technical Examiner's Organisation was only a representative one. He should thereafter act upon the findings of such examination and, where necessary, consult the CTE.

Arrangements should be made to get the defects pointed out in CTE's report removed either by contractor or otherwise (at the risk and cost of contractor) wherever possible.

Minor irregularities brought out in the report should be got regularized by competent authority after ascertaining the reasons for the same and after investigating into the bonafides in each case. Appropriate preventive measures may be taken for future and the defaulters suitably warned so that such irregularities do not reoccur.

The Chief Vigilance Officers should arrange to have recoveries effected in cases where over payments are pointed out in CTE's report and recovery statements should be submitted supported by analysis of rates at which recoveries have been effected. Such recoveries need not be postponed till the payment of final bill. In case, there is any difficulty in making recovery of the full amount of over payment pointed out by CTE's Organisation, the agreed amount of recovery should, at least, be effected from the next bill paid.

In cases where the work is treated as substandard in the CTE's report, the sanction of competent technical authority for accepting such substandard work may be obtained and the rate of payment suitably reduced. Before sanctioning such reduced rate statements, the structural soundness and functional adequacy of substandard work should be established.

In cases where the consultants or contractors or suppliers have put the Organisation or the department to a loss or have done grossly substandard work for which they have claimed full payment, the CTE will point out the need to take action against such an agency. The CVO should take further action and keep the CTE informed about the action taken.

8. Rejoinder

In cases, where the replies to the observations are not satisfactory either clarifications are called for or appropriate further action is advised in the form of rejoinders. Taking into account the replies/clarifications furnished, decision regarding referring serious paras for detailed investigation to the CVO is taken. Such paras are specifically referred to the CVO for conducting necessary vigilance investigation and endorsing a copy to the Secretary, CVC as indicated earlier. The proforma for the rejoinder is given in Appendix VIII.

9. Vigilance Investigation

All inspections conducted by the CTE's organisation do not automatically give rise to vigilance cases. Cases in which the CTE is in a position to come to a prima facie conclusion that a vigilance case is involved are referred to the CVO to conduct such investigations.

The reference to the CVOs for investigation is made for serious paras immediately after issuing the intensive examination report. In other cases after examining the replies/clarifications to the observations made in the report, a decision is taken about the vigilance angle and appropriate reference to be made to the CVO. The proforma of the reference made to CVO is given in Appendix IX.

Broadly, the following are the main areas for corruption:-

- a) Invitation of tenders and award of contracts.
- b) Deviations in quantities of abnormally high or abnormally low rated items.
- c) Extensions of time without levy of compensation even where contractor was responsible for delay.
- d) Acceptance of substandard works/materials.

- e) Overpayments to and less recoveries from contractors.
- f) Deviations in contract terms, conditions, specifications etc. favourable to the contractor.

In respect of paras which are specifically referred to the CVO by the CTE for investigation from vigilance angle, the CVOs should treat such a communication as a complaint. The following steps are to be taken by the CVO in this regard:-

- a) Appoint a reliable and independent engineer to assist the CVO.
- b) Identify and seize the relevant records.
- c) Scrutinise the records and prepare notes.
- d) Identify the officials responsible for the lapse.
- e) Call for explanations from the officials identified.
- f) Prepare the investigation report (IR).
- g) Submit the I.R. to Secretary, CVC endorsing copy to CTE.

Investigation on the paras referred by the CTE's Organisation, attracting vigilance angle, is required to be done by the CVO. Such investigation is basically a preliminary enquiry, to determine whether prima facie there is some substance in the lapse. Once it is established that there is a prima facie case against the public servant, charge sheet is to be framed for initiating disciplinary proceedings against the officials responsible for the lapses after obtaining advice of the Commission. Therefore, it becomes all the more necessary to conduct the investigation properly.

The Commission has observed many a time that investigation reports submitted by most of the CVOs are incomplete and sketchy. Two worst reports received by the Commission are explained below:

- i) Two page report consisting of forwarding letter of CVO in one page, and parwise reply to CTE's observation in the second page. The signature of the official, who prepared the reply, was also missing in the second page.
- ii) Photo copy of the reply of the technical officer was forwarded to Secretary, CVC by the lowest rung official in the office of the CVO.

From the above, it can be seen that the vigilance references are handled in a routine and careless manner. To have an effective investigation, a format is prescribed and given in Appendix X. Minimum particulars required under various head of the I.R. are explained below:

- i) Introduction: The origin and history of the case is dealt with under this head.
- ii) Lapses Referred by CTE: Original paras and the lapses highlighted in the references are to be mentioned here.
- iii) Appointment of Independent Engineer: Whenever the CVO has no competent engineer under him, he has to appoint an independent engineer to assist him during investigation. Many CVOs get the investigation conducted by the independent engineer and forward the same to the Secretary, CVC for advice without the comments of CVO. It is not proper. The independent engineer is to assist the CVO in conducting the investigation and prepare the report. These are to be discussed under this head.
- iv) Identification and seizing documents: After the appointment of independent engineer, the documents relevant to the investigation are to be identified with his assistance. Soon after the documents are identified, those are to be seized and kept under the custody of CVO. All the particulars and action taken in this regard are to be recorded under this head.

- v) Identification of officials concerned: From the records, the officials associated with the lapses are identified with the assistance of the independent engineer. Scrutiny note of the documents is to be given under this head. The list of records relied upon are to be enclosed as annexure.
- vi) Explanation of the officials: Explanations of the officials are then called for. The letters calling for explanations and the replies given by them are to be enclosed as annexures. This head discusses the details regarding the above.
- vii) Investigation Proper: The records, documents and the explanations received from the concerned officials are analysed in this head. Parawise lapses are to be analysed under the following heads:
 - a) Opinion of independent engineer on the explanation submitted by the suspected officials with reference to the lapses and the documents seized.
 - b) Comments of the CVO on the opinion of the independent engineer.
 - c) Conclusion of CVO.
- viii) Recommendation of CVO: The CVO summarises his conclusions and gives recommendation for initiating disciplinary proceedings etc. against each suspected official indicating the following:
 - Name and designation of the official responsible for the lapses.
 - Parawise lapses for which the official is responsible.
 - Disciplinary action proposed such as Major penalty proceedings, minor p.p. etc.
- ix) Annexures: The annexures to the report can be files, explanation letters etc. Indicated in the body of the report.
- x) Bio data: Bio data of the suspected officials, in the proforma given in Appendix XI, are also to be sent along with the I.R.

10. Commission's Advice

After investigation, the IR should be sent to the Secretary, C.V.C. by the CVO for first stage advice. Even if the CVO comes to the conclusion that no vigilance angle is involved, the matter has to be referred to the Commission for advice as the complaint has emanated from the Commission. The comments on the I.R. by the CVO are submitted to the Commission in the proforma given in Appendix XII. The first stage advice is given by the Commission for initiating disciplinary proceedings for major pp., minor pp. etc. Certain organizations approach the Commission for reconsideration of its first stage advice after a lapse of two or three years. This act of the organisation amounts to delay in the initiation of disciplinary proceedings probably aimed at bailing out the suspected official. Hence, the reconsideration of the first stage advice should be resorted to only in exceptional cases and in any case not later than three months from the date of issue of the CVC's advice.

The Commission is approached for second stage advice along with the report of the I.O. for finalizing the quantum of punishment (if the charges are proved) or for exoneration of the charged officer (if the charges are not proved) etc. Hence these two advices are to be obtained as expeditiously as possible to avoid the officials responsible for the lapse to escape without punishment before their retirement or leaving the organisation.

11. Role of CVO

CVO plays a vital role in technical examination of works. With the limited staff available, CTEO cannot inspect all the works of various organizations under the jurisdiction of CVC. Hence, CVO should arrange vigilance inspection of works under his jurisdiction in the pattern of the inspection carried by the team of CTE of CVC. Important functions of CVO in respect of the technical examination of works by CTE are listed below for timely action to enable the organisation to effect immediate recovery from the contractors as well as to avoid the officials responsible for the lapses to escape.

- a) Submission of
 - i) QPR
 - ii) Documents required for technical examination.
 - iii) Replies to I/E reports/rejoinders.
 - iv) Investigation Report with the assistance of an independent engineer.
- b) Ensure
 - i) Rectification of Defects.
 - ii) Recoveries from the Contractors.
 - iii) Implementation of necessary directions issued by CTEO for preventive measures.
 - iv) Presence of Engineers responsible for planning, design, tender scrutiny, award of work and construction during inspection.
 - v) Presence of representatives of CVO during inspection.
- c) Carry out periodical inspection of works with the assistance of the technical staff of CVO in line with CTE's inspection.
- d) Preparation and Issue of Works Manual.
- e) Implementation of guidelines/circulars issued by the Commission/CTE.

12. Time Schedule

Instances have come to the notice of the Commission regarding abnormal delays in sending replies to the I.E. Report and Rejoinders of CTE. The I.R. report is also delayed considerably. As a result the officials responsible for the lapses retire/leave the organisation without being penalised for the lapses. Apart from the above, last minute references come to CVC for advice just before their retirement/leaving the organisation. The final bill of the contractors are finalized without any recovery. These should be avoided in the interest of the Organisation. Hence a time schedule is fixed as shown in Appendix XIII. This has to be adhered to scrupulously by all concerned. If any abnormal delay has occurred, the person responsible for such delay is also liable for action.

Appendix -I

No.98/VGL/25
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkta Bhavan, Block -A,
4th Floor, GPO Complex,
INA, New Delhi-110 023.

Dated :20th October,1998

Office Memorandum

Sub:- Examination of works by the Chief Technical Examiner's Organisation - raising monetary limit for reporting the works in progress to Chief Technical Examiners.

1. Please refer to the Commission's O.M.No.7AA-VGL-10 dated 22.7.1996 requiring submission of quarterly progress reports(QPRs) to the CTE's Organisation in respect of Civil Works costing more than Rs.70 lakhs, Electrical Works costing more than Rs.10 lakhs & Horticulture works costing more than Rs.1 lakh.

2. In view of the rise in the cost indices for construction of building and the related materials, the Commission has been considering to raise the monetary limit of the works to be reported by the Organisations to the CTEs. It has been decided that henceforth all the Organisations may include only those works in the return to be submitted to the CTE's Organisation whose accepted/tender value exceeds Rs. 1 crore for Civil Works, Rs.15 lakhs for Electrical Works and Rs.2 lakhs for Horticulture work. The works whose accepted/tendered value is less than these limits need not be included in the returns.

3. While submitting the returns to the CTE's Organisation, the following points may be kept in mind:-

- a) The cost of the work relates to the accepted/tendered value of the work and not the estimated cost.
- b) If the work has been entrusted by one Ministry/Dept./Undertaking of the Central Govt. for execution it may be included in the return to be submitted by the executing Organisation.
- c) The return should be submitted only in the prescribed form circulated vide Commission's letter No.9U-CRD-51, dated 24.9.1990.
- d) The location of the work must be indicated.
- e) Use of abbreviations which are not known to a common man should be avoided.
- f) Mechanical (including airconditioning), Electronics & Telecommunication engineering works may be treated as "Electrical Works" and marine work and other engineering works may be treated as "Civil Works" for the purpose of reporting to the CTE's Organisation.
- g) The purchase of ready-built properties, materials and stores, if not purchased on DGS&D approved rates or at the rates approved by any other Govt. agency, may also be treated as works for the purpose of inclusion in the Quarterly Progress Reports. However, the cases in which the supplier is a Central Govt. Department or Central Govt. Undertakings need not be included.
- h) Some of the Departments have set - up Civil Wings for execution of their Civil works. While each Civil Wings submitted QPRs with regard to the works being executed by them, the other works being

executed through the contractors or any other agency are not being reported to the CTEs. Such works should also be reported to the CTE's Organisation by the concerned departments.

- i) All the works undertaken by the Organisations whether in India or outside India should be included in the QPRs.
- ii) QPRs should be sent to the CTE's Organisation every quarter even if the information is nil.
- iii) All works in progress, contracts awarded, and the works completed during quarter should be included in the QPRs. In respect of works completed during the relevant quarter, the actual date of completion should be indicated.
- iv) The QPRs in respect of Civil Works, Electrical Works & Horticulture works should be submitted on the separate sheet of paper so that it can be detached and given to the concerned Technical Examiner.

The receipt of this letter may please be acknowledged.

Sd/-

Chief Technical Examiner

Encls: 1 (Statement)

Statement showing the Quarterly Progress of Original Works For Quarters ending March/June/September

Civil Works Costing Rs. 1 crore & above.

Electrical works costing Rs. 15 lakhs & above.

Horticulture works costing Rs. 2 lakhs & above.

S. No.	Name of work and location	Est. Cost	Tendered cost	% above/below SOR	Agmt. No.	Agency	Date of start	Time of Comp.	Physical progress	Name of E In C with address	Remarks

Appendix -II

No.98-VGL-25
Government of India
Central Vigilance Commission
(CTE's Orgn)

Block 'A' GPO Complex,
INA, New Delhi-23.

Dated 20th July, 2001.

Office Memorandum

Sub: Examination of works by CTE's Organisation for reporting the works in progress to the CTE's Organisation.

Ref: This Organisation office memorandum of even number dt.20.10.98 amended vide office memorandum dt.18.11.98 and 98-VGL-25(I) dt.12.3.99.

The revised monetary limit for Civil, Electrical and Horticulture works was intimated vide office memorandum under reference. The revised monetary limit fixed was as under:

- | | |
|--|---------------|
| a) Civil Works | Rs.1.00 crore |
| b) Electrical/Electronics/Mechanical Works | Rs.15.00 lacs |
| c) Horticulture Works | Rs.2.00 lacs. |

It was also intimated vide office memorandum under reference that there is no need to include the details of works costing less than the monetary limit except for those Organisation under which cost of all the works is less than the monetary limits. Such Organisation may furnish the details of two largest works in progress in each discipline. It is observed that certain Organisations are including details of works costing less than the monetary limit. The practice shall be stopped immediately and QPR be furnished as per monetary limits mentioned above. Nil QPRs are also required to be submitted.

QPRs in respect of civil and horticulture works shall be submitted separately in future with a separate forwarding letter to CTE(A) and QPR's pertaining to Electrical/Mechanical (including air conditioning/Electronics and telecommunications works) and Stores purchase contracts above Rs.2 crores shall be separately addressed to CTE(J),CTEO/CVC for proper monitoring of QPRs.

Sd/-
Niranjan Singh
UNDER SECRETARY

Appendix -III

No.
Government of India
Central Vigilance Commission
(C.V.C.'s Organisation)

Satarkata Bhawan, Block 'A'
Core-I, GPO Complex,
INA, New Delhi-110023

To

Sub: Intensive Examination of works

Ref:

Sir,

1. It has been decided to carry out Intensive Examination of the following works of your Division/Organisation from _____ to _____

S.No. Name of work & location Agreement No. Name of contractor/Agency

2. To enable the inspection to be carried out properly, you are requested to please arrange to collect and make the following documents available to the undersigned/Asstt. Technical Examiner/Jr. Technical Examiner as explained below:

- 2.1 PROFORMA FOR GENERAL INFORMATION IN ANNEXURE-I: Item under paras 1 to 1.3 may be filled in and the proforma returned immediately duly signed. In case the administrative set up is different from that indicated in paras 1.2 and 1.3, the information may be furnished as per the set up available in your Organisation.
- 2.2 PROFORMA FOR TECHNICAL INFORMATION IN ANNEXURE-II: This may please be filled in, signed and forwarded immediately along with copies against item No.2,7,8,9 and 17.
- 2.3 DOCUMENTS FOR INSPECTION AT SITE OFFICE ANNEXURE-III: All these original documents will be examined at site/site office and may please be kept ready after inspection programme is intimated.

3. After intimation of inspection programme, arrangements may please be kept at site for the inspection of different work along with required tools, plants and workmen. You may kindly ensure that all parts of the building/work are made available for inspection.

4. The information in proforma at Annexure I & II is to be furnished on factual basis as per records already available. As such it may please be ensured that requisite information in these proforma is forwarded immediately so as to reach this office within 15 days after issue of this letter. If one or two items are not readily available, submission of entire proforma should not be delayed on that account. The remaining information may follow shortly thereafter.

5. Kindly acknowledge receipt of this communication.

Yours faithfully,

TECHNICAL EXAMINER
For: Chief Technical Examiner

Encl/1- Annexure I,II,III
2. Proforma A,B,C,D

Annexure-I

I.0 Particulars of work

I.1 Name of work:

Agreement No.

Name of contractor

Estimated cost

Tendered cost

Date of start

Due date of completion

Present progress

I.2 Departmental Authorities

Zone/GM Office

Circle/Dy.GM Office

Division/Sr.Mgr.,Mgr.Office

Sub Division/Field Unit

I.3 Officials Incharge of work

Chief Engineer/GM/ED

Superintending Engineer/DyGM

Executive Engineer/Mgr/Sr.Mgr

Asstt. Engineer/Dy.Mgr./Asstt.Mgr.

Jr.Engineer/Supervisor

Divisional Accountant/Finance Officer

Asstt. Surveyor of Work in Division/Planning Officer in Filed Unit

Surveyor of Works in Circle/Planning

Officer in GM/ED Office

Surveyor of Works in SSW's

Office/Planning Officers in

Corporate Office

Name

Signatures

Annexure-II

Technical Information

1. Name of work
2. Agreement No. (Please supply copy of agreement)
3. Name of contractor
4. Estimated cost
5. Tendered cost
6. a) Date of commencement
b) Stipulated date of completion
c) % progress
7. Ref. memo and date of sanction of project (Please supply copy of memo.)
8. Ref. and date of technical sanction (Please supply copy of sanction)
9. Date of approval of NIT (Please supply copy of letter of approval)
10. Date of publication of NIT in press
11. Date of receipt of tenders:
12. No. of tenders sold
13. No. of tenders received
14. Whether work awarded to lowest tenderer
15. Whether market rate justification available on record
16. Works Manual adopted
17. S.No. and date of last running bill paid (Please supply copy of bill with encls.)
18. Whether AHR/ALR items identified
19. **No. of statements** **Extra item** **Substituted item** **Deduction item**
a) Sanctioned:
b) Proposed:
20. **Test check carried out upto last RA bill** **Prescribed** **Actual**
% test check by AE/Dy.Mgr., Asst.Mgr.:
% test check by EE/Mgr., Sr.Mgr.:
% test check by SE/Dy.GM:

Name
Signatures

Annexure III

Documents for Inspection at Site Office

- 1 a) Press cuttings, including extended dates, if any.
 - i) For pre-qualification of Architects/Consultants.
 - ii) For pre-qualification of Contractors.
 - iii) Call of tenders.
- b) Register of sale of tenders
- c) Register of opening of tenders
2. File giving reference to Financial Sanction and approval of competent administrative authority-Preliminary estimate.
3. Copy of detailed estimate and its Technical Sanction by competent technical authority.
4. Approval of NIT(Notice inviting tenders) in original
5. Rejected tenders and comparative statements for:
 - a) Selection of architects/Consultants
 - b) Short listing or prequalification of tenders.
 - c) other tenders.
6. Justification statement and corresponding notings in support of tenders/offer accepted.
7. Details of negotiations, if any, made before acceptance of tenders.
8. Original contract with consultant/contractor.
9. Guarantee Bond etc. towards security for work, machinery/ mobilization advance etc. including extension of validity.
10. Insurance policies for work, materials equipment, man etc. including extension of validity.
11. Guarantee for water tightness, termite proofing etc.
12. Standard specifications.
13. Standard schedule of rates.
14. Drawings- Architectural, Structural and Services.
15. All connected measurement book, level books field books and lead charts.
16. All running account bills with all connected statements/vouchers.
17. Statements showing details of check of measurements by superior officers-copies of order laying down such requirements.
18. Materials of site accounts/cement,steel, bitumen, paints,water proofing compound, pig lead, anti termite chemical etc.
19. Site order book/test records/log books.

20. Details of extra/substituted items and of deviated quantities being executed/considered for execution in the work along with analysis of rates.
21. Hinderance register.
22. Office, correspondence files and inspection notes, if any, issued by inspecting officer.
23. Complaint records, if any.
24. Any other documents relevant to the works.
25. Details of payments in proforma 'A'.
26. Cement consumption statement in proforma 'B'.
27. Steel consumption statement in proforma 'C'.
28. Statement of Tests of Materials in Proforma 'D'.

Details of Payments

PROFORMA 'A'

S.No. of bill	CR No. date	Account Payable				Total	Cheque amount	Details of disbursement and recoveries				
		On A/c payment	Adv. payment	Secured advances	Mobilization advances			Adv. 1/10s	Cost of Material	Secured Adv.	Mob. Adv.	Deposit

Name
Signatures

PROFORMA 'B'

CEMENT CONSUMPTION STATEMENT FOR LAST BILL PAID (S.No).

Last date of measurements	Theoretically required	Actually consumed	Recovered	Remarks

Name
Signatures

PROFORMA 'C'

DETAILS OF STEEL REINFORCEMENT FOR LAST(S.No) BILL PAID

TOR STEEL

Diameter in mm 8 10 12 16 20 22 25 28 32 36 40 42

Quantity issued
By Deptt. (MT)

Quantity measured
for payment (MT)

Quantity recovered
from bill (MT)

Notes:

1. If mild steel reinforcement is used, information may be furnished in same proforma as for TOR steel.
2. If structural steel is used, information may be furnished in similar proforma for various sections instead of various diameters.

Name
Signatures

PROFORMA 'D'

STATEMENT OF TESTS OF MATERIALS

S.No.	Desc. of Materials	Qty consumed till date	Desc. of tests as per BIS/Agreement provisions	Frequency of tests as per BIS/Agree. provisions	No. of tests		Lab where tests conducted	Whether test approved by govt.	Status of test (pass/fail)	If failed, what action taken	Whether testing charges borne by deptt./agency (BIS to agree provisions)	Recovery proposed for shortfall in tests/ failed result
					Expended	Completed						
1	2	3	4	5	6	7	8	9	10	11	12	13

Sd/-
Engineer-in-charge

Sd/-
Chief Vigilance Officer

Appendix-III A

Confidential

No.
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhawan,
Block 'A', GPO Complex,
INA, New Delhi-23.

To,

Sub: Intensive Examination of Stores/Purchase Contracts

Ref: Your letter No.

Sir,

It has been decided to carry out Intensive Examination of the "Stores procurement and inventory" against the following contracts of your Organisation.

Sl no	Contract No.	Description of Stores	Value
-------	--------------	-----------------------	-------

2. To enable the inspection to be carried out properly, you are requested to please arrange to collect and make the following documents available to the undersigned/Asstt. Technical Examiner/Junior Technical Examiner:

2.1 Proforma for General Information (Annexure I)

The details may please be filled in and the proforma returned immediately duly signed alongwith the following documents:

- Photocopy of the Notesheet portion of the complete purchase file comprising of all details beginning from Initiation of procurement till placement of contract including Comparative/Ranking statement of bids, briefs and minutes of various T.P.C. and negotiation meetings.
- Photocopy of notesheets of post contract portion of purchase file.
- One attested true copy of each contract/agreement and the suppliers quotation.
- Photocopies of the bills paid till date.

2.2 Documents for inspection at site office (Annexure II)

All these original documents will be examined at your office and may please be kept ready after inspection programme is intimated.

3. After intimation of inspection programme, arrangements may please be kept at warehouse/godown for the inspection of inventory. You may kindly ensure that all the document like receipt and issue of Stores register are made available for inspection.

4. The documents and information as per para 2.1 above may please be forwarded immediately so as to reach this office within 15 days after the issue of this letter. If one or two items are not readily available, submission of the entire proforma should not be delayed on that account. The remaining information may follow shortly thereafter.

5. Kindly acknowledge receipt of this communication.

Yours faithfully,

Enclosures: 1. Annexure - I & II
2. Proforma A

()
Technical Examiner
for Chief Technical Examiner

Annexure I

A. Departmental Authorities

1. Ministry
2. Department/Organisation
3. Directorate/Section handling the Purchase
4. Officials dealing with the Purchase

B. Contract/Tender Information Contract details

1. Contract No.
2. Description of Store/Purchase
3. Name of Supplier/Agency
4. Estimate cost
5. Value of Contract
6. Delivery period stipulated in contract
7. Inspection Authority
8. Present position of supply
9. Present position of payments

C. Tender Details

1. Mode of Tender Enquiry
2. Date of issue of N.I.T./Tender Enquiry
3. Date of Publication of N.I.T.
4. Whether the Tender Documents were approved
5. Date of receipt of Tenders
6. Nos. of Tenders sold
7. Nos. of Tenders received
8. Whether contract awarded to lowest tenderer
9. Whether negotiations conducted

Annexure II: Documents for Inspection at site office

1. File giving reference to Financial Sanction and approval of competent administrative authority for provisioning of stores
2. Details of calculating the estimated value
3. Press cutting of NIT including extended dates, if any
 - a. For pre-qualification of Bidder
 - b. Call of Regular tenders
4. Register of sale of Tenders
5. Register of receipt of Tenders
6. Approval of Tender Document
7. Rejected tenders and comparative statement for
 - a. Shortlisting of pre-qualification of Bidders
 - b. Regular Tenders
8. Original file with complete noting and correspondence portion from initiation of procurement till placement of contract and completion of supplies.
9. Original contract with supplier
10. Guarantee Bond etc. towards security deposit/performance security
11. Insurance policy if applicable
12. Letter of credit in original
13. Inspection notes issued by the inspecting officer and their file
14. Bills paid in "original" with complete enclosures
15. Stock/Issue Register of stores
16. Complaint records, if any
17. Details of payment in proforma 'X' (Refer Appendix III)



सत्यमेव जयते

**GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION**

Intensive Examination Report

**By
CHIEF TECHNICAL EXAMINERS ORGANISATION**

Appendix-V

No.
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhawan,
Block 'X', GPO Complex,
INA, New Delhi-23.

To,

(Name of Test House)

Sub: Testing Samples Of Building Materials

Sir,

Enclosed please find herewith _____ packets duly sealed, containing samples as per details given below for performing the tests indicated against each. The test results may kindly be sent confidentially by name to the undersigned indicating the code no. of each sample.

Bills for testing charges may be sent to the authority and address mentioned below. The testing charges shall be borne by them. Sealed samples of above materials are also handed over to them for delivery to your Test House for testing.

Authority & Address

Code No.	Description of Material	Quantity	Details of tests to be conducted	Ref. of I.S. Code/Specifications as per contract agreement
1	2	3	4	5

The above samples have been sealed with the Commission's seal, the three impressions of which are as under.

1.

2.

3.

Encl: (i) _____ No. of packets of samples.

TECHNICAL EXAMINER

Appendix-IV

No.
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhawan,
Block 'A', GPO Complex,
INA, New Delhi-23.

Name of work:

Agreement No.:

Name of the Organisation:

Sub: Testing Samples Of Building Materials

Following samples were collected from site of work on _____

In presence of _____

Code No.	Description of Material	Location	Details of tests to be conducted	Ref. of I.S. Code/Specifications as per contract agreement
1	2	3	4	5

The above samples have been sealed with the Commission's seal, the three impressions of which are as under.

1.

2.

3.

Sd/-
Name
Engineer-in-charge

Sd/-
Name
Representative of CVO

Sd/-
Name
TE/CVC

Received above samples for delivery and testing to _____

Rep. of CVO _____

Intensive Examination Report

Name of the Organisation :

Name of the work :

Location :

Tendered Amount :

Period of Inspection :

By

Shri

Technical Examiner

Central Vigilance Commission
Safarkya Bhawan
Block 'W', G.P.O. Complex, I.N.A.
New Delhi-110023

1. Particulars of Work

1.1 Name of work

Agreement No. :

Name of the contractor :

Estimated cost :

Tendered cost :

Date of start of work :

Stipulated date of Completion of work as per agreement :

Present Progress :

1.2 Departmental authorities

Zone / GM Office :

Circle / Dy. GM Office :

Division / Sr. Mgr., Mgr. Office :

Sub-Division / Field Unit :

1.3 Officials in charge of work

Chief Engineer / GM / ED :

Superintending Engineer / Dy. GM :

Executive Engineer / Mgr. / Sr. Mgr. :

Assistant Engineer / Dy. Mgr. / Asstt. Mgr. :

Junior Engineer / Supervisor :

Divisional Accountant / Finance officer :

Asstt. Surveyor of works in Division / Planning officer in field unit :

Surveyor of works in Circle / Planning :

SSW/SW in Zone / Officer in GM / ED office :

2. Scope of Work

3. Administrative Approval & Expenditure Sanction

3.1. Facts in brief

3.2. Observations

- 3.2.1. Observations 1
- 3.2.2. Observations 2

4. Consultancy

4.1 Appointment

- 4.1.1 Facts in brief
- 4.1.2 Observations
 - 4.1.2.1
 - 4.1.2.2

4.2 Contract Document

- 4.2.1 Facts in brief
- 4.2.2 Observations
 - 4.2.2.1
 - 4.2.2.2

4.3 Payments

- 4.3.1 Facts in brief
- 4.3.2 Observations
 - 4.3.2.1
 - 4.3.2.2

5. Detailed Estimate & Technical Sanction

5.1 Facts in brief

5.2 Observations

- 5.2.1
- 5.2.2

6. Design & Drawing

6.1 Architectural

- 6.1.1 Facts in brief
- 6.1.2 Observations
 - 6.1.2.1
 - 6.1.2.2

6.2 Structural

- 6.2.1 Facts in brief
- 6.2.2 Observations
 - 6.2.2.1
 - 6.2.2.2

6.3 Services

6.3.1 Facts in brief

6.3.2 Observations

6.3.2.1

6.3.2.2

7. Tender Documents

7.1 Facts in brief

7.2 Observations

7.2.1

7.2.2

8. Prequalification

8.1 Facts in brief

8.2 Observations

8.2.1

8.2.2

9. Inviting and Opening of Tenders

9.1 Facts in brief

9.2 Observations

9.2.1

9.2.2

10. Tender Scrutiny & Award of Work

10.1 Facts in brief

10.2 Observations

10.2.1

10.2.2

11. Contract Document

11.1 Facts in brief

11.2 Observations

11.2.1

11.2.2

12. Payment to Contractors

12.1 Facts in brief

12.2 Observations

12.2.1

12.2.2

13. Records

13.1 General Records

- 13.1.1 Facts
- 13.1.2 Observations
 - 13.1.2.1
 - 13.1.2.2

13.2 Site Records

- 13.2.1 Facts in briefs
- 13.2.2 Observations
 - 13.2.2.1
 - 13.2.2.2

14. Site Inspection

14.1 Facts in brief

14.2 Observations

- 14.2.1
- 14.2.2

15. Sample Collection

15.1 Facts in brief

15.2 Observations

- 15.2.1
- 15.2.2

16. Arbitration Cases

16.1 Facts in brief

16.2 Observations

17. Miscellaneous

17.1 Facts in brief

17.2 Observations

Sd/-

Technical Examiner ()

For Chief Technical Examiner

Appendix-VII

First Reply to Paras

S.No.	Para No.	CTE observations	Reply of Technical Authority		CVO's comments
			Reply	Cost adjustment proposal	

Sd/-

Name and Designation of
Technical Authority

Sd/-

CVO

Appendix-VIII

Reply to Rejoinders

S.No.	Para No.	Rejoinder	Reply of Technical Authority		CVO's comments
			Reply	Cost adjustment proposal	

Sd/-

Name and Designation of
Technical Authority

Sd/-

CVO

Appendix-IX

No.
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhawan, Block 'A'
Core-I, GPO Complex,
INA, New Delhi-110023

Sri

Chief Vigilance Officer,

Sub:

Sir,

The above work was technically examined from _____ to _____ by a team of this Commission and a Report was sent to the Chief Vigilance Officer, _____ vide our letter of even number dt. _____. Para _____ of the said report is being referred to you for a detailed vigilance investigation. It is requested that the detailed investigation report may be submitted directly to the Secretary, Central Vigilance Commission, Satarkata Bhawan, Block 'A', GPO Complex, INA, New Delhi-23 under intimation to this office within a period of 3 months.

For the purpose of investigation, you may please refer to the instructions contained in para 4.8 of CVC's OM No. 7R-CRD-37 dt. 19/8/87 & O.M. No. 3(v)/99/12 dt. 14/8/2000. You may get an independent and reliable engineer appointed to assist you in identifying and seizing the relevant records, preparing scrutiny notes thereon, fixing responsibilities, calling for the explanations of the indicted officials and preparing scrutiny notes on the airdity of the explanations received. The report may conclude with your considered comments and recommendations in respect of each lapse referred to you for investigation. All the above notes and explanations may be included in the investigation report. In brief, the lapses are given in Appendix-I enclosed.

Kindly acknowledge receipt of this reference.

Yours faithfully,

()

CHIEF TECHNICAL EXAMINER

Copy forwarded to:

1. The Secretary, CVC, Satarkata Bhawan, New Delhi-23, for information. The Director is requested to get a file opened in H.O. to watch the receipt of the Investigation Report. The file No. of the case opened may please be intimated for record in this Unit.

2. US, CTE's Orgn. for recording in the Vigilance Register.

()

CHIEF TECHNICAL EXAMINER

Confidential

No. 7R CRD 37
Government of India
Central Vigilance Commission

No.3, Dr. Rajendra Prasad Road,
New Delhi, the 19th August 1987.

Office Memorandum

Subject: Examination of works by Chief Technical Examiner's Organisation in CVC-Role of CVOs vis-à-vis CTEs.

The Chief Technical Examiner's Organisation was created in 1957 in the then Ministry of works Housing and Supply for looking into the works being executed by the Central Public Works Department. With the creation of the Central Vigilance Commission, the administrative control of this organization was transferred to the Commission on 01.11.1964. The jurisdiction of this organization is co-terminus with that of the Central Vigilance Commission. As such the works of all the Departments of the Government of India and all Union Territories as well as of the Central Public Sector Undertakings under their control can be examined by this organization.

2. Though the CTE's Organisation can examine original or repair works of any magnitude, yet considering its own limited resources it generally examines works of a larger size only. For this purpose, all the Chief Vigilance Officers of the departments of the Govt. of India, Union Territories, Central Public Sector Undertakings, other autonomous and similar bodies are required to furnish to CVC quarterly returns, as per Commission's letter No. 1K VGL 1 dated 22.01.1981 in respect of civil works costing more than 15 lakhs, Electrical works costing more than 1 lakh and Horticulture works costing more than Rs.25000 for the quarters ending March, June, September and December by the 15th day of the month following the quarter. The Chief Vigilance Officers should, therefore, ensure that such returns are furnished to the CTE's by the stipulated dates. There may be occasions when the Chief Vigilance Officers might come to know from their own sources about the alleged serious irregularities committed by certain public servants in the works. They are, therefore, free to recommend to CTE, while submitting the reports, examination of a particular work mainly from a vigilance angle.

3. Out of the returns furnished by the CVOs, the Chief Technical Examiners select certain works for intensive examination and intimate these to the CVOs concerned for arranging necessary records, such as certified true copies of the contract documents and of latest running account bills paid to the contractors etc. When the programme of actual intensive examination of works is finalized by the CTE, intimation is given by the CTE to CVO who is expected to make available all relevant documents and such other records as may be necessary, to the CTE's team examining the works.

4. Action to be taken on CTE's Reports

4.1 After intensive examination of work is carried out by CTE's Organisation, an inspection report is sent to the Chief Vigilance Officer. The CVO should obtain comments of various officers at the site of work or in the office of appropriate level, on this inspection report. The comments should include:

- a) A statement regarding correctness of facts stated in the report. If some of the facts are not correct, this should be clearly brought out and at the same time the correct facts, if different from the facts mentioned in the report should also be indicated.
- b) A detailed justification for the acts of commission or omission brought out in the report.
- c) His own comments on the explanations received from concerned technical officers.

4.2 Replies to the observations and rejoinders of the CTE Organisation should be sent promptly as far as possible within three months from the date of despatch of report/rejoinder.

4.3 The Chief Vigilance Officers should arrange to have similar and complete examinations done in

cases where the examination done by Chief Technical Examiner's Organisation was only a representative one. He should thereafter act upon the findings of such examination and, where necessary, consult the CTE.

4.4 Arrangements should be made to get the defects pointed out in CTE's report, removed either by contractor or otherwise (at the risk and cost of contractor), wherever possible.

4.5 Minor irregularities brought out in the report should be got regularized by competent authority after ascertaining the reasons for the same and after investigating into the bonafides in each case. Appropriate preventive measures may be taken for future and the defaulters suitably warned so that such irregularities do not reoccur.

4.6 The Chief Vigilance Officers should arrange to have recoveries effected in cases where over payments are pointed out in CTE's report and recovery statements should be submitted supported by analysis of rates at which recoveries have been effected. Such recoveries need not be postponed till the payment of final bill. In case, there is any difficulty in making recovery of the full amount of over payment pointed out by CTE's Organisation, the agreed amount of recovery should, at least, be effected from the next bill paid.

4.7 In cases where the work is treated as substandard in the CTE's report, the sanction of competent technical authority for accepting such substandard work may be obtained and the rate of payment suitably reduced. Before sanctioning such reduced rate statements, the structural soundness and functional adequacy of the substandard work should be established.

4.8 In respect of the paras which are specifically referred to the CVO by the CTE for investigation from a vigilance angle, the CVOs should treat such a communication as a complaint. For the purpose of investigation, the CVO should get an independent and reliable engineer appointed to assist him in identifying and seizing the relevant records, preparing scrutiny notes thereon, fixing responsibilities, drafting memos, calling for explanations of the indicted officials and preparing scrutiny notes on the explanations received. Each lapse should be dealt with separately. After investigation, the case should be referred to the Commission for advice along with a self contained note and other relevant documents, as per para 5.13 Chapter I of Vigilance Manual Vol.1 (copy enclosed). Even if the CVO comes to the conclusion that no vigilance angle is involved, the matter has to be referred to the Commission for advice as the complaint has emanated from the Commission itself.

4.9 The CTE might suggest preventive measures in certain areas as a safeguard against malpractices or corrupt practices and to plug loopholes in the procedures, rules, regulations etc. In such cases, CVO should arrange to have suitable directions issued by the Chief Executive/Head of the Department and furnish copies of such directions to the CTE's Organisation.

4.10 In cases where the consultants or contractors or suppliers have put the Organisation or the department to a loss or have done grossly substandard work for which they have claimed full payment, the CTE will point out the need to take action against such an agency. The CVO should manage to take further action and keep the CTE informed about the action taken.

4.11 If a particular undertaking or the department does not have a works Manual of its own, the CVO should take steps to have such a Manual prepared expeditiously to bring out clearly the financial powers delegated at various levels and the rules and guidelines for exercising such powers by various officers. Whenever any such Manual is brought out, a copy of the same should be furnished to the CTE's Organisation indicating the date from which the provisions of the Manual will be effective. Until such a Manual is brought out, the Organisation may consider adopting Works Manual of an established Engineering Organisation like the MES, CPWD, NBCC etc.

4.12 The CVO may consider obtaining assistance of technical officers from the concerned discipline on a long term or permanent basis, for conducting detailed investigations and follow up action.

4.13 The receipt of this circular may please be acknowledged.

Sd/-
(K.L.Malhotra)
Officer on Special Duty

5.13 Communications meant for the Commission should ordinarily be sent to the Secretary, Central Vigilance Commission by designation. If the communication is of a confidential nature or is in connection with an old reference, this should be addressed to the concerned officer of the Commission by name. While referring cases to the Commission, a self contained note should be sent to the Commission clearly mentioning the facts of the case and the specific point(s) on which Commission's advice is sought for. The self contained note is meant to supplement and not to substitute the sending of the files and records. All relevant documents/files of the case should be sent along with self contained note. The note should invariably be accompanied by information relating to the officer involved in the case in the prescribed proforma(E-43) (Appendix - XI)

No.3(V)/99/12
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'K'
GPO Complex, I.N.A.
New Delhi-110023

Dated the 14th August 2000

Subject: Appointment of consultants in vigilance departments.

It was stated in the Department of Personnel & Training's O.M. No.371/32/97-AVD.III dated 28.11.1997 that contrary to the instructions governing appointment of CVOs, such functions as are to be performed strictly by the CVOs or vigilance set-ups in the Ministries/Departments were assigned to outsiders engaged as consultants. It was clarified that consultants are not appointed against any regular post and, therefore, their engagement itself for sensitive functions of vigilance and discipline was against the spirit of the scheme of "vigilance and discipline".

2. The appointments against the posts of CVOs are made with the prior approval of the Commission. The Commission, therefore, takes care of the situation that no organisation appoints a consultant to perform the functions of a CVO. It has, however, been observed by the Commission that some of the organizations have appointed retired officers as consultants in the vigilance/personnel departments to perform vigilance functions, in the capacities of other than the CVO.

3. A person, who is not a full-time employee of the Government/ public sector enterprise etc. may be amenable to influence. There is also a possibility that the retired officers, appointed as consultants, may provide a convenient legal cover for going easy on corrupt practices, as they may be financially obliged to the Management. It is also difficult to make them accountable for the misconduct committed by them. Therefore, the Commission in exercise of the powers conferred upon it, vide para 3(v) of the Government of India's Resolution No.371/20/99-AVD III dated 04-04-1999, directs that the vigilance functionaries should always be full-time employees of the organisation and in no case a retired employee should be appointed as a consultant to perform vigilance functions. If there is not sufficient vigilance work for a full-time functionary in the organisation, the organisation may entrust him some other work in addition to vigilance work.

4. The above instructions may please be followed strictly. For any violation of the above instructions, the CVO and the chief executive of the concerned organisation may be held responsible.

5. This order is available on the CVC's website <http://cvc.nic.in>

Sd/-

(N. Vittol)

CENTRAL VIGILANCE COMMISSIONER

To

- (i) The Secretaries of all Ministries/Departments of Government of India
- (ii) The Chief Secretaries to all Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) Chief Executives of all Public Sector Undertakings/Banks/Auto-nomous organizations etc.
- (vi) All Chief Vigilance Officers in the Ministries/Departments/ PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
- (vii) President's Secretariat/Vice President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO/CBI
- (viii) The NGOs/Institutes/Service Associations (appearing in the Commission's Mailing List).

Appendix-X

Format for Investigation Report

1. Introduction
2. Paras & Lapses as referred by CTE
3. Appointment of Independent Engineer
4. Identification & seizing documents
5. Identification of officials connected
6. Explanation of the officials connected
7. Investigation proper
 - 7.1 First Para
 - 7.1.1 Opinion of independent Engineer
 - 7.1.2 Comments of CVO
 - 7.1.3 Conclusion of CVO
 - 7.2 Second Para and so on
- B. Recommendation of CVO
 - 8.1 First official (Name & Designation)
 - 8.1.1 Lapses
 - 8.1.2 Disciplinary action proposed
(whether major p.p. or minor p.p. etc.)
 - 8.2 Second official and so on

Annexures:

- I. Bio data of officials responsible for lapses
 - II. Onwards
- Records, documents etc. relied upon in the report

Appendix-XI

Proforma for Bio-Data

1. Name of Officer :
2. Father's/Husband's Name :
3. Service to which belongs :

(Also please mention the cadre and year of allotment in case of officers of All India Services)

4. Date of Birth :
5. Date of Superannuation :
6. Date of suspension (in the case of the officer under suspension) :
7. Post held :
 - (a) Designation :
 - (b) Level in the organisational hierarchy :
 - (c) Scale of pay :
 - (d) Present pay :
 - (e) Date from which the pay shown against item (d) is drawn :
8. Date of next increment :
9. Date of joining present service :
10. Whether borrowed from State Govt. or any other authority :
11. Period connected with the execution of this work :
12. Whether disciplinary rules are applicable to him/her :
13. Previous complaints, if any, against the officer and the results of the inquiry in to that :
14. Remarks about integrity in A.C.R. :
15.
 - (a) Brief particulars of similar cases, if any, in the Ministry/organisation in which the same or other officer(s) may have indulged in similar practices :
 - (b) If so, steps taken to prevent recurrences of such practices :
16. Present Residential Address :
17. Incumbency details (last 10 yrs) :
18. Present Posting :

Signature of C.V.O.

Appendix –XII

Comments of the CTEO on I.R.

CTEO File No.

Commission's File No.

1. Facts in Brief:
2. Para-wise comments
 - 2.1 Para A
 - 2.1.1. Para
 - 2.1.2. CVO's recommendations
 - 2.1.3. CTEO comments
 - 2.2. Para B
 - 2.2.1. Para
 - 2.2.2. CVO recommendations
 - 2.2.3. CTEO comments

CTE

Sd/-

T.E.

Director

Sd/-

C.T.E.

Appendix-XIII

Time Schedule

- | | | |
|----|---|---|
| 1. | Submission of documents by CVO | 30 days from the date of issue of letter of CTEO. |
| 2. | Issue of I.E. report by CTEO | 30 days from the date of inspection. |
| 3. | First reply by CVO to I/E Paras | 90 days (max) from date of issue of I/E report. |
| 4. | Rejoinder to CVO's reply | 30 days from the date of reply. |
| 5. | Reply to CTEO's rejoinder by CVO | 45 days from the date of issue of rejoinder. |
| 6. | Vigilance reference by CTEO | i) At the time of issue of I/E report for serious Paras.
ii) At the time of issue of first rejoinder for other paras, if found serious.
iii) 6 months from the date of issue of IE report in case no reply received from CVO for all paras. |
| 7. | Submission of I.R. by CVO | 3 months from the date of issue of the ref. by CTEO. |



सत्यमेव जयते

**Problem Areas
of
Corruption in Construction**

PREVENTIVE VIGILANCE PUBLICATION

CHIEF TECHNICAL EXAMINER'S ORGANISATION

CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA



Problem Areas
of
Corruption in Construction

PREVENTIVE VIGILANCE PUBLICATION

CHIEF TECHNICAL EXAMINERS ORGANISATION

**CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA**

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Problem Areas of Corruption

1. Introduction

Corruption in construction industry was at a lower level of the hierarchy in the past. Bribes paid at that time were mostly for allowing poor quality during construction. However, the top officials maintained a high level of integrity those days, and had even gone to the extent of ordering dismantling of the defective parts of the structure then and there. As time passed, corrupt practices have not spared even the Chief Executives of the organisations. Inflated estimates are prepared to give sufficient margin for the above purpose. Consultants are appointed arbitrarily. Unnecessary and stringent criteria is prescribed for pre-qualification to reduce competition, to get high rates and to favour certain favourite firms. Ultimately, the works are awarded at high rates to favourite firms at the cost of the exchequer. Since huge funds are earmarked for building infrastructure in the country, the construction industry is vulnerable to corrupt practices. An attempt is made in this publication to identify the problem areas of corruption in the construction industry along with the related problems. The problems and the areas given in this publication are not exhaustive. They cover only the irregularities/problems encountered during intensive examination by the CTE Organisation in the recent past.

2. Problem Areas

Quality in the construction was the area exploited initially for getting bribes from the contractors by allowing inferior quality of works. The payment to the contractors became the next area. Most of the activities in the construction had now become problem areas of corruption. The following areas are identified as the problem areas from the past experience:

- (i) Administrative Approval
- (ii) Detailed Estimate & Technical Sanction
- (iii) Consultancy
- (iv) Preparation of Tender Documents
- (v) Invitation and Opening of Tenders
- (vi) Tender Scrutiny & Award of works
- (vii) Works Agreement
- (viii) Payment to Contractors
- (ix) Site Records
- (x) Quality in Construction.

Problems identified in the above areas are discussed in the following chapters.

3. Administrative Approval

For every work (excluding petty works and repairs), it is necessary to obtain the concurrence of the competent authority of the administrative department before commencement. The formal acceptance of the proposals by the competent authority is termed as "administrative approval". The following are the main purpose of the above approval:

- i) To check whether the work is really required.
- ii) To see whether the estimate is not an inflated one.
- iii) To see whether yardstick for various provisions are not exceeded.

3.1 PROBLEMS

3.1.1 No approval accorded

According to A/A provides to the competent authority an opportunity to take decision regarding scope of work, specifications and cost involved. Otherwise there is likelihood of misuse of the power by the subordinate authority.

ILLN: A/A for a work costing Rs.30 crores nearly completion was not obtained. On scrutiny it was learnt that funds meant for other works were diverted for this work which are meant for luxury for the staff and not within the yardsticks.

3.1.2 Inflated Provisions in the PE

At the conception stage itself, inflated provisions are incorporated in the preliminary estimate and the margin thus available in the sanctioned estimate is misused for non essential works and also for awarding the work at higher rates to the contractor.

3.1.3 Major changes made during execution

The scope and specifications of the work are drastically changed by the executing authorities. The exercise is mainly to give undue benefit to the contractor by allowing him to execute the items at higher rates. Apart from the high rates, the contractor gets additional work without competition.

ILLN -1: Number of spans in a bridge were increased during execution from 3 to 8 without the knowledge of competent authority in a bridge work awarded at high rates.

ILLN -2: CC & Terrazzo flooring of an office building was substituted with the costly polished granite flooring etc. and thereby increasing the total cost of the project by 30% and by deciding high rates for the substituted item.

3.1.4 Funds allotted to one head incurred on another

There were instances of utilizing the funds on the works not approved by competent authority by diverting funds from approved works. There is no financial discipline in this case apart from utilizing the funds for the lavish expenditure.

ILLN: An office building was constructed almost at double the sanctioned cost by diverting the funds from other sanctioned projects for providing expensive finishing items and air conditioning items.

3.1.5 Cost over run due to delay in award of work

In many instances it was noticed that there has been unreasonable delay in A/A after submission of the estimate, planning and design, inviting tenders, acceptance and award of work after receipt of administrative approval. This results in exorbitant cost overruns to the tune of crores of rupees.

ILLN: A/A was accorded for an amount of Rs.370.00 crores for a Hydel scheme. But due to delay in taking up the work, the cost had increased to Rs.1150.00 crores.

1.6 No check on the preliminary estimate prepared by Consultants

The consultants engaged for planning, design and execution of work may furnish the preliminary estimates with ambiguous provisions and inflated rates etc. The administrative departments simply sanction these estimates without scrutiny resulting in the approval of inflated cost estimates which can be a source of corruption.

ILLN: A consultant prepared an estimate to the tune of Rs.2360 crores for a project. The estimate gives lumpsum amount for various components without giving any basis for the L.S. amount. The administrative approval has been accorded without checking the estimate. During the intensive examination it was found that the estimate is an inflated one.

3.1.7 Non observance of Yard stick

There must be some yard stick prescribed for various requirement such as floor area, finishing items, air-conditioning works etc., for various type of buildings for a particular use. The competent authority should see that these yard sticks are observed strictly while according administrative approval to safeguard the public money against its misuse for personal comfort and benefit.

ILLN: In a work of construction of an office building, the estimate prepared by the consultant provided for expensive finishing items, polished granite flooring, Italian marble flooring etc. and lavish facilities such as air-conditioning etc. for low paid staff etc.

3.1.8 Unit Cost not considered

The estimate prepared for obtaining administrative approval should have some basis, such as unit cost etc. Some organizations such as CPWD follow well established practice, such as "plinth area rates" for preparation of estimate for accord of N/A. If no such practice is adopted, it is difficult to exercise control over the cost, and there is every possibility of approving an inflated cost estimate by the administrative authority.

4. Detailed Estimate & Technical Sanction

The detailed estimate supported by complete details such as schedule of all items, quantities, rate, cost, drawings, specifications, rate analysis, measurement details needs to be prepared for each work and technical sanction of competent authority should be obtained. Technical sanction ensures that the proposal is structurally sound and estimate is an economical one. The nomenclature of various items of works should be without ambiguity. The rates should be adopted from standard schedule of rates and for non-schedule items, rates should be based on proper analysis of rates. If the estimate is prepared by the consultants, the estimate has to be checked and sanctioned by the competent engineers of the organisation which appointed the consultant to ensure economy as well as structural soundness of the project.

4.1 PROBLEMS

4.1.1 Estimate not prepared

Instances have come to the notice of this organization, where the process of preparation of detailed estimate and call of tenders was dispensed with and contractors were asked to execute the work.

ILLN-1: An additional work which cost Rs.5.00 crores was straight away entrusted to the contractor who was executing the adjoining work. As such, undue favour was extended to the favourite contractor, who got the additional work without going through the competition.

ILLN-2: Tender was invited on the plinth area basis and the work was awarded at exorbitantly high rates based on the rough cost estimate prepared by the plinth area method.

4.1.2 No sanction accorded for the estimate to ensure economy and structural soundness
Very often, the detailed estimate prepared by the consultants were not checked by the Department. Tenders were invited based on the cost estimated by the consultant. The estimates prepared by the consultants are usually inflated one. Invitation of tenders based on such inflated estimates often lead to the possibility of acceptance of the same at higher rates extending undue financial benefit to the contractor.

ILLN: Item of brick drain costing Rs.2.00 crores was incorporated arbitrarily in the estimate of highway project without doing proper design for the drain. The drain collapsed later on resulting in huge loss of the public money.

4.1.3 Nomenclature of items - ambiguous
Any ambiguity in the nomenclature of the items in the estimate results in quoting of erratic rates by the contractor as well as in disputes, ultimately resulting in loss to the organization.

ILLN: Items of aluminium works having high unit rates were taken on sq.mtr. basis without giving any reference to relevant drawing number etc. in the nomenclature of items. The contractor provided lightweight sections during execution resulting in undue benefit to him.

4.1.4 (i) No schedule of rates followed
(ii) No analysis for non-schedule items

Detailed estimates should be prepared on the basis of standard schedule of rates and in case standard schedule of rates is not followed, the rate need to be analysed based on NBO/CPWD guidelines etc. If the above procedure is not followed, it results in adoption of arbitrary rates for items in the Detailed Estimate. This ultimately will lead to inflated estimated cost, which could be a source of corruption.

ILLN: In a building work, arbitrary lump sum rates were adopted. Coefficients for various components of analysis of rates were taken arbitrarily such as contractor's profit to the tune of 25-30% against the standard 10%. This formed the basis for awarding the work at much higher cost than the justified.

4.1.5 No details and reference to drawings for quantities adopted
It was observed in many cases that the details of measurements and drawings are not made as a part of the detailed estimate resulting in arbitrary adoption of quantities in the estimate. This often led to abnormal and unreasonable deviation in the quantity of various items of the work. The above again can be a source of corruption during execution to extend undue benefit to the contractor.

4.1.6 Same component repeated in more than one item
Repetitive stipulation of the same component in more than one item in the detailed estimate, results in over payment to the contractor.

ILLN: Tack coat was included in the bituminous items such as bituminous macadam, asphaltic concrete etc. In addition to the above, separate item for tack coat was also provided in the estimate of an airport work. During execution, duplicate payment was made to the contractor to the tune of Rs.50 lakhs.

4.1.7 (i) No check on the estimate prepared by the consultants

(ii) No check on use of imported material

It is the tendency of the consultants to use costly as well as imported items in the estimate to increase the cost of work as the fee payable to them is fixed as certain percentage of the cost of work. Due to the above, the works are awarded at high rates. Thus, the consultants and contractors were benefited during the above process which had become the source of corruption.

4.1.8 Technical sanction based on earlier accepted rates

Instances have come to the notice of this Organization where technical sanction of detailed estimates was prepared based on the high rates quoted by the contractor and accepted in earlier tenders. This resulted in the high estimated cost, which was used for award of work to the contractor at higher rates extending undue benefit to contractor by corrupt officials

5. Consultancy

A few Government departments and most of the Public Sector undertakings appoint Consultants. It was observed that the appointment of consultants were mostly made arbitrarily without transparent manner.

5.1 PROBLEMS

5.1.1 No Publicity

Appointment of consultant is generally being done without proper publicity and without collecting adequate data about their performance, capabilities, experience etc. Most often, panel of known firms is made and the consultancy contract is given arbitrarily to one of the firms at higher fee without proper publicity and competition.

ILLN: Consultant was appointed by a PSU for a fee of Rs.58 crores without inviting tender for a petroleum project.

5.1.2 Appointment From Old Panel

It has been observed that consultants are picked up from very old panels kept by the department and contracts were awarded to them arbitrarily. For big projects, the consultants have to be selected by inviting fresh tenders indicating the requirement to get competent consultants at competitive rates instead of selecting them from the old panel.

ILLN-1: One organisation engaged Architects from a very old panel prepared 15 years back.

ILLN-2: One organisation engaged a private firm as the institute's architect for more than 20 years by paying a very high fee resulting in extending undue benefit to single firm.

5.1.3 Ad-hoc Rates

Award of consultancy contract at pre-determined/ad-hoc rates and not resorting to competitive price bids results in acceptance of exorbitant fees.

ILLN: Architect was appointed arbitrarily for planning and design at a fixed rate of 5% of the cost of construction for construction of a training institute building.

5.1.4 Consultant appointed when in-house facility is available

Appointment of consultants when in-house expertise is available, becomes the source of corruption in addition to non-utilisation of available resources.

ILLN: One of the Government departments, for a project costing Rs.20.00 crores, incurred expenditure to the tune of Rs.60.00 lakhs towards payment to the consultants though in-house expertise was available with them. This resulted in loss to the exchequer apart from corruption in the deal.

5.1.5 No action for Part Performance

Punitive action against the consultant is generally not taken even though they fail to perform the required services as per terms of the contract. This result in financial loss to the Government and also the project is delayed resulting in indirect loss in terms of payment of escalation to the contractor.

ILLN: In one of the works, the consultants were paid substantial amount at the early stage of the project though they had submitted only preliminary drawings. Subsequently, the consultants failed to complete the job and no action was taken against them by the Department.

5.1.6 No Maximum limit fixed for payment

The Consultants tend to increase the cost of work for more fees as generally the fees of the consultant is fixed at a certain percentage of the cost of the work. In case, the clause related to maximum ceiling of payment is incorporated in the agreement, then this can serve as a tool to check such tendency of consultants to increase the cost of the project.

ILLN: In a office building work, tender was accepted for Rs.10.00 crores but during execution, specifications were changed and actual cost on completion was twice the tendered cost. Thus the consultant was benefited in the same proportion as there was no maximum limit fixed for the consultant's fee.

5.1.7 Rates for repetitive works not fixed

In the consultancy agreement, generally nature of repetitive type of work is not defined. Fee for such work should be less as no extra input other than issue of additional set of drawings is required.

ILLN: In one work, 4 similar blocks comprising of 100 hostel rooms each were constructed. The Consultants were paid some standard fees for each block. Due to the above the organisation suffered loss at the cost of the consultant.

5.1.8 Paid for the services not rendered

In many instances, it was observed that payment was released to the consultants even though services required to be rendered were not complete in all respects, e.g. complete structural drawings were not submitted by the consultant but payment was released or supervision not done but payment released.

5.1.9 Consultants were allowed to receive sale proceeds of tenders

Some of the banks and public sector undertakings allowed consultants to invite tenders on behalf of the organisation. Consultants collected the sale proceeds of the tender documents sold and did not remit the amount to the concerned PSUs etc. This is highly irregular as it amounts to undue financial benefit to the consultant beyond the scope of contract.

- **ILLN:** In case of a pipeline project, consultant was asked to invite tenders. The consultant, in turn, charged exorbitant cost for tender documents and kept the sale proceeds with them, resulting in undue benefit to them.
- 5.1.10 No control on the travel expenses of consultants for site visits
 Many cases of excess payment to the consultants on travelling expenses have been observed. Payment made towards travelling expenses some times exceeds the fee payable to the consultants.
- ILLN:** For a work in Punjab, Mumbai based Architects were appointed. The fee payable to them was Rs.6.00 lakhs. But the actual travelling expenses paid to them were Rs.7.5 lakhs. This was mostly done to extend favour to the known firms.
- 5.1.11 No check on consultants' planning, design and execution - Contractors benefited in the process
 In many cases, it has been observed that the departments entrust the responsibilities relating to the preparation of estimate, structural design and execution of work to the consultant. The consultant tends to be over safe in the structural design because of the fact that the above adds to the fees payable to them on account of increase in cost. It has also been observed that the consultants generally do not take much pain while doing the structural design and essential criteria such as earthquake resistance design etc. is ignored. Hence the checking the structural design and drawings of the consultants by the departmental officers is a must to ensure that the design is an economical one apart from the structural soundness.
- ILLN:** Pile foundation for a workshop building was designed with the capacity of piles, capable of carrying twice the required load. In the same project, high capacity piles (450mm dia, 20m deep) were provided for a single storeyed ordinary office building which does not require pile foundation at all.
- 5.1.12 Consultants passing on their responsibility to contractor
ILLN: Consultant was supposed to give design and drawing as per the consultancy agreement. While preparing the tender document for construction work, the responsibility of the preparation of drawings and structural design was entrusted with the construction contractor by adding a condition to that effect. Finally, the contractors loaded the quoted rates for the above work and the consultant was benefited during the above process at the cost the organisation.

6. Preparation Of Tender Document

Tender documents (generally called NIT) comprising of notice inviting tender, standard tender form with conditions, schedule of quantities, set of drawings, specification of the work etc. should be prepared and approved by the competent authority. The NIT should be properly bound and sealed and it should be made available for inspection.

6.1 PROBLEMS

- 6.1.1 Approval of competent authority not accorded
 In many PSUs/Banks' tender documents as prepared by the consultants are issued to the contractors without scrutiny and approval. Tender documents should be issued only after scrutiny and approval by the competent authority of the department to avoid irregularities.

6.1.2 Contain conflicting, vague and ambiguous provisions resulting in disputes, delays and financial losses.

Conflicting provisions in the tender documents often lead to dispute, delay and financial loss to the Government.

ILLN: In one of the Road contracts, a condition was stipulated that entire quantity of bitumen to be used in the work shall be brought by the contractor before commencement of work. At the same time, under escalation clause, it was mentioned that the difference between the actual purchase rate and stipulated rate (for issue of Bitumen by the Department) as and when the Bitumen was brought by the contractor shall be paid to the contractor. The two stipulations were ambiguous. But the latter was operated to the benefit of contractor to the tune of Rs. 1.5 crores on account of escalation in the price of bitumen.

6.1.3 Prequalifying criteria ambiguous/stringent

It has been observed that either eligibility/prequalifying criteria is not specified clearly in the NT or made very stringent thereby restricting the numbers of intending bidders.

ILLN: The pre-qualification criteria in one of the works of a Part was kept so stringent which resulted in pre-qualification of only one firm. The above was only to favour the favourite firm and ultimately work was awarded to the single contractor without competition.

6.1.4 Rate only Item

"Rate only" items are seen provided in the bill of Quantities without giving quantity against the item. Such items do not alter the position of the tenderers irrespective of the rates quoted. For such items, generally abnormally high rates are quoted by the tenderers and such A.H.R. items are operated to the advantage of the contractor during execution. Therefore, the rate only items should not be provided in the tender documents.

6.1.5 Advance for old machinery already in possession of contractor

It has been observed that in some of the hydel projects, plant and equipment advance to the tune of crores of rupees were allowed to the contractor for the old machinery acquired by the contractor prior to award of work for which no additional expenditure was incurred by the contractor after award of the work.

6.1.6 Mobilisation advance without interest

This Commission vide O.M. No. N4/POL/19 dt. 8/12/97 directed that mobilisation advance should be allowed for selected works only and it should be interest bearing. But it has been observed in a number of cases that the contractors were given interest free mobilisation advance.

6.1.7 Unworkable period of construction

The stipulated period of completion of work should be realistic based on magnitude of work etc. Stipulation of unworkable period leads to frequent grant of extension of time, litigation and corrupt practices.

ILLN-1: In one hostel work of Rs.6.00 crores, initial time stipulated of 21 months in the NT was reduced to 8 months during negotiations after receipt of tenders. However, period of completion reduced was not practicable considering the magnitude of work. This

resulted in frequent grant of EOT and huge escalation payments and ultimately led to corrupt practices.

ILLN-2: The period of completion of a seven-storied building with basement was kept 12 months only. The work could ultimately be completed in three years, resulting into huge payments on account of escalation, irregularities in sanctioning E.O.T. etc.

6.1.8 Tender documents prepared by splitting bigger works deliberately to fall within the competency of subordinate officers

Subordinate officers deliberately split the bigger works into smaller works so that these small works fall within their jurisdiction in respect of technical sanction, award of work etc.

ILLN : A jetty work was split into two parts to bring the tender within the powers of the subordinate officer. This resulted into a loss of Rs 1.5 crores (approx.) to the government by way of awarding the work at high rates.

6.1.9 Particular Brand of products stipulated

It is appropriate to stipulate the use of ISI marked products instead of stipulating a particular brand of product in the tender document, as it encourages restrictive trade practice. Use of a particular brand of product might have been done to favour the known manufacturer.

6.1.10 Improper type of contract followed

Works are generally awarded on item rate contracts. L.S. contracts are awarded when all design, drawings, specifications etc. were ready before inviting tenders.

ILLN: In a flyover construction case, the tender as per the Department is based on lump sum basis. The work is to be executed as per the design and drawing to be given by the Department. The complete drawings should have been finalized before call of tenders. However, only part drawings were available. The contractors were asked to quote their rates in 2 schedules. Schedule I contains quantity of various items to be executed for which lump sum price was to be quoted by the contractor. Schedule II pertains to rates to be quoted for individual items in case of deviation in quantities specified in schedule 'I'. The tender is neither LS nor item-rate.

The above type of contract is not an appropriate one due to the following deficiencies:-

- (i) The financial implication of the rates quoted in Schedule-II could be not the worked out for deciding the "LT".
- (ii) Had the "LT" quoted very high rates in Schedule-II, it is a loss to the Govt. while executing additional quantities.

6.1.11 Voids to be deducted for earth filling (other than those below flooring) not specified

ILLN: In a reclamation work, voids were not deducted on the pretext of non-specifying percentage deduction in the contract resulting in huge financial benefit to the contractor.

7. Inviting And Opening Of Tenders

7.1 PROBLEMS

7.1.1 Adequate time for publicity not given

Adequate time is not given to restrict the competition in tendering so that the work can be awarded to a favoured contractor at exorbitant rates.

ILLN: The period between the date fixed for opening and the date of publication in newspaper was only 7 days instead of normal period of 21 day, resulting in restricted tendering and the work was awarded at rates higher than the rates of other accepted contracts of similar nature during the period.

7.1.2 Wide Publicity not given

It was observed in many cases that the tenders were published in newspapers having hardly any circulation. Publicity through websites are to be encouraged as far as possible. Also tender notices are not sent to the Building Association. It has come to the notice that wide publicity is not given or restricted tenders are invited by some corrupt officials due to the following :

- (i) To favour a few contractors who normally executes the works for such organizations.
- (ii) To award works to the above contractors in turn by having understanding among the contractors and the corrupt officials.
- (iii) "Bribe Money" for awarding the works is extracted by the corrupt officials well in advance of various stages. In certain cases, the bribe money is paid well before invitation of tenders for the works since the prospective contractors are decided much before the invitation of tenders. Hence wide publicity is a must.

7.1.3 Tenders issued to ineligible applicants

The pre-qualification criteria specified in tender notice is not being checked before issue of tenders resulting in award of works to ineligible contractors.

ILLN: In a Railway project, the tender documents were issued to all the applicants without checking the criteria of selection specified in tender notice. This resulted in opening of price bids of ineligible applicants also. Subsequently, the work was awarded to an ineligible contractor on the pretext of being the lowest. The same resulted in inordinate delay and rescission of the contract.

7.1.4 Tender sale and opening registers not maintained

7.1.5 Opening tenders in the absence of tenderers

For fair and transparent system of tendering, the tenders should be opened at the prescribed time and place in the presence of bidders who choose to be present at that time. The rates quoted by various tenderers are read by the tender opening officer.

ILLN: Tenders were opened in the absence of the intending tenderers in one work. Finally the rates were tampered and, the work was awarded to the 'L2'.

7.1.6 Corrections, omissions etc. in tender not numbered and attested by the tender opening officers. It is a must that all corrections, omissions and insertions etc. are properly numbered and attested by the tender opening officers to avoid possibility of tampering of documents.

ILLN: A work was awarded with the corrected rates. The corrections were not numbered and attested by the officer who opened the tenders. It was found that the rates of 'L3' were reduced to make him 'L1' and the work was awarded to 'L3'.

7.1.7 Rate not quoted in figures by Tenderers

The rates for various items are to be quoted in words also. The tender document should have provision of quoting rates in figures and words by the tenderer. In case the tenderer fails, the rate in words must be written by the tender opening officer.

ILLN: In one of the works executed by a PSU, the rate of an item was increased by L-1 after adding '0', in connivance with the officials resulting in increase of rates by ten times, after ensuring that he remains L-1 even after this change. The above had happened because the 'L1' had not quoted in words for the above item.

7.1.8 Tender invited without availability of site and approval of local body

Award of works without obtaining possession of site and approval of the scheme by local body is not proper as it results in non utilization of assets created and huge escalation payment to the contractor due to delay in commencement and completion of the works.

ILLN: In case of airport extension, part land between the existing runway and proposed extension of runway was not made available to the contractor. The extension of runway was done leaving a portion for which possession of land was not available. Thus, Rs.8.00 crores spend for extension of runway could not yield any benefit and the assets created could not be utilized.

7.1.9 Limited tenders invited as emergency work but later either work delayed or not put to immediate use on completion

It was observed that limited tenders were invited on grounds of emergency but later either the completion was abnormally delayed or assets were not put to use on completion. The above is done to avoid competitive bidding and mainly to award the work to favourite contractors at higher rates.

ILLN-1: In one of the embankment work, the limited tenders were called on the pretext of emergency and work awarded at rates higher than justified rates. The work of four months could not be completed even after 2 years.

ILLN-2: Another work executed by a Petroleum PSU was awarded to a contractor on single tender basis without call of tenders at exorbitant/high rates showing urgency in construction. The above work took about 1 1/2 years for completing the same against the stipulated time of 4 months. The asset created was also not put to use for a long time after completion of the work.

7.1.10 Tenders received late considered for evaluation/award

Tenders received after due date and time of receipt are not to be considered to maintain the sanctity of tender system and to avoid malpractices.

8. Tender Scrutiny And Award Of Works

8.1 PROBLEMS

8.1.1 Certificates for satisfactory completion of work executed for private organisations accepted without TDS certificate

The certificates produced by the contractors for having executed works for private organisations are accepted without ascertaining the TDS details as a proof for completion of work of required magnitude. The same is not proper and may result in award of work to the ineligible contractors. Therefore, TDS certificate in addition to the certificate issued by the Organisation shall form the basis for considering experience of work executed for private organisation.

ILLN: In many works awarded for Jetty construction, reclamation etc. by Port authorities, TDS certificate are not cross-checked before considering works of private Organisation for prequalification resulting in prequalification of ineligible contractors.

8.1.2 Non-evaluation of conditions quoted by the tenderers and accepting undue conditions during negotiations to give undue benefit to the contractor

Financial implications of the conditions given at the time of submission of the tenders are generally not worked out to decide the relative position of the tenderers. Due to the above, the work is not awarded to the actual 'L1'. During negotiations certain additional conditions are accepted regarding supply of non-specified material/machinery, interest free mobilisation/equipment advance and increase in rates of few items etc. The same is not proper and results in extending undue advantage to certain contractors.

ILLN: In a bridge work, contractor put forth the condition of reimbursement of difference in rates of cement, steel, liner etc. prevalent at time of procurement and at time of submitting tender. The financial implication of above condition was not evaluated at time of scrutiny of tender. This resulted in additional payments to the tune Rs 1 crore to the contractor apart from changing the position of the lowest tenderer.

8.1.3 Non-finalisation of tenders within validity period

The acceptance of tenders is delayed without any justification. This results not only in time and cost over run but also a major source of corruption.

ILLN: In a hydel project, the validity of period of a tender was six months. The validity period was got extended several times. Ultimately L-1 backed out to extend the validity due to increase in price of material and labour since the delay was two years. The tenders were reinvited and the work was awarded at exorbitantly higher rates.

8.1.4 L-1 ignored pointing out non-satisfactory performance or on other flimsy ground

L-1 contractor, though pre-qualified based on the criteria stipulated in tender documents, at times is ignored on flimsy grounds or on unsatisfactory performance. The same is done as the favoured contractor has quoted higher rates and the work cannot be awarded to him unless L-1 is ignored.

ILLN -1: In a hydel project, only three firms were qualified by the Department. The L-1 was rejected on the pretext of rates quoted as unworkable. The work was awarded during second call to another contractor at higher rates.

ILLN -2: In a highway project, tender for L-1 prequalified contractor was rejected on the plea that the firm has failed to complete an earlier awarded work. The work was subsequently awarded to L-2 at much higher rates.

8.1.5 Comparative statement not prepared and checked

It is observed that comparative statement of rates quoted by the tenderers was not prepared, checked and signed by the officials. The same can result in award of work to agency other than L-1.

8.1.6 Market rate justification not prepared to assess the reasonability of quoted rates before acceptance

The rates at which works are to be awarded, shall be reasonable considering the prevailing market rates of material and labour and other factors pertaining to the work. At times, the quoted amount is compared with the inflated estimates of consultants, which were prepared without any basis, resulting in award of work at higher rates.

8.1.7 Justification statement prepared wrongly to justify higher rates

ILLN: As per a Departments' works manual, the work, which is not of urgent nature, can be awarded to a contractor if quoted amount is within 5% of justified cost. In a work executed by the above department, to bring the percentage of market rate justification within 5%, contingencies were added to the estimated cost and work was awarded at an amount more than 5% of the justified cost.

8.1.8 Tenders accepted on higher rates during second call

The tenders during first call, at times, are not accepted on flimsy grounds if the favoured contractor is not the lowest. To award the work to predetermined/favoured contractor, the tenders are re-invited and works awarded at higher rates/amount than first call, either with the same or changed condition.

ILLN-1: In a road work, the tenders of part schedule were not accepted by the Department, on the plea that the same may result in sub-contracting the work to one contractor. The tenders were re-invited with changed conditions of issue of machinery. Earlier machinery was to be issued on hire charges, which was modified to free of hire charges during the second call. The tender during the 2nd call was accepted on rates higher than the earlier quoted rates, even though the condition for the hire charges was relaxed in favour of the contractor.

ILLN-2: In a tender of renovation of building, the rates quoted by L-1 in first call was Rs.1.39 crores. The same was rejected and the work awarded during 2nd call for Rs.1.82 crores. Thus, resulting in additional liability/favour to the tune of Rs.0.43 crores.

8.1.9 Items deleted after opening price bid to make the favoured contractor as the lowest tenderer (L-1)

8.1.10 Work awarded without proper verification of papers furnished by the tenderer

It is often observed that the works are awarded to the contractor without proper verification of documents furnished by the tenderers. Some times, E.M.D. is submitted in mode other than the prescribed one or false proof of completed work is considered or work awarded to the contractor not having valid income-tax clearance certificate or sales-tax registration.

ILLN: In a tender of residential building, incomplete works were considered for issue of tender document to a contractor, which eventually became L-1, resulting in award of work to ineligible contractor. This further resulted in delay in completion of work as the contractor was not technically capable of executing the work.

- 8.1.11 Similar/identical contracts awarded at the same time with different rate for major items
The rates quoted by the tenderer are not being compared with the rates of similar/identical work and work is awarded at higher rates.

ILLN: In one of the airport works, overall position of tender considering common civil items was compared with other similar work awarded at the same time. Difference in rate was found to the extent of 28% in two similar contracts, i.e., the contract was awarded at much higher rates.

- 8.1.12 Contract at risk and cost of contractor
Tender document for the left over work of a recinded contract is to be executed at the risk and cost of defaulting contractor. The specifications and condition of contract are also not to be altered.

- 8.1.13 Back to back contracts by PSUs
Some PSUs undertaking construction works participate in the tender for works by having pre-tender tie-up with one contractor. In the above tie-up, the contractor agrees to execute the work at certain percentage less than the tender amount awarded to the PSU. This is irregular since the competition in awarding the work by the PSUs (undertaking construction works) is missing in addition to award of works to favourite contractors.

ILLN: One Government Department awarded the work to a PSU and the above PSU in turn awarded the work to a contractor (without inviting tender) at 5% lower than the tendered amount accepted by the Govt. Department. In the above illustration, following irregularities were observed - (i) The Govt. Department awarded the work at higher rates, (ii) Govt. Department allowed the PSU to sublet the contract against the provision in the agreement, and (iii) The PSU awarded the work without call of tenders to a favourite contractor.

9. Works Agreement

9.1 PROBLEMS

- 9.1.1 Unwanted papers in the agreement
Most often, it is observed that contract documents are not drawn in complete and detailed manner, i.e. either lot of unwanted papers are kept or vital papers e.g. original price bid, letters of negotiations etc. are kept in loose file. Therefore, the contract document should be precise, definite and complete.

ILLN: In one agreement of a Govt. Undertaking, the following irrelevant documents were made part of the agreement:-

- b) Protocol between the Govt. of India and a foreign country;
- c) Approval accorded by the Lt. Governor with respect to protocol;

d) Same proposal submitted by the organisation during various stages etc.

On final scrutiny, it was difficult to work out the exact requirement/provision made in the agreement.

9.1.2 Important papers such as negotiation letters missing

Important papers such as negotiation letters, copies of amendments subsequent to issue of tender documents etc. shall be made part of contract agreement to avoid contractual complications.

ILLN: In one of the works executed by a Bank, negotiations were conducted twice with the contractor. Second negotiation letter was not found in the agreement and payments were made to the contractor based on first negotiation, resulting in overpayment to the contractor.

9.1.3 Performance guarantee obtained late

It has been observed that the performance guarantee is being obtained later than stipulated in the tender document. Late submission of performance guarantee amounts to giving undue advantage to the contractor by way of saving bank charges.

9.1.4 Insurance not taken as per conditions

Contract documents of most of PSUs stipulate, furnishing of insurance policies such as Contractor's all risks policy, workmen compensation, third party policy and policy of machinery/T&P by the contractor. The contractors either do not submit these policies or submit policies for less period. The same can result in large commitments due to mishap during execution. The contractor also gets benefit by saving the insurance policy charges.

ILLN: In a hydel work, insurance for flood was not obtained by the contractor even though specific provision exists in the agreement resulting in large saving to the contractor. During execution, flood occurred resulting in huge loss to the department that could not be recovered from the contractor.

9.1.5 Bank Guarantee not verified through issuing bank

In many cases, it has been observed that the bank guarantees are not verified from the issuing banks. In one of the cases, on verification of BG, subsequent to intensive examination, the BG was found to be fake.

9.1.6 Labour Licence not obtained

As per the agreement and the relevant Act, labour licence from appropriate authority is to be obtained by the agency before commencement of work. But this aspect is not taken care of and work is allowed to proceed without labour licence.

9.1.7 Technical staff not employed by the contractor

It has been observed that the technical staff required as per the terms and conditions of contract are not employed by the contractor resulting in execution of bad quality work due to lack of supervision as well as undue financial benefit to the contractor.

9.1.8 Safety precautions not taken at site

A number of provisions regarding safety precautions to be taken at site during execution, such as providing barricading, red flags, night lamps, road diversion boards and double steel scaffolding, etc. are made in the agreement. But it has been observed that no importance is given to such an important aspect, which can result in fatal accidents and also contractors are benefited by not complying with the contract provisions.

9.1.9 Issue of material/machinery not stipulated in the contract agreement

Material/machinery for which no provision is made in the agreement is being issued to the contractor on meager charges, resulting in financial benefit to the contractor.

ILLN: In one of the works being executed by a PSU, no provision was made for issue of machinery to the contractor. On contractor's failure to deploy the required machinery, the machinery was issued by the Department and hire charges were fixed at a much lesser rate than the prevailing market rates resulting in undue advantage to the contractor.

9.1.10 Stipulations regarding approval of sample not adhered to/work not executed as per the approved sample

In most of the cases, it has been observed that the samples of material to be incorporated in works are not approved by the competent authority. In works where samples are approved, the work is not executed as per the approved samples and contractor is benefited by using substandard materials.

ILLN: In one hospital work, flooring and dado in the building was of marble stone. The quality of the marble used in the work was inferior to the quality of sample approved by the competent authority.

9.1.11 Price escalation paid though not stipulated

It has been observed in a few cases that price escalation was paid to the contractor though there was no provision for the same in the agreement resulting in undue benefit to the contractor.

ILLN: In one work executed by a Petroleum PSU, the quoted prices were fixed and no escalation was to be paid to the contractor. The completion of work was delayed and escalation to the contractor was paid by the Department.

9.1.12 Risk and cost action not taken and balance work awarded at high rates

On failure of the contractor to provide the desired services, the contract agreement is rescinded by the Department. The left over work is awarded at the risk and cost of the original contractor.

ILLN: In one work, the contract was rescinded due to delay on the part of the contractor in completion of building. The work was awarded to another contractor on single tender basis with additional liability of approx. Rs.44.0 lakhs. No action was taken by the department to encash the various bank guarantees to recover the additional liability from the defaulting contractor resulting in undue favour to the contractor.

9.1.13 Guarantees on various accounts not obtained

Certain guarantees for water proofing treatment/anti-termite treatment etc. are to be obtained as per the provisions in the agreement. These guarantees are not often obtained and no action can be taken against the contractor for defects noticed in the guarantee period.

9.1.14 Non-execution of specialized work through specialized agencies

A provision for execution of specialized works like anti-termite treatment, water proofing treatment, aluminium work, fire check doors, flush doors etc. is often made in the agreement. These conditions are not implemented at site resulting in large savings to the contractor and execution of sub standard works.

9.1.15 Design of concrete mix not done by the approved lab and design not revised with change in source of ingredients

9.1.16 Recording fictitious date of completion though work not completed

The date of completion, at times, is recorded before actual date of completion of work to favour the contractor by non-levy of liquidated damages due to delay and also to relieve him early of his responsibility of defect liability period.

10. Payments To Contractors

10.1 PROBLEMS

10.1.1 Excessive deviations allowed without approval of competent authority

The quantities of various agreement items advantageous to the contractor are indiscriminately deviated during execution of work. The deviation can also occur due to inaccurate detailed estimates and due to wrong/over measurements. Prior approval of the authority competent for deviation is not generally taken by the subordinate officers.

10.1.2 Less quantity of Abnormally Low Rated Items executed and paid

Items for which contractor has quoted abnormally low rates are to be identified at the time of award of contract. Execution of less quantity or substitution of such items result in undue advantage to the contractor.

ILLN: In one work, terrazzo tiles flooring was to be carried out and the rates quoted by the contractor were abnormally low. During execution about 15% of quantity was executed and remaining quantity was substituted with marble flooring. Thus, undue advantage was extended to the contractor.

10.1.3 More quantity of AHR items executed and paid

Similarly, abnormally high rated items are to be identified at the time of award to avoid increase in quantity of these items during execution since it results in undue advantage to the contractor.

ILLN: Contractor's accepted rate for item of M.S. grill/railing in a work was abnormally high and 250 Kg was only stipulated in the agreement. To favour the contractor, the above quantity was increased from 250 Kg to 11900 Kg by allowing the contractor to use higher size square bars without any technical requirement which resulted in financial benefit to the contractor.

10.1.4 Items substituted to the advantage of contractor.

It has been observed quite often that items not beneficial to the contractor are substituted to other items. The above practice is more prevalent in Organisations which engaged consultants for the purpose of estimation, supervision and preparation of bills etc.

ILLN-1: In one building work, RCC structure was substituted with structural steel and pre-cast slab and the requirement was justified by showing urgency in completion. The extra cost on account of substitution was Rs. 1.00 crore (approx.) but the work could not be completed in the revised period of completion. Thus, the substitution was aimed to favour the contractor.

ILLN-2: In another work, pile foundation was changed to well foundation without any technical necessity thereby increasing cost of the project by Rs.2 crores which had gone to the benefit of the contractor.

10.1.5 Inadmissible extra items paid

At times, extra items which are not admissible, are paid to extend undue benefit to the contractor.

ILLN: In one building work, as per the conditions given in the agreement, nothing extra was admissible to be paid for extra height of centering and shuttering. In spite of specific provision in the agreement, extra item was sanctioned, measured and paid to give undue benefit to the contractor.

10.1.6 Exorbitant rate fixed for extra/substituted items

It has been observed that the rates of extra/substituted items are not derived based on the conditions of contract. They are derived on abnormally high rated items, which results in undue benefit to the contractor.

ILLN: In one hydel project, extra items amounting to Rs.100.00 crores were allowed and the same were sanctioned at high rates. The rates were analysed by adding 49% on account of contractor's profit and overheads as against the normal 10%.

10.1.7 Measurements not recorded in MBs

Measurements of the items are to be recorded and kept in a bound Book which should be kept ready for inspection. But in many cases, the same were found in loose sheets, which could be changed at any time.

10.1.8 Checking measurements

The measurements including hidden and high rated items are to be checked by senior officers to avoid overpayment. But it is not done in many cases.

10.1.9 Incomplete items paid on full rates or excessive part rates allowed

The payments to contractor for various items are being made as per contractors quoted rate even if the complete scope of the item is not executed by the contractor and this results in over-payment. In certain cases, it was observed that part rates allowed were more than the admissible.

10.1.10 Voids not deducted before allowing payment to contractor for work in filling.

Deduction on account of voids in earth/stone filling work is to be done where compaction is not as per the desired density under OMC conditions. Non-deduction of voids results in huge overpayment to the contractor in connivance with the field staff.

ILLN: In a reclamation work costing Rs.15 crores, deductions on account of voids was not made which resulted in overpayment to the tune of crores of rupees.

- 10.1.11 (i) Measurements not restricted as per the drawing
(ii) More working space measured than admissible in earth work in excavation
(iii) Excessive offset and side slope than admissible measured and paid in earth work in excavation
- 10.1.12 (i) Secured advance paid for larger quantity than required for execution at site
(ii) Secured advance paid for perishable materials without insurance cover
(iii) Secured advance paid without adequate testing of materials
(iv) Not effecting recoveries of secured advance in respect of material utilised in the items which were measured and paid.
- 10.1.13 Non-recovery of I. Tax and Works Contract Tax
Statutory deductions are not made as per the requirement resulting in huge benefit to the contractor. In few cases, it was observed that Income Tax and Works Contract Tax were not recovered from the contractor's bills. At times recovery is made on net amount after deducting cost of stores/hire charges from contractor's gross payment. The above practice is highly irregular. Recovery shall be made on gross amount of the bill.
- 10.1.14 Wrong payment of escalation
Escalation, at times is paid based on provisional indices. It has further been observed that the escalation is paid on gross amount of bill without deducting cost of materials issued by the Department. The above result in extending undue benefit to the contractor.
- 10.1.15 Escalation paid for period for which extension of time was not granted by the competent authority
- 10.1.16 Wrong mode of measurements/wrong coefficients adopted
It has been observed that the mode of measurement for brick work in most of the works is not as per the relevant IS Code and also wrong coefficients of reinforcement are adapted while working out quantity for payment to the contractor, resulting in overpayment to the contractor.
- 10.1.17 Recording measurement under wrong item of agreement
It has been observed that measurements of items are recorded under items other than the appropriate one to extend undue benefit to the contractor.
- ILLN: In one land development work, the rate quoted by the contractor for excavation and filling for pipe lines was less than the rates quoted for excavation in foundation trenches and filling earth in plinth. The items of earth work in pipe line was measured under earth work in trenches to extend benefit to the contractor.
- 10.1.18 (i) All the accepted rebates of the contractor were not availed by the department while releasing payment to the contractor
(ii) Rebate not considered while finalizing the rate for extra/substituted items
- 10.1.19 Retention money released before due date
- 10.1.20 Payment made on full rates for sub-standard work.

The work not executed as per the specification is not to be accepted and contractor is supposed to redo the work. If it is structurally impossible to rectify the defect, the payment shall be made at reduced rates, after approval of the competent authority. The payment of fines for sub-standard work is made at full rates resulting in huge benefit to the contractor.

10.1.21 Correction in MBs not attested by concerned official.

11. Site Records

Proper documentation of test records, site instructions, issue of cement and steel etc. is essential to ensure execution of quality work. Recoveries, grant of EOT etc. are decided at a later date based on site records. Therefore, all the site records prescribed in the works manual are to be maintained at site and produced during vigilance inspection.

11.1 PROBLEMS

11.1.1 Registers with pages numbered serially not issued by the competent authority

11.1.2 Hindrance register not maintained

Hindrance Register is a very vital document. All the hindrances with date of occurrence and removal are to be noted in the hindrance register. Record of hindrances is not only required for grant of E.O.T, but also required for early removal of hindrance by the site officials etc.

ILLN: It was observed in some cases that E.O.T. was granted to the contractor without levy of liquidated damages and payment for cost escalation were made without record of hindrances which resulted in undue benefit to the contractor.

11.1.3 i) Site order book not maintained

ii) Compliance in site order book is not recorded by Engineer-in Charge

11.1.4 MAS A/c Registers not maintained

In some of the cases, it was seen that MAS A/c registers of important materials viz. cement, steel, bitumen, etc. were not maintained. In the absence of such basic record, source, quality, quantity and day to day consumption of these materials cannot be checked. It is, therefore, essential to maintain MAS A/c registers for above mentioned materials.

11.1.5 Cement and steel not tested/Test Certificates not available

Cement and steel are the major materials used in the construction of any building. Hence, proper quality of these materials has to be ensured by the site officials. Lot wise manufacturer's test certificates should be obtained and kept in record. Reference of these test certificates should be given in corresponding cement and steel Registers to facilitate checking by any independent authority. Independent testing of cement and steel should be also done at regular intervals to ensure proper quality. The above procedure is generally not done and the same results in showing undue benefit to the contractor by accepting inferior quality materials apart from the danger of structural failure.

11.1.6 Cuttings/over writings in the cement register. Test checks not done by senior officers.

Cuttings/over-writings are to be avoided in cement registers. Any cutting, overwriting etc. gives an indication of manipulation of cement records to cover up less/over issue of cement. Periodical test-

checks of cement register as per required frequencies are to be done by senior officers to avoid any manipulation by junior officers.

11.1.7 Record for mandatory tests not maintained properly

Mandatory tests on various materials are to be conducted as per the prescribed frequency in the contract document/BIS codes to ensure the quality of materials used in the work. Test results obtained from outside labs are to be properly recorded in the test registers by giving the reference to the test report. The test results should be compared with the acceptability criteria in the test registers to ensure that the results obtained passes the acceptability criteria. Record of quantity of material brought and tests conducted should also be maintained in the test registers to ensure that tests have been conducted as per prescribed frequency.

ILLN: It has been noticed in the past that the test registers were not maintained and mandatory tests are not conducted as per prescribed frequency. During vigilance inspection, samples of materials were taken and tested independently. It was found from the test results that many materials failed to fulfil the quality parameters. Non-carrying out the mandatory tests results in extending undue benefit to the contractor by accepting sub-standard materials and by saving in testing charges.

11.1.8 Record of test of water not maintained.

Water is a very important ingredient which affects the quality of concrete. Use of proper quality water must be ensured by site officials to ensure quality of concrete work. Water must be tested regularly at the specified frequency to ensure proper quality of concrete work and to avoid benefit to the contractor for allowing bad quality water in case the contractor has to arrange water.

11.1.9 Record of check of surface undulations in case of cement concrete pavement/bitumen pavement not maintained

The above will help the contractor in allowing bad quality work which goes to the benefit of the contractor.

11.1.10 Bituminous works

- (i) Record of tests of DAC, SDAC, Bituminous Macadam for bitumen content, grading of aggregate and field density not maintained.
- (ii) Record of level of bottom/top of DAC, SDAC and bituminous macadam not maintained.
- (iii) Record of temperature of bitumen macadam, DAC, SDAC not maintained.
- (iv) Record of core test or proctor density test of BM, SDAC and DAC not maintained.

During vigilance inspection, variations which were beneficial to the contractors were detected.

11.1.11 Record of testing of earth brought from outside for filling not maintained

11.1.12 Record of testing of earth disposed off declaring unserviceable not maintained

Testing of earth is to be carried out before declaring the earth unserviceable to avoid corrupt practices.

ILLN-1: Earth excavated in a building was disposed off on the pretext that the above was unsuitable for filling purpose and earth was brought from outside. When the disposed off soil was tested, the same was found suitable for filling. As such, action of the department resulted in avoidable expenditure of Rs. 12.00 lakhs

ILLN-2: In a work for extension of runway, the soil available from excavation was to be used for filling in embankment. The available soil was disposed off without ascertaining its suitability and a separate contract for embankment with soil to be brought from outside was accepted resulting in avoidable expenditure of Rs. 4.83 crores.

11.1.13 Record of disposal of rejected material by specifying Truck No. and date of disposal not maintained

11.1.14 Testing of piles not done

Initial and routine pile tests are mandatory as per IS codes to check the capacity of piles. Such tests were found not done in many cases. Records were not maintained in certain cases.

ILLN: In a work of construction of chemical storage terminal, no initial test was conducted to check the bearing capacity of pile considered in the design. Further, no routine pile load test was carried out during execution. Due to the above, public fund was wasted due to the execution of larger diameter piles, longer piles and excess number of piles than the design requirement. During the process, the contractor was also benefited by getting additional work and doing bad quality work since the contractor knew the larger safety margin.

11.1.15 Inspection notes not issued by senior officers

Inspection of site by senior officers improves the quality of work. However, it was noticed that senior officers are not issuing any inspection notes as a record of their inspection. This is mainly due to the fact that senior officers are not keen in taking any responsibility for quality of work. The inspection of senior officers are not to be confined only to issues concerning progress, coordination etc. Senior officers are required to inspect the site to check quality of work etc. Works manual of the organisation should specify such matters. Inspection note is to be issued invariably for each inspection carried out by senior officers. An inspection register is to be maintained at site and inspection notes are to be entered in these registers. Senior officers must review the inspection notes on subsequent visit to ensure its compliance. In the absence of the above procedure, there is a tendency for the subordinate officials to allow bad quality work for giving undue benefit to the contractor.

12. Quality In Construction

It is noticed in a number of inspections that site officials incharge of the work do not pay much attention to the workmanship and quality of materials used in the work. Sub-standard works were allowed. When deficiencies were pointed out by inspecting officials of the CTEO, the departments resorted to effecting recovery for sub-standard works. It is hereby again emphasized that recovery is not a substitute for acceptance of bad work. Officials responsible for execution of sub-standard work are liable to disciplinary action apart from the recovery.

12.1 PROBLEMS

12.1.1 Earth work

- (i) Surplus excavated earth not leveled and neatly dressed at the disposal place.
- (ii) Less sand filling done under floors.
- (iii) Proper compaction of earth under floors not done.
- (iv) Compaction of earth work in filling not done as stipulated in the contract.
- (v) Lead chart for disposal of surplus earth not maintained.
- (vi) Excavation of foundation less than specified in drawing.

12.1.2 Concrete work

- (i) Oversize/disintegrated/soft aggregate used.
- (ii) Sand with more silt content used.
- (iii) Honey combed concrete.
- (iv) Concrete found bulged and not in plumb.
- (v) Less thickness of PCC under floors.
- (vi) Proper overlaps in reinforcement not provided.
- (vii) Reinforcement found exposed.
- (viii) Lesser diameter binding wire used.
- (ix) Expansion joint not properly located/provided.
- (x) Throating and drip mouldings not provided to chajjas.
- (xi) Timber form work used though contract provides for steel form work.
- (xii) Clear cover to reinforcement not as per drawing

12.1.3 Brick work

- (i) Hollow vertical and stretcher course joints.
- (ii) Joints in brickwork thicker than specified.
- (iii) Raking of joints not done properly.
- (iv) Poor quality of mortar and inadequate curing.
- (v) Sub-standard quality bricks used.
- (vi) Bricks on edge not provided at desired locations.
- (vii) Cross walls not properly bonded with long walls.
- (viii) Brick layers not laid in proper level.
- (ix) Less thick brick tiles provided on terrace.
- (x) Expansion joints filled up.

12.1.4 Stone work

- (i) Bond stones in required numbers not provided.
- (ii) Levelling course of C.C. in case of R.R. masonry not provided at required places.
- (iii) Bushing/dressing of stones was not proper.
- (iv) Joints thicker than specified.
- (v) Joints not filled with cement mortar.
- (vi) Poor quality cement mortar.
- (vii) Cramps, pins and dowels not provided for stone veneering/lining work.
- (viii) Thickness of stone less than specified.

12.1.5 Wood work/Aluminium work

- (i) Species of wood other than specified provided.
- (ii) Cracked wood/ Wood with knots used.
- (iii) Kiln seasoning not done where specified.
- (iv) Less size of styles and rails.
- (v) Cool tar/wood preservative not used for timber in contact with masonry.
- (vi) Hold fast size found less.
- (vii) Glass panes of less thickness provided.
- (viii) Non ISI fittings provided.
- (ix) Glue not used in joints of wood work.
- (x) Non ISI flush doors provided at site.
- (xi) Less size and number of hinges provided.
- (xii) Doors/windows not fabricated in approved factory.
- (xiii) Lighter weight Aluminium sections provided.
- (xiv) Proper sealing between frame and opening not done.
- (xv) PVC strip/EDPM lining not provided in Aluminium doors/windows.
- (xvi) Less thickness of anodizing/powder coating.
- (xvii) Wire gauge not turned at right angle in rebate.
- (xviii) Interior grade ply/particle board used instead of specified exterior grade.

12.1.6 Steel work

- (i) Non-standard steel sections used.
- (ii) Priming coat either not done or poor quality priming coat done on steel works.
- (iii) Tack welding done instead of continuous welding.
- (iv) Extra slag of welding not removed.
- (v) Thickness of sheets in rolling shutters found less.

- (vi) Metal beading and glazing clips not provided in windows though specified.
- (vii) Inferior quality hinges and fittings provided.
- (viii) Steel hinges in M.S. frames not fixed by cutting slots.
- (ix) M.S. striking plates fixed in steel windows instead of brass/aluminium.
- (x) Flash butt welding not done in steel windows.
- (xi) Top and bottom fixing of windows not carried out.
- (xii) Non ISI steel windows provided.

12.1.7 Flooring

- (i) Lesser width and lesser thick glass strips used in flooring.
- (ii) Smaller size chips used in terrazzo flooring.
- (iii) Thickness of flooring found less.
- (iv) Second quality marble stone provided against specified first quality white marble.
- (v) Floors sounding hollow.
- (vi) Stones of smaller than specified size provided.
- (vii) Large panel size of CC/Terrazo flooring than specified.
- (viii) Joints of tile/stone flooring found thick and crude.
- (ix) Grinding stone marks visible on final polished flooring.

12.1.8 Roofing

- (i) Non ISI and lesser thickness of CGI/AC sheets provided.
- (ii) Side and end laps of sheets found less.
- (iii) Rusted G.I. hook of lesser dia used.
- (iv) Brick coba treatment found with cracks, local undulations, sounding hollow with inadequate slope and less thickness.
- (v) Thickness of mud phuska found less.
- (vi) Joints of brick tiles laid over roofs not grouted.
- (vii) PVC sheet thickness found less than specified.
- (viii) Gola not provided by cutting chase in parapet wall.
- (ix) Non-ISI marked rain water pipes provided.

12.1.9 Finishing

- (i) Ceiling plaster found 10 to 20 mm thick against the requirement of 6 mm thick.
- (ii) Finished surface of plaster found not smooth and uniform and not true to lines/levels.
- (iii) Poor quality mortar used in plastering.
- (iv) Smaller size grit used in external grit plaster.
- (v) Poor quality primer, distemper, paint etc. used.

- (vi) Surface not prepared before painting/distempering.
- (vii) Distemper/white wash/snowcem etc. coming to hands on rubbing.
- (viii) Brush marks visible on painted/distempered surface.

12.1.10 Water supply, sanitary installations and drainage

- (i) Non ISI marked SCI/GI pipes provided.
- (ii) Less weight SCI/GI pipes used.
- (iii) Clamping of GI pipes either not done or done at inadequate spacing.
- (iv) Less size of MS flat used in MS holder bat clamps and MS flat was not galvanized.
- (v) MS holder bat clamps not fixed in CC blocks.
- (vi) Less quantity lead used in SCI/GI pipe joints.
- (vii) Traps with insufficient seal used.
- (viii) Commercial quality sanitary wares.
- (ix) Lesser weight bib taps/pillar taps/stop cocks etc provided.
- (x) Under weight PVC storage tanks provided.
- (xi) Less size and weight of gully gratings and manhole covers.
- (xii) Inferior quality SW/RCC pipes.
- (xiii) Earth not properly compacted during refilling of trenches.

12.1.11 Horticulture works

- (i) Estimate not prepared as per landscape plan.
- (ii) Landscape plans do not indicate the location of plant and species.
- (iii) Species not selected as per environmental conditions.
- (iv) Details of plants e.g. species, heights etc. not mentioned in the nomenclature of items.
- (v) Mode of measurement of earth/manure supply is not indicated. Deduction of voids not done.
- (vi) Excavation/trenching not done up to required depth at the time of development of new garden or regressing of lawn etc.
- (vii) Fresh/semidecayed cowdung manure/farm yard manure accepted in place of well decayed cowdung manure/farmyard manure.
- (viii) Grass not dibbled at specified distance during development/regressing of lawn.
- (ix) Pit size for different types of plant not mentioned in nomenclature of items.
- (x) Composition of refill mixture of earth and manure etc. not mentioned as per the requirement of particular species.
- (xi) pH value of earth not checked before taking its supply to suit the type of plantation.
- (xii) Manure mixed with earth, stone and other extraneous matters used.
- (xiii) Good earth mixed with building rubbish.
- (xiv) Unhealthy/diseased plants.

13. Special Projects

Following special projects are discussed in this chapter:

- i) Highways
- ii) Flyovers
- iii) Runways
- iv) Interiors
- v) Sewage treatment plants
- vi) Development of sites

These special projects require proper supervision by site officials to ensure execution of quality works. It has been observed that inexperienced engineers are deputed for supervision of these works by the contractors resulting in undue benefit to the contractor and execution of bad quality work. Hence, special attention is required for supervision of these works by qualified and experienced engineers.

13.1 PROBLEMS

13.1.1 Highway Projects

- (i) Consultants are appointed arbitrarily without competitive biddings in spite of the fact that the fee payable is in crores of rupees.
- (ii) Private consultants are appointed for almost all the activities of the Projects without proper competitive bidding ;
 - General Consultants
 - Planning and Design consultants
 - Construction management consultants etc.

The works done by the consultants are not checked by the departmental Engineers, whose job is mainly to issue cheques to the consultants/contractors.

- (iii) Payment for the works to the tune of several crores of rupees is made by the departmental officers based on the recommendations of the private consultants and that too without conducting any check by the departmental officers.
- (iv) Deviation orders for payment of several crores of rupees are made on lump sum contracts as recommended by the private consultants. The recommendations for such payments are generally not checked by the departmental engineers.
- (v) Quality of the works executed by the private contractors are checked by another private consultant. As such no responsibility lies with the Department.
- (vi) Structural Design and estimate are generally not checked by the departmental engineers.
- (vii) Inflated estimates and recommendations are made by the consultants by adopting many lump sum provisions etc.
- (viii) Compaction of embankment/sub-grade not carried out upto the desired levels.
- (ix) Embankment/sub-grade material not spread in uniform thick layers as specified in specifications.

- (x) Grading of materials used for granular sub-base, water bound macadam, wet mix macadam, bituminous macadam and dense bituminous macadam not as per the requirements.
- (xi) Granular sub-base, wet mix macadam, bituminous macadam, dense bituminous macadam etc. not compacted to the desired density.
- (xii) Thickness of granular sub-base, WBM, WMM, BM and DBM found less than that specified.
- (xiii) Alignment, levels and surface regularity of pavements not executed as per the specification.
- (xiv) Proportions of various ingredients to be mixed for bituminous concrete not as per design mix.
- (xv) Bituminous macadam and bituminous penetration macadam not covered with seal coat before allowing traffic over it.
- (xvi) Flexural strength of CC pavement not as per specified requirement.
- (xvii) Use of sub-standard quality reinforcing element used for reinforced earth work.
- (xviii) Variation in dimensions of kerbstone more than the permissible limits.

13.1.2 Flyovers

- (i) Design and drawings of form work including supports not approved by the Department before execution.
- (ii) Form work used at site not leak proof.
- (iii) No pre-camber provided to the soffit of form work.
- (iv) Mechanical coupling of bars at additional/extra rate paid though provision for same included in the lump sum price.
- (v) Concrete mixed in batch type mix though provision for fully automatic batching and mixing plant made in the agreement.
- (vi) Surface cracks observed on deck slabs.
- (vii) Complete record of prestressing along with elongators, jack pressure etc. not maintained though provision exists in contract agreement.
- (viii) Safety precautions to avoid accidents during construction not taken as per the requirement specified in the agreement.
- (ix) Diversion roads not constructed and maintained as per the contract provisions.
- (x) Construction done based on RCC solid slab instead of prestressed/voided slab construction accepted at the time of selecting consultant.
- (xi) Uneconomical type of retaining works used for approach roads.
- (xii) Lumpsum provision for various item costing approx Rs 20.00 crores was kept in estimate.
- (xiii) Estimates were prepared based on inflated rates.
- (xiv) Basic data/Traffic data required for design of flyover was not provided by the deptt.
- (xv) Consultancy work awarded to firm not having any experience of planning of flyover.
- (xvi) Cost of flyover increased by more than four times the cost estimates furnished by the consultants in spite of the fact that the selection of the consultants were based on economical design etc.

- (xvi) Private proof consultant were appointed to check the design of another private consultant arbitrarily without any basis.
- (xvii) Quality check not based on manual finalised by the department/consultant.
- (xix) Provision of independent quality check from outside agency not complied.

13.1.3 Runways

- (i) Soil stabilization done without ascertaining its technical necessity.
- (ii) Possibility of using the existing concrete/bituminous pavement for the overlay had not been explored as a base layer. But heavy expenditure incurred in dismantling the same and then refilling with less durable layers. Pavement design not done in such cases.
- (iii) Expansion, contraction and dummy joints not found in true lines and uniform width.
- (iv) Expansion joints of CC pavement not properly filled up with the specified material.
- (v) Surface accuracy of finished concrete/bituminous surfaces not found within prescribed limits.
- (vi) Concrete laid in single layer against the requirement of multi-layers resulting in improper compaction.
- (vii) Thickness of ante-friction layer of PVC sheet found less than specified.
- (viii) Geotextile fabric not tested for specified parameters.
- (ix) Embankment made with costly materials such as river sand etc.
- (x) Failure occurred in the embankment side slope.
- (xi) Surface drains not designed properly.
- (xii) Embankment filling not compacted in layers specified.

13.1.4 Interiors

- (i) Interior decoration with very costly and imported materials allowed even though existing specifications were adequate.
- (ii) Nomenclature of items of interior work not framed properly resulting in litigation and payment of huge amount in the form of extra items.
- (iii) Rates of interior items not derived on the basis of detailed drawings and after working out the quantum of material and labour for each item.
- (iv) Materials used in interior works e.g., fabric, wood, board, carpet, tiles, marble etc. not found as per approved list specified in the contract document.
- (v) Consultants tend to experiment with new materials and design in the name of interiors at the cost of department for their commercial benefits/gains.
- (vi) Minimum price range specified for materials of items not adhered to. Purchase vouchers when verified indicated lesser price than specified but cost adjustment not done.
- (vii) Fire resistant paint/primer on the unexposed surfaces of paneling ceiling etc. though specified in the contract agreement found not done.

- (viii) Sizes of furniture items and other inbuilt components e.g. drawers, partitions, shelves etc. found less than that specified in the drawing.
- (ix) Concealed frame sections used in false ceiling found of lesser size and of inferior quality. Hangers fixed at more spacing than specified. Adjustable nuts and bolts not fixed to hangers.
- (x) Anti-static PVC flooring not provided inspite of clear stipulation of same in contract agreement.
- (xi) Glasses used in cabins not given adequate treatment to get permanent stain free surface.
- (xii) False ceiling of different system of cheaper quality used than that specified in the contract agreement.
- (xiii) Interior grade (urea bonded) board and ply used instead of exterior grade (phenol formaldehyde bonded) plywood.
- (xiv) Melamine polish found of inferior quality.
- (xv) Plaster of paris lining of 20mm thickness done over already plastered and smooth surface resulting in infructuous expenditure.
- (xvi) Sub-standard quality venetian blinds, sun control films, floor springs, marble tiles etc. provided.
- (xvii) Simple teak wood moulding provided against specified ornamental mouldings.
- (xviii) Anodising/power coating thickness found less than specified.
- (xix) Gauge of sheet thickness of steel almirah found less.

13.5 Sewage treatment Plants

- (i) Capacity of proposed treatment plant was decided arbitrarily i.e., without keeping in view the discharge to be treated.
- (ii) The performance of the tenderer/firm with respect to technology followed in similar plants installed earlier was not ascertained/checked independently. The proposed technology was earlier used in small plants and the performance of plants also was not found satisfactory.
- (iii) The technology proposed was supposed to be cost effective as compared to conventional plants. However, the technology was not cost effective and investment of double the cost was required.
- (iv) Design and drawings submitted by the contractor were not checked by the department for hydraulic design/structural design and economy.
- (v) No guarantee of plant available to the department due to delay in completion of work.
- (vi) Clearance from Chief Electrical Inspector, Explosives Department and Pollution Control Board not obtained.
- (vii) Design of channels, appurtenances and conduits designed for average flow though the same are required to be designed for maximum flow.

- (viii) OPC cement used in sludge digestion tank as against blast furnace slag cement.
- (ix) Size of gravel in sludge drying bed was 25mm as against 3 to 6 mm recommended by manual issued by Central Public Health and Environment Engg. Organisation.
- (x) Plant initially recommended to be constructed up to primary stage of treatment by the consultant. The secondary stage recommendation to be added at a later date depending on reuse of treated effluent. However, plant being constructed with secondary treatment.
- (xi) Alternative scheme proposed though cost effective and acceptable to consultant not agreed. Plant being constructed at higher cost.
- (xii) No provision exists in agreement for payment of extra item since tender was on lumpsum basis on contractors specification/design. Extra item paid to the contractor, resulting in undue benefit.
- (xiii) Spares of various plants/equipments not supplied.
- (xiv) Water retaining structures were not tested as per provision made in IS 3370.
- (xv) Welded joints were not tested by non-destructive testing.
- (xvi) Water used in concreting not tested before use in the concrete work.
- (xvii) Thickness of filter used in sludge drying beds and filter was less than the specified.
- (xviii) Clearance of elevated MS/RCC structures from ground was less than the specified.
- (xix) Various pipe lines laid not tested before covering the lines with earth/concrete etc.
- (xx) Exposed surface of concrete not treated though provision for treatment exists in agreement.

13.1.6. Development of site

- (i) RCC pipes covered with CC 1:2:4 around even though the pipes were not in close proximity to trees/tracks etc.
- (ii) Performance test of water supply and sewerage system not carried out.
- (iii) Design of road, sewage, water supply and storm water drainage systems not carried out.
- (iv) Slopes of pipes not provided properly.
- (v) Height and slope of concrete channel in man hole not as per specifications.
- (vi) Less weight manhole frame and cover provided.
- (vii) RCC/SW/GI pipes not tested before use.
- (viii) Less quantity lead provided in CI pipes.

14. Important Technical Circulars

As preventive vigilance measures, the CVC had issued many circulars. However, the circulars covering the following aspects are reiterated in this Section.

- (i) Post Tender Negotiations
- (ii) Interest free mobilisation advance

- (iii) Appointment of Consultants
- (iv) Acquisition of Accommodation

14.1 Post Tender Negotiations

As post tender negotiations are the main source of corruption, post tender negotiations are banned vide the circular of the commission dated 18/11/98 (Annexure- I) except in the case of negotiation with L1 (the Lowest Tenderer). It has been further clarified vide Circular dt. 24/8/2000 (Annexure-II) that if L1 party backs out, there should be retendering in a transparent and fair manner.

It was clarified vide circular dated 28/3/02 (Annexure-III) that the above instructions are not applicable for projects funded from sources other than the consolidated fund of Govt. of India. The above instructions issued vide circular dated 28.3.02 were withdrawn vide circular dated 29/4/02 (Annexure-IV).

14.2 Interest free Mobilisation Advance

It has been clarified by the Commission in the circular dated 8/12/97 that adequate steps may be taken to ensure stipulation of mobilisation advance only for selected works and the advance should be interest bearing so that the contractor does not draw undue benefit. Copy of the above circular is enclosed at Annexure- V.

14.3 Appointment of Consultants

It was observed by the Commission that Consultants are appointed arbitrarily and without considering the merit, capability etc. Two circulars were issued in this regard on 12/11/83 (Annexure-VI) and on 10/1/83 (Annexure-VII).

14.4 Acquisition of Accommodation

It was observed by the Commission that accommodation for commercial/residential purposes are being acquired by various PSUs/Banks etc. in an arbitrary and adhoc manner. Three circulars were issued in this regard on 8/7/99, 8/9/99 and 21/2/2000 respectively (Annexures VIII to X). It has been emphasized in these circulars that an "OPEN" advertisement in the local as well as national newspapers with maximum circulation in the area must be given for acquisition of any commercial/residential property. The tenders should be invited preferably by two bid system viz. technical and financial. The technical bid should be opened in the first instance and suitability etc of accommodation be assessed. The market rate justification for the areas at which property is available should also be assessed before opening the financial bid.

15. Conclusion

Thus it can be seen that almost all the activities of construction has become problem areas. Unless preventive vigilance measures are under taken in advance, occurrence of calamity cannot be avoided. Prevention is better than cure. Hence it becomes the duty of the Vigilance Wing of every organisation to locate the areas vulnerable to corruption well in advance so that the problems can be avoided before their occurrence.

Abbreviations

A/A	Administrative Approval
AC	Asbestos Cement
AHR	Abnormally high rated
BIS	Bureau of Indian Standards
BM	Bituminous macadam
CC	Cement concrete
CPWD	Central Public Works Department
DAC	Asphaltic Concrete
DBM	Dense Bituminous Macadam
D.E.	Detailed Estimate
EMD	Earnest Money Deposit
EOT	Extension Of Time
E/S	Expenditure Sanction
GI	Galvanised Iron
ILLN	Illustration
I.T	Income Tax
L-1	First Lowest
L-2	Second Lowest
MAS	Material At Site
MB	Measurement Book
NBO	National Building Organisation
NIT	Notice Inviting Tender
PCC	Plain Cement Concrete
PE.	Preliminary Estimate
PSU	Public Sector Undertaking
RCC	Reinforced Cement Concrete
RR	Random Rubble
SDAC	Semi Dense Asphaltic Concrete
SW	Stone Ware
TDS	Tax Deducted at Source
T&P	Tools and Plants
WBM	Water Bound Macadam
WMM	Wet Mix Macadam

No.8(1)(h)/98(1)
Central Vigilance Commission

Jaisalmer House, Man Singh Road
New Delhi-110011

Dated the 18th November, 1998

SUB: Improving vigilance administration.

The Central Vigilance Commission Ordinance 1998 under Section 8(1)(h) directs that the power and function of the CVC will be the following:

"exercise superintendence over the vigilance administration of the various Ministries at the Central Government or corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by that Government".

2. Improving vigilance administration is possible only if system improvements are made to prevent the possibilities of corruption and also encourage a culture of honesty. In exercise of the powers conferred on the CVC by Section 8(1)(h), the following instructions are issued for compliance:
 - 2.1 Creating a culture of honesty
Many organizations have a reputation for corruption. The junior employees and officers who join the organisations hopefully may not be so corruption minded as those who have already been part of the corrupt system. In order to ensure that a culture of honesty is encouraged and the junior officers do not have the excuse that because their seniors are corrupt, that they have to also adopt the corrupt practices. It is decided with immediate effect that junior employees who initiate any proposal relating to vigilance matters which is likely to result in a reference to the CVC can send a copy directly to the CVC by name. This copy will be kept in the office of the CVC and data fed into the computer. If within a reasonable time of say three to six months, the reference does not come to the CVC, the CVC then can verify with the concerned authorities in the Department as to what happened to the vigilance case initiated by the junior employee. If there is an attempt to protect the corrupt or dilute the charges, this will also become visible. Above all the junior officers will not have the excuse that they have to fall in line with the corrupt seniors. Incidentally, the seniors also cannot treat the references made directly to the CVC as an act of indiscipline because the junior officers will be complying with the instructions issued under Section 8(1)(h) of the CVC Ordinance 1998. However, if a junior officer makes a false or frivolous complaint it will be viewed adversely.
 - 2.2 Greater transparency in administration
 - 2.2.1 One major source of corruption arises because of lack of transparency. There is a scope for patronage and corruption especially in matters relating to tenders, cases where exercise of discretion relating to

out of turn conferment of facilities/privileges and so on. Each Organisation may identify such items which provide scope for corruption and where greater transparency would be useful. There is a necessity to maintain secrecy even in matters where discretion has to be exercised. But once the discretion has been exercised or as in matters of tenders, once the tender has been finalized, there is no need for the secrecy. A practice, therefore, must be adopted with immediate effect by all organizations within the purview of the CVC that they will publish on the notice board and in the organisation's regular publication the details of all such cases regarding tenders or out of turn allotments or discretion exercised in favour of an employee/party. The very process of publication of this information will provide an automatic check for corruption induced decisions or undue favours which go against the principles of healthy vigilance administration.

2.2.2 The CVC will in course of time take up each organisation and review to see whether any additions and alterations have to be made to the list of items which the organisation identified in the first instance for the monthly communications for publicity in the interest of greater transparency. This may be implemented with immediate effect.

2.3 Speedy departmental inquiries

2.3.1 One major source of corruption is that the guilty are not punished adequately and more important they are not punished promptly. This is because of the prolonged delays in the departmental inquiry procedures. One of the reasons for the departmental inquiry being delayed is that the inquiry officers have already got their regular burden of work and this inquiry is to be done in addition to their normal work. The same is true for the Presenting Officers also.

2.3.2 Each organisation, therefore, may immediately review all the pending cases and the Disciplinary Authority may appoint inquiry Officers from among retired honest employees for conducting the inquiries. The names of these officers may be got cleared by the CVC. The CVC will also separately issue an advertisement and start building a panel of names all over India who can supplement the inquiry officers work in the department. In fact, it will be a healthy practice to have all the inquiries to be done only through such retired employees because it can then be ensured that the departmental inquiries can be completed in time. If any service/departmental rules are in conflict with the above instructions they must be modified with immediate effect.

2.3.3 In order to ensure that the departmental inquiries are completed in time, the following time limits are prescribed:

- (i) In all cases which are presently pending for appointment of Inquiry Officer and Presenting Officer, such appointment should be made within one month. In all other cases, the Inquiry Officer and the Presenting Officer should be appointed, wherever necessary, immediately after the receipt of the public servant's written statement of defence denying the charges.
- (ii) The Oral inquiry, including the submission of the Inquiry Officer's report, should be completed within a period of 6 months from the date of appointment of the Inquiry Officer. In the preliminary inquiry in the beginning requiring the first appearance of the charged officers and the Presenting

Officer, the Inquiry Officer should lay down a definite time-bound programme for inspection of the listed documents, submission of the lists of defence documents and defence witnesses and inspection of defence documents before the regular hearing is taken up. The regular hearing, once started, should be conducted on day-to-day basis until completed and adjournment should not be granted on frivolous grounds.

- 2.3.4 One of the causes for delay is repeated adjournments. Not more than two adjournments should be given in any case so that the time limit of six months for departmental inquiry can be observed.
- 2.3.5 The IO/PO, DA and the CVO will be accountable for the strict compliance of the above instructions in every case.
- 2.4 Tenders
Tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with (i.e. Lowest tenderer).
3. Hindi version will follow.

Sd/-

(N. VITTAL)
Central Vigilance Commissioner

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023

Dated 24th August, 2000

To

- (i) The Secretaries of All Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Chief Executives of All PSEs/Public Sector Banks/-Insurance Companies/Autonomous Organisations/-Societies
- (vi) The Chief Vigilance Officers in the Ministries/-Departments—/PSEs/Public Sector Banks/Insurance Companies/ Autonomous Organisations/Societies
- (vii) President's Secretariat / Vice- President's Secretariat / Lok Sabha Secretariat/Rajya Sabha Secretariat/ PMO

Subject: Improving Vigilance Administration-Tenders.

Sir,

Please refer to the instructions issued by Commission vide its communication No. B (1) (h)/98(1) dated 18.11.98, banning post tender negotiations except with L-1.

2. The Commission has been getting a number of queries on how to handle the matter if the quantity to be ordered is more than L-1 can supply or about placement of orders on Public Sector Undertakings. It is requested that such matters may be dealt with in accordance with the clarifications issued by the Commission vide its letter of even number dated 15.3.99 (copy enclosed).
3. Some of the organisations have sought clarification as to whether they can consider the L-2 offer or negotiate with that firm if L-1 withdraws his offer before the work order is placed, or before the supply

or execution of work order takes place. In this regard, it is clarified that such a situation may be avoided if a two-bid system is followed (techno-commercial) so that proper assessment of the offers is made before the award of work order. Therefore, if L-1 party backs out, there should be retendering in a transparent and fair manner. The authority may in such a situation call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender.

4. The Commission has also been getting references for its advice on the procedures being followed in individual cases of tenders. The Commission would not involve itself in the decision making process of individual organisations. It, however, would expect the organisations to implement its instructions dated 18.11.98, in its spirit and to ensure that the decisions of administrative authorities are transparent.

Yours faithfully,

Sd/-

(K.L.AHUJA)

Officer on Special Duty

No.98/ORD/1
Government of India
Central Vigilance Commission

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 15th March, 1999

To

- (i) The Secretaries of All Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Chief Executives of All PSEs/Public Sector Banks/-Insurance Companies/Autonomous Organisations/-Societies
- (vi) The Chief Vigilance Officers in the Ministries/-Departments—/PSEs/Public Sector Banks/Insurance Companies/ Autonomous Organisations/Societies
- (vii) President's Secretariat / Vice-President's Secretariat / Lok Sabha Secretariat/Rajya Sabha Secretariat/ PMO

Subject: Improving Vigilance Administration-Tenders.

Sir,

Please refer to CVC's instructions issued under letter No.8(1)(h)98(1) dated 18.11.98, banning post tender negotiations except with L-1, i.e., the lowest tenderer. Some of the organizations have sought clarifications from the Commission as they are facing problem in implementing these instructions. The following clarifications are, therefore, issued with the approval of Central Vigilance Commissioner.

- (i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.
- (ii) Incidentally, some organizations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.
- (iii) Another issue that has been raised is that many a time the quantity to be ordered is much more than L1 alone can supply. In such cases, the quantity ordered may be distributed in such a manner that the purchase is done in a fair transparent and equitable manner.

Yours faithfully,

Sd/-

(P.S. FATEHULLAH)

Director

No.98/ORD/1
Government of India
Central Vigilance Commission

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 28th March, 2002

To

- (i) The Secretaries of All Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Executives of All PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
- (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
- (vii) President's Secretariat/Vice President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject: Applicability of CVC's instruction No.8(1)(h)/98(1) dated 18/11/98 on post tender negotiation.

1. During the review meeting of the CVOs in Mumbai on 18-01-2002 one of the issue raised the applicability of the CVC guidelines banning post tender negotiation except with L-1 to such projects as are funded by sources other than the consolidated Fund of Government of India.
2. It has been decided after due consideration that in so far as funding from sources other than consolidated Fund of Government of India, the Commission's instruction dt. 18/11/1998 is not applicable.

All concerned may ensure strict compliance of this instruction.

Sd/-

(C.J. MATHEW)
Deputy Secretary

No.98/ORD/1
Government of India
Central Vigilance Commission

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 29th April, 2002

To

- (i) The Secretaries of All Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Executives of All PSEs/Public Sector Banks/Insurance Companies/ Autonomous organisations/ Societies
- (vi) The Chief Vigilance Officers in the Ministries/-Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/-Societies
- (vii) President's Secretariat/Vice President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject: Applicability of CVC's instruction No.8(1)(h)/98(1) dated 18/11/98 on post tender negotiation.

Sir,

The undersigned has been directed to refer to the Commission's letter of event number dated 28/3/2002, on the above subject, and to say that the instructions contained therein are hereby withdrawn.

Yours faithfully,

Sd/-

(K.L. AHUJA)
Officer on Special Duty

No.NU/PCL/19
Government of India
Central Vigilance Commission

Bikaner House, 1st Floor
No. 1, Pandara Road
New Delhi

Dated the 8th Oct., 1997

To,

All Chief Vigilance Officers/PSUs.

Subject: Grant of interest free mobilisation advance.

Sir,

1. It has come to the notice of this Commission that PSUs are stipulating payment of interest free mobilisation advance in their tenders. Many times mobilisation advance is allowed after acceptance of tender also. The amount of mobilisation advance thus paid to the contractor is prone to be used by him for building his own capital or for the purpose other than the one for which it is disbursed. For big projects mobilisation advance of 5 to 10% stipulated in the contract works out to a huge amount and the contractor is likely to be benefited with interest free amount to a very big extent. Normally while preparing justification, elements of gain in terms of interest or capital investment by way of mobilisation advance is also not considered and thus the contractor gets higher rates than what may be justified. In case there is a delay in commencement of the work the contractor is likely to get undue benefit by way of retention of huge money.
2. It is, therefore, desired that adequate steps may be taken to ensure stipulation of mobilisation advance only for selected works and advance should be interest bearing so that contractor does not draw undue benefit. Timely execution/ completion of all projects is an essential requirement and the contractor would like to draw interest bearing mobilisation advance only when he needs to maintain his cash flow.

Sd/-

(P.K. GOPINATH)
Director

No.3L PRC 1
Government of India
Central Vigilance Commission

No.3, Dr.Rajendra Prasad Road,
New Delhi

Dated 12.11.1982

To,

All Chief Vigilance Officers of all Public
Enterprises/Nationalised Banks.

Subject: Irregularities /lapses observed in the construction works undertaken by public sector undertakings/banks.

The Chief Technical Examiners' Organisation under the Commission has had occasion to examine and comment upon the works undertaken by Public Sector Undertakings, Banks etc. under the guidance of consultants. Common lapses noticed as a result of these inspections are enumerated below:-

- i) Employment of consultant without verifying his credentials and capacity or capability to do the work assigned to him.
- ii) Inadequate planning of work and incorrect preparation or non-preparation of detailed estimates by consultants.
- iii) Non-preparation of justification statement for the rates quoted in tender, resulting in contract being awarded at very high rates.
- iv) Rejection of the lowest tender without adequate justification, on the ground that the contractor is not reliable or lacks capacity to execute the work, even though he was included in the original pre-qualification list.
- v) Improper evaluation of tenders, leading to allotment of works wrongly with ultimate loss to the public undertaking.
- vi) Allowing upward revision of rates in some cases by contractors on very flimsy grounds during the process of negotiations, so that the lowest tenderer manages to make up the difference of cost between his quotation and the second lowest quotation.
- vii) Payment of money to contractors outside the terms of contract. For example, in a large number of cases contract is for fixed price, but substantial payment is made on the ground of escalation or prices.

- viii) Use of inferior material in the construction, while payment is made at full rates on the approval of the consultant without making any financial adjustment.
- ix) Substitution of low-rated items by higher-rated items beneficial to contractor.
- x) Lack of proper supervisory arrangement by the undertakings placing total reliance on the consultant for even preparation of the bill which leads to incorrect measurement of works and payment for the items of work not done.

In view of these factors, it is recommended that while consultants may be engaged for the purposes of original planning and designing, scrutiny of tenders and execution of work should, as far as possible, be done by technical officers directly and fully answerable to the public undertaking/banks etc. concerned. For this purpose, engineers may be taken on deputation from Government Depts. or the work may be entrusted to established engineering departments, such as the CPWD. To the extent a consultant is engaged, it is also necessary to ensure that the relationship between the undertaking and the consultant is correctly defined so that the consultant can be held legally and financially responsible for the work entrusted to him.

It is requested that suitable arrangements may be made for properly awarding works and exercising effective supervision and control in their execution with a view to ensure timely and systematic completion. Care may also be taken to guard against the types of irregularities indicated above.

Sd/-

(D.C. GUPTA)
Director

No.3L- IRC 1
Government of India
Central Vigilance Commission

No.3, Dr.Rajendra Prasad Road,
New Delhi,

Dated: 10-1-1983

To,

All Chief Vigilance Officers of all Public
Enterprises/National Banks.

Subject: APPOINTMENT OF CONSULTANT

Guidelines in connection with the selection of consultants by Public Sector Enterprises for preparation of project reports have been laid down by Bureau of Public Enterprises vide letter No.BPE/GL-025/78/Prodn./PCR/2/77/BPE/Prodn. dt. 15th July, 1978.

In brief the guidelines laid down are:-

- A. For any new projects, expansions, modernization/modification of the existing projects involving an expenditure of Rs.5 crores and above these guidelines are applicable.
- B. The pre-qualifications public notice should be issued to enlist names of suitable consultants.
- C. The pre-qualification bid should be screened by a scrutinising committee.
- D. The final selection and commissioning of the consultant should be done with the approval of the board of public sector enterprises.
- E. Based on the above guidelines each enterprise should prepare their own instructions and procedure duly approved by the board for the appointment of consultants to ensure that the selection is made with maximum attention to the suitability, competence and proven track record.

The Chief Technical Engineer Organisation under the control of the Commission has had occasion to examine and comment upon works undertaken by public sector undertakings. Common irregularities/lapses noticed in the construction works undertaken by the public sector undertakings/banks have already been brought to your notice vide Commission's letter No.3L PRC 1 dt. 12/11/82. During examination of engineering works, it was observed that consultants were appointed on ad-hoc basis without going through proper formalities as suggested by B.P.E. and/or the consultant was chosen from an old panel thereby restricting competition. In most of the cases public sector enterprises have not framed their own instructions and procedures duly approved by the Board.

Even though individually such works are less than Rs.5 crores, it is necessary that the appointment of consultants should not be made arbitrary or ad-hoc.

It is, therefore, necessary that urgent action is taken to formulate a rational policy for employment of consultants based on the broad outlines given by B.P.E.

This may be given priority and progress made in formulation of rules and procedure may be reported by 31-3-1983.

Sd/.

(D.C. GUPTA)

Director

No.6DD-5-CTE-8
Government of India
Central Vigilance Commission
(CTE's ORGANISATION)

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 8th July, 1999

OFFICE MEMORANDUM

Subject: Procedure for acquisition of accommodation on lease/rental basis etc.

Whenever new commercial/residential premises are to be acquired on lease/rent or otherwise, an advertisement in the local as well as national newspapers with maximum circulation in the area must be given. The advertisement should contain salient features like area of accommodation required, approximate location and other terms and conditions to be quoted by the tenderer. Preferably, tenders shall be invited by the two bid system, viz. technical and financial. The technical bid shall be opened in the first instance and suitability of the accommodation, terms and conditions offered, specifications and other liabilities assessed. The market rate justification for the areas at which property is available shall also be assessed before opening the financial bid. These instructions shall be strictly followed.

Sd/-

(M.K. SINGAL)
Chief Technical Examiner.

No.6DD-5-CTE-6
Government of India
Central Vigilance Commission
(CTE's ORGANISATION)

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 8th September, 1999

OFFICE MEMORANDUM

Subject: Procedure for acquisition of accommodation on lease/rental basis etc.

In partial modification of this office Memo. of even number, dated 6/7/99, it is clarified that press advertisement is not necessary in case of office accommodation with monthly rent upto Rs. One lakh in metro towns of Delhi, Mumbai, Calcutta and Chennai. For other places advertisement is not necessary for monthly rent upto Rs. 50,000/-. It is further clarified that no publicity is essential for the residential accommodation to be leased. It is also clarified that no advertisement is necessary in case of transactions between PSU to PSU, Govt. to Govt. and Govt. to PSU.

Sd/-

(M.K. SINGAL)
Chief Technical Examiner

No.6DD-5-CTE-6
Government of India
Central Vigilance Commission
(CTE's ORGANISATION)

'SATARAKATA BHAVAN'
Block-A, G.P.O. Complex, INA
New Delhi-110023

Dated the 21st February, 2000

OFFICE MEMORANDUM

Subject: Procedure for acquisition of accommodation on lease/rental basis etc.

In continuation of this office memorandum of even number dt. 8/9/99, it is clarified that the transactions in the PSU or Government and Public Financial Institutions shall also be covered by the exemption from advertisements.

Sd/-

(M.P. JUNEJA)
Chief Technical Examiner

**COMMON IRREGULARITIES/LAPSES OBSERVED
IN AWARD AND EXECUTION OF ELECTRICAL,
MECHANICAL AND OTHER ALLIED CONTRACTS
AND GUIDELINES FOR IMPROVEMENT THEREOF**



सत्यमेव जयते

**CHIEF TECHNICAL EXAMINER'S
ORGANISATION**

**CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA**

**COMMON IRREGULARITIES/LAPSES OBSERVED
IN AWARD AND EXECUTION OF ELECTRICAL,
MECHANICAL AND OTHER ALLIED CONTRACTS
AND GUIDELINES FOR IMPROVEMENT THEREOF**



सत्यमेव जयते

**BY CHIEF TECHNICAL EXAMINER'S ORGANISATION
CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA**

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PART - I

**COMMON IRREGULARITIES/LAPSES OBSERVED
IN AWARD OF ELECTRICAL, MECHANICAL AND
OTHER ALLIED CONTRACTS AND GUIDELINES
FOR IMPROVEMENT THEREOF**

1. INTRODUCTION

1.1. The Chief Technical Examiner's Organisation (CTEO) in the Central Vigilance Commission is the technical wing of the Commission and it advises the latter on all technical/contract matters. One of the important functions of the CTEO is to conduct an independent technical examination of various works, reported by the CVOs in their quarterly progress reports. The preponderant objective in such examinations is to detect malpractices in the award and execution of works as also to contain the recklessness and financial imprudence which may result in losses to the organisation. However, the role is not limited to detection of malpractices and punishment of errant practices. It has also been our endeavour to help improve the systems in these organisations so that a recurrence of lapses/irregularities is prevented in the contracts and there is better technical and financial control that result in efficiency and transparency outcomes. Keeping this perspective in view, two booklets – one on Procurement Systems and other on Civil Construction Works were issued by the Commission. In continuance of this effort while also taking into account the persistent demand from officials of various organisations, this booklet on lapses/irregularities often observed in the award and execution of electrical, mechanical and other allied works has been compiled, with guidelines for improvement.

2. SCOPE

2.1. The award and execution of contracts is a very vast area and it is not possible to discuss the whole gamut of issues involved with this activity in a small booklet. However, an effort has been made to highlight some of the important areas, which are more prone to recurrence of lapses/irregularities, in a large number of organisations. The booklet has been divided into two parts – Part I deals with award of Contracts and Part II with the execution of Contracts. The main emphasis is on objectivity and transparency in award and execution of contracts. A dire need is also felt to inculcate a culture and spirit of professionalism amongst officials managing the contracts so as to ensure high standards of quality and timely completion of works.

3. WORKS MANUAL

3.1. Ideally, the objective of any public contracting is to get the proposed work executed as per bid specifications within a given time schedule and at the most competitive prices. To achieve this objective, it is essential to have well-documented and customised policy guidelines in each organisation so that this vital activity is executed in a well-coordinated manner with least time and cost overruns. It is felt that the absence of a proper Works Manual in most organisations constitutes a significant weakness in the system as it not only leads to adhocism and arbitrariness in decision making but also results

in a lack of quality supervision in the execution of works as benchmark standards are not available. This also encourages the 'interested officials' to indulge in corrupt practices, due to lack of accountability in the system. Surprisingly, some fairly well established organisations have no Works Manual despite awarding contracts for many years. Works executed here may be based on the whims of individuals or the responsibility may even be completely abdicated to the consultants. In other organisations, where the manual is available, it is found that the same has not been updated for years. Such a situation is far from satisfactory and needs to be corrected on an urgent basis.

- A codified 'Works Manual' containing the detailed tender/contract procedures, guidelines and standards for execution along with proper delegation of powers needs to be prepared by all the organisations so that there is a systematic and uniform approach in the organisation. Such an integrated approach is not only likely to put a cap on corruption but would also ensure smoother and faster decision-making. The organisations not having their own manuals may till such time, that a comprehensive Works Manual may be put together could consider adopting the Works Manual of established engineering organisations like the CPWD, Railways, MES, etc.

4. NECESSITY AND JUSTIFICATION OF WORK

4.1. In the course of inspections by the CTEO, it has been noticed that at times, proposals are initiated and works executed by the organisations without establishing the need or justification for such works. In some organisations there is a frenzy of activity at the end of the financial year in order to indiscriminately park funds (lest they should lapse), in either frivolous activities or in 2nd and 3rd stage priority proposals. In worst cases, the proposals are initiated in collusion with contractors to buy and install equipments nearing obsolescence resulting in completely infructuous expenditure. The following cases are illustrative:

- (i) A port trust initiated a proposal for supply and installation of 2 nos. of 1000 KVA DG sets, without preparing proper justification. The port was declared an essential service by the SEB and was accorded a preferred customer status. There were hardly any power cuts in the preceding 2/3 years. The existing two DG sets of the same rating had sparingly been used as per logbook records and 30% of the port's activity was to be diverted to another port. The wastage was further compounded by installing DG sets of obsolete technology (with 2-stroke engines) rendering the whole expenditure infructuous.
- (ii) A PSU company installed a large capacity effluent treatment plant to supplement the existing one. However, a study of the past statistics

and the projected future profile of effluent generation established that the effluent generation growth was in fact negative and the existing plant was adequate and a new plant was not justified.

- (iii) Another case of wasteful expenditure was regarding supply and installation of 8 nos. of 10 tonne Electric Wharf Cranes, as a replacement for the existing 3 tonne and 6 tonne cranes. However, the utilisation of new cranes was found to be pathetically low (3.3%) and was attributed to the sluggish and interrupted operation of these cranes as also the non-availability of bigger cargo. In fact, the cargo units predominantly handled here fell in the under 3 tonne category.
- (iv) While constructing a residential colony, with a calculated load of 1 KW, individual cables of 2 x 16 sqmm were provided by a PSU from the feeder pillar for each flat. These should have been laid from the main Distribution Board from the feeder with a suitable size cable, which would have resulted in substantial savings. Further, the transformers installed were of a total capacity of 3200 KVA (4 X 800 KVA) against a load of 1200 KVA thus increasing the cost of the project by over-designing the whole system. The expenditure on the consultancy charges also increased proportionately.
- (v) In yet another case the Electricity Board made a provision of 2 x 20 MVA transformers, against the envisaged total load of 7.5 MVA, for the new campus of a renowned university, ostensibly to cater to the long-term futuristic demands.

- Before according administrative approval for any project, it is necessary to establish its techno-commercial viability in terms of rate of return and other benefits and also to evaluate the available alternatives to ensure an optimum utilisation of public funds. The tendency to park the funds in frivolous projects to beat the '31st March Blues' needs to be severely discouraged.
- One time purchase of capital plant and machinery should be justified by reference to the actual intended use. The equipments must conform to the latest specifications and technology available in the market. The obsolescence factor the life of the equipment, availability of spares, etc. should be kept in view while deciding the procurements.
- Gross over-designing cannot be justified on the basis of unpredictable long-term futuristic demands. This kind of over-designing, particularly in substations, DG sets, etc. not only results in unjustified one time extra expenditure but also results in avoidable recurring expenditure in terms of maintenance costs and higher standing losses. Since over-designing of electrical equipments has rather become a norm, it needs to be given a fresh look as far as optimal designing is concerned.

5. APPOINTMENT OF CONSULTANTS

5.1. Some organisations appoint consultants due to lack of in-house expertise in technical matters. While hiring consultants is justified for such organisations, of late, it has been observed that even the engineering departments and some PSUs, with large technical set-up have indulged in the practice of hiring consultants. It has invariably been noticed that the appointment of consultants is done in an ad hoc and non-transparent manner without inviting tenders and without collecting adequate data about their performance, capability and experience. In some cases the consultants were appointed after holding direct discussions with only one firm without clearly establishing the job-content and consultation fee payable to them. Often the scope of work entrusted to the consultant is either not defined properly or the consultant is given a free hand to handle the case so that experiments with impractical, fanciful and exotic ideas result in unwarranted costs. The organisations display an over-dependence on consultants and invariably abdicate their responsibility completely. The officials do not even oversee the working of the consultants resulting in the latter exploiting the circumstances and at times, in collusion with the contractors, give biased recommendations in favour of a particular firm. It has also been noticed that the consultants recommend acceptance of inferior items/equipments and also give undue benefit to the contractors like non-recovery of penalties for the delayed completion. Following illustrations are relevant to high-light shortcomings in appointment and functioning of consultants.

- (i) In one such case the project was for design and construction of a training institute on a big plot of land in a very posh and expensive area. The whole construction was two storeyed with no scope for future expansion. Ironically all other buildings in the vicinity are multi-storeyed highlighting the fact that space utilisation here was very poor. Further, the walls in the reception area and on the outside of the auditorium were provided with acoustic insulation with no rationale. For air-conditioning of the library, instead of providing a single AHU of suitable capacity with ducting etc., 20 plus AHUs had been provided in the room. Such fanciful ideas along with the poor planning and supervision, resulted in the project suffering heavy cost and time overruns. In one of the works for a bank in Mumbai, the substation equipment has been installed in the basement area, jeopardising the safety aspect, as Mumbai gets its fair share of heavy rains and the area is also in close proximity to the sea.
- (ii) In another case, the organisation invited and short-listed 5 consultants but awarded the contract to the highest bidder on the plea that the bidder had done a very good job in some other project with the organisation. Extra amount on account of travel expenses, boarding and lodging was also sanctioned, beyond contractual terms.

packing, handling and transportation charges, sales tax on works (WCT), octroi or any other statutory levies and installation, erection, testing and commissioning charges, licence fees, contingencies etc. as applicable at the time of conception of the project. For big projects like Hydro-electric projects and other turnkey contracts where financial assessment of the project is done well in advance, before the finalisation of the contracts, the financial amount indicated in Techno-Economic clearance/Techno-Commercial feasibility reports should be duly analysed and updated before converting the same into a workable estimate. Any deficiency or inadequacy of data (in terms of rates or quantity) found in such reports should be highlighted beforehand in order to prepare a realistic estimates for the tenders.

7. NOTICE INVITING TENDER

7.1. The most preferred, competitive and transparent mode of tendering is to go in for Open/Advertised tenders. However, there is a tendency in some organisations to go in for limited tenders for high value works. The reasons given for this are, either that the work has to be completed in a very short time or that the firms known for carrying out a particular work are very few in number. In the process, the competition is restricted which in turn results in cartel formation, higher rates and favouritism to select firms. At times, even in cases where advertised/global tender notices are issued, the same are published in 'local' dailies and not in any national newspaper. Surprisingly, in some cases, the notice was published only in the 'evening' newspapers. There are cases of the tender notice being published in a leading national newspaper but not on the page dedicated to the advertisements for tenders, thus partly restricting the competition and defeating the purpose of issuing advertised tenders. Some PSUs routinely follow the limited tendering system for all works and issue tender documents to contractors on their approved list. In one oil PSU, limited tenders were issued to 6/7 approved contractors: but only one offer was received. Though this was almost 20% higher than the estimated rate, it was accepted and the contract awarded, without any negotiations. On further examination, it was found that the other 'approved contractors' had not even bothered to respond or to send a regret letter which establishes that they were either no longer interested in dealing with the organisation or had formed a cartel to divide different works of the said organisation among themselves. Ironically, the 'approved contractors' list had been formed a long time back and had not been updated for years – giving credence to the cartel theory.

- In order to generate wide publicity for better competition and to avoid cartel formation and favouritism to select firms, it is imperative that the advertised/global tender notice should be published in select 'national' and 'local' dailies with a large circulation. Tender notices may also be displayed on the notice boards of other organisations. In case of global tenders, copies

- The appointment of consultants should be absolutely need based and for specialised jobs only. The selection of consultants should be made in a transparent manner through competitive bidding. The scope of work and role of consultants should be clearly defined and the contract should incorporate clauses having adequate provisions for penalising the consultants in case of defaults by them at any stage of the project including delays attributable to the consultants. As far as possible a Project Implementation Schedule indicating maximum permissible time for each activity should be prepared with a view to arrest time over-runs of the projects. The role of the consultants should be advisory and recommendatory and final authority and responsibility should be with the departmental officers only.

6. ESTIMATES

6.1. In some cases, it has been observed that the estimated value put to tender is at large variance with the actually accepted value of the contract. The reasons for this can be attributed to either wrong assessment of quantities of items or the sketchy estimates prepared in an unprofessional manner. Sometimes to arrive at the estimated value for a particular item, the rates of lower capacity items are extrapolated or a linear escalation is added to the last accepted rates for similar items. The estimates thus prepared are found to be far from realistic. This results in award of contracts at very high rates vis-à-vis the estimates. In one hydroelectric project, against an estimated cost of about Rs.300 crores, the contract was awarded at Rs.600 crores. To justify the rates various factors which were not tenable at all were considered and the estimated cost escalated so as to bring it as close to the quoted rates as possible. The award, despite a padding of the estimate was still at 31% above the justified amount. In some of the big value turnkey projects, it was noticed that the techno-commercial feasibility reports are prepared by some external agencies and the project award and implementation is done by different departments – at times with a considerable time gap. In one such case, in the award of a contract for an effluent treatment plant; the implementing agency, initially considered the estimated cost in the feasibility report as correct and the bids were also invited based on those estimates. However, the work was subsequently awarded at a rate almost 100% more than the estimated cost and the vast difference was justified on the plea that the estimate was deficient and unrealistic.

- Preparation of estimates for contracts is an area, which needs special emphasis. A well-defined scope of work and a realistic market rate estimate can prove to be a vital input for successful execution of a contract with high standards of quality. The estimates should take into consideration all relevant factors based on the prevailing market price of various inputs such as labour, material, equipment, etc. at the concerned locations. The estimates inter-alia should include the basic price, fabrication charges, inspection fees, duties,

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- (iii) In yet another case the organisation for construction of its Head Office, invited bids to appoint a consultant for the project. In the pre-qualification clause one unique condition was incorporated which stated that the firm should preferably have a branch office in the city where the project was proposed to be implemented. However, this was not a mandatory condition. After receiving the offers, the firm, who was subsequently appointed, was rated better than the others (lower offers) on the grounds that the firm had a branch office in the city where Head Office was proposed to be constructed.
- (iv) A bank, for construction of its Head Office in Mumbai, short-listed three firms after a thorough scrutiny of offers submitted by a large number of bidders. The price bid part of only three firms were opened, after bringing them at par techno-commercially. But in a surprising manner, the work of consultancy was awarded to an L-2 firm thus compromising all ethics of the tendering.
- (v) The payment terms to the consultants are often allowed quite liberally. In one of the cases, the consultant's fee was paid on quarterly basis without linking the same with the progress of the project. Full payments had been authorised even before the completion of the project. In yet another case, the consultant was allowed extra payment on the plea that since the case was re-tendered, the consultant had to generate extra-documents and hence extra payment was made to them. However, the reasons for re-tendering were found attributable to the consultants but instead of penalising, consultants were rewarded with extra payment.
- (vi) Some organisations, have of late been indulging in a new practice of appointing multiple consultants. First the main architects/consultants, for initiating and implementing the project, are appointed. Then one more consultant named as Project Management Consultant (popularly known as PMC) is appointed ostensibly to monitor the execution of works. In some cases one more body having hired professionals and designated as Appex Management Consultant (AMC) is constituted to monitor the progress of the PMC. By appointing so many agencies, the responsibility of the officials of the organisation and these outside agencies gets diluted while the role of these officials is reduced to the signing of cheques alone. All such projects with multi-agency involvement invariably suffer from heavy time and cost overruns. Since the self-interest of outside agencies takes precedence over the loyalty towards the organisation, these agencies tend to collude or collide with each other, and both the situations are detrimental to the smooth implementation of the project.
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of the tender notices should be sent to the Indian Missions/Embassies in major trading countries. In addition to the paper advertisements, the tender notices should also be put on the website indicating all the details of the tender. In case of limited tenders to 'approved contractors', due care should be taken to generate adequate competition and reasonableness of rates should be established. The 'approved' list should be periodically updated weeding out the non performers and including fresh entrants in the field.

7.2. The Notice Inviting Tenders (NIT) should contain all the relevant information in an explicit and categorical manner. Some organisations do not indicate the estimated value in the tender notice with the apprehension that the bidders will come to know their estimates and who may then give biased offers. Some other organisations put forth a fraction of estimates in the tenders. And at times such information as may not be relevant and rather may mislead the bidders is also indicated in the tender notice. In one case of supply and installation of a DG set by a hospital in Delhi, the tender notice indicated an initial security deposit of Rs. 1,00,000/-. This amount was to be deposited by the successful bidder after award of the contract but the bidders after seeing high value as initial security deposit probably mistook this amount to be deposited with tenders in addition to the EMD. As a result some firms refrained from buying the bid documents and only one tender was sold despite repeated extensions and eventually the work was awarded on single offer basis. It has also been noticed that the tender sale and tender opening dates are not indicated in the tender notices and the tender sale is closed much in advance of tender opening date.

7.3. In some cases, the time given for submitting the bids is unrealistically short and only such firms as are acquainted with the functioning of the organisation and with prior preparations are able to participate in the bid. One such case regarding execution of a very large hydroelectric project on turnkey basis is illustrative. The large and complex work running into thousands of crores involved a lot of spadework before submitting the bids. But the time given for submitting the bids for such a large project was only 45 days. During the pre-bid conference and through correspondence almost all the firms requested for an extension of the bid submitting date which was not granted to them. Due to abnormally short time given, only two contractors submitted the bids in time. On examination of the case, it was found that these two contractors had participated in the first round of tendering for this work but the tender had to be cancelled due to non-conclusion of the financial tie-up for the project. The re-bids for the same work were invited almost after four years and on the plea of urgency sufficient time was not granted to the bidders to quote. However, these two contractors were fully prepared as they had already done their spade work and were therefore in a position to submit their bids in such a short period. The contract was also awarded at very high rates. Thus the purpose of floating global tenders to

give wide publicity and generate sufficient competition seems to have been defeated.

• In order to generate fair and adequate competition, it is important that sufficient time, depending upon the magnitude and complexity of the project should be given to the bidders to submit their bids. For big projects, extensions if asked by a majority of the bidders may be considered in the larger interest of the project. Any corrigenda issued in support of extension of dates or any other information should be individually intimated by various means and also be published in the media for wider publicity.

8. PRE-QUALIFICATION CRITERIA (PQ)

8.1. The pre-qualification criterion is a yardstick to allow or disallow the firms to participate in the bids. A vaguely defined PQ criteria results in stalling the process of finalising the contract or award of the contract in a non-transparent manner. It has been noticed that organisations, at times pick-up the PQ criteria from some similar work executed in the past, without appropriately amending the different parameters according to the requirements of the present work. One such case of defective PQ criteria which resulted in restriction of competition and apparent favouritism to a particular firm, pertained to design, manufacture and installation of a cooling tower in one of the thermal power units of a PSU. The PQ criteria kept in the bid documents envisaged a condition of minimum capacity (in M³/Hr) of cooling tower to have been executed in past by the prospective bidders. This minimum capacity was taken from the PQ conditions of a similar work but of higher capacity, executed in the past. On examining the case, it was found that this particular threshold value resulted in qualifying only one bidder while a reputed PSU company that was L-1 got disqualified by a very narrow margin. Thus, the work was awarded to L-2 firm with a huge difference of amount between L-1 and L-2. Had the threshold value kept in the PQ criteria been amended in proportion to the reduction in capacity of cooling towers, probably L-1 firm would have qualified. Therefore, keeping a threshold value in a manner, which disqualifies the reputed and big firms out of the very few bidding firms not only results in restriction of competition but smacks of non-transparency and favouritism.

8.2. At times the cases are re-tendered without adequate justification. While re-tendering, the PQ criteria is revised with a view to facilitate the entry of a particular firm. In one such case for the supply and installation of an AC plant in a PSU's corporate office building, the tenders were originally called with the condition that prospective bidders with an experience of installing 1000 tonne capacity only were eligible. The case was re-tendered without convincing justification and the experience criterion was reduced from 1000 tonne capacity to 600 tonne capacity. The firm awarded the work finally, had not qualified in the first round of tendering.

8.3. Another important criterion for pre-qualification of bidders is the period for which the work experience is to be considered. The cut off dates regarding work experience are not clearly indicated. In one such case, regarding the hiring of DG sets by a PSU, on an annual basis, the PQ criteria required the prospective bidders to have three years experience in supplying DG sets to any Government/PSU company on a hire basis. Thus the firms that had conducted such a business for 3 years, even 20 years back were qualified. On account of this vague condition, some firms that were currently not even in this business also participated in the tender.

8.4. The most important aspect of the PQ criteria is of course the nature of work for which the experience is required. Invariably the phrase 'similar work' is used in the tender notice and bid documents. This 'similar work' is interpreted differently by different agencies. In one case surprisingly, the supply and installation of AC ducting and the work of installing a false ceiling in the corporate office building of a PSU were combined in one tender. Such works are normally not executed together as ducting is normally executed as a part of the AC works while false ceiling forms part of civil construction or interior design works. Therefore, strictly speaking no firms can possibly qualify for such works with experience of 'similar work'. On examination, all the firms who participated in the bid were AC contractors and none of them had any experience of false ceiling work which constituted a large portion of the total work.

• While framing the prequalification conditions, the end purpose of doing so should be kept in view. The purpose of any selection procedure is to attract the participation of reputed and capable firms with proven track-records. The PQ conditions should be exhaustive, yet specific. For bigger and new projects, as far as possible a preliminary survey may be conducted to collect relevant data from the market about the firms of repute in the field. The factors that may be kept in view while framing the PQ criteria are namely,

- (a) the nature of the work;
- (b) the scope of work involved in the project;
- (c) likelihood of availability / experience of firms for such works;
- (d) volume/amount of the work;
- (e) financial status.

In addition to above, the cut off dates for the period of work experience, the volume in terms of minimum capacity of equipments as well as in terms of monetary amount should be clearly indicated in the pre-qualification criteria so as to avoid any ambiguity at the time of evaluating the bids.

9. TENDER/ BID DOCUMENTS

9.1. It has been noticed that tender documents containing instructions to bidders, or the general and the special conditions of contract are not updated to suit the contract requirement. As a result obsolete, irrelevant and sometimes conflicting, vague and incomplete clauses are incorporated in the bid documents. Sometimes the ambiguities in the contract clauses are detected at the time of execution of works and due to wrong interpretations/disputes, contracts get delayed.

9.2. All the important clauses pertaining to earnest money deposit, completion schedule, factory testing of equipments, performance bank guarantee, payment terms, penalty for delayed completion, comprehensive insurance cover, contractor's liability, safety arrangements, statutory arrangements for labour welfare, arbitration etc. are at times not properly incorporated in the bid documents resulting in disputes and loss to the organisation. These clauses are important for safeguarding the interest of the organisation and also have an indirect financial bearing on the evaluation of offers and execution of the contracts.

• All the important clauses as brought out above need to be incorporated in the bid documents, in a proper and explicit manner so as to fully safeguard the interest of the organisation. The bidders are required to be made aware of what is expected to be done by them after award of the contract so that all factors may be considered by them while submitting the bids.

9.3. The amount of EMD asked for in some cases was found to be extremely low in comparison to the estimated amount of the work. At times, the limit of EMD had not been revised for 20 years. In such cases, the organisation's interest is not adequately safeguarded, in case the bidder rescinds the offer. Some organisations entertain bids that are not accompanied with earnest money and at times, the firms are asked to submit EMD after the tender opening. This violates the sanctity of tenders.

9.4. At times, the amount and form in which the EMD is required to be submitted are not mentioned properly or the same is accepted violating the stipulations of bid conditions. In one case, the bid documents did not specify any mode in which the EMD was to be submitted but at the time of opening of tenders, some of the offers were rejected on the plea that the EMD was not submitted in the form of a demand draft which of course was not specifically mentioned in the bid documents. In some other cases where tenders were invited in the two bid system, the EMD was stipulated as percentage of tender cost instead of fixed amount. In the two bid system, if the EMD is taken on the basis of some stated percentage of tender value and with the announcement of the amount of EMD submitted by the bidders at the

time of tender opening, the same will give every bidder a good indication of the prices quoted by the competitors by calculating backwards. A bidder can use this information to the disadvantage of his competitor, if prices are subsequently modified.

- The primary objective of submission of EMD is to establish the earnestness of the bidder so that he does not withdraw, impair or modify the offer within the validity of the bid. It also helps in restricting, if not eliminating 'speculative', frivolous' or 'wait and see' bids. Since any relaxation regarding submission of EMD has financial implications; the terms and conditions should clearly stipulate that the offers without EMD would be considered as unresponsive and rejected.

- The amount of earnest money deposit particularly in the two bid system needs to be indicated as a fixed and reasonable amount on the basis of an estimated value of the proposed work. Also the form in which EMD is acceptable should be clearly mentioned in the tender documents.

9.5. The evaluation/loading criteria on account of acceptable range of deviations in the commercial terms and conditions viz. payment terms, request for advance, security deposit, completion schedule, performance bank guarantee, etc. are either not incorporated in the bidding documents or even if mentioned, these are not considered, while evaluating the bids and the offers are evaluated simply on the basis of quoted prices which is not in order. In some cases relating to works involving equipments having minimum guarantee loss, provisions are not made for proportionate loading on account of deviation in minimum guarantee loss. The equipments such as AC plants, transformers, cooling towers, generating stations, etc. come under this category. The comparative assessment of offers in a true sense would be complete only if it is made while taking into account the deviations in terms and conditions, minimum guarantee loss, etc. with unequivocal evaluation criteria specified in the bidding documents, so that the evaluation of bids after tender opening could be made in a transparent manner without any subjectivity.

9.6. In some cases, only the nomenclature and capacity along with some broad technical details of equipments are incorporated in the bid documents and the generic specifications with complete details of performance parameters and the technical evaluation criteria are not mentioned. In the absence of detailed specifications/technical evaluation criteria, the evaluation of offers on an equitable basis and in a transparent manner would not be possible and would be prone to subjectivity. One such case of misinterpretation of specification because of vaguely defined bid conditions relates to the manufacture, supply and transportation of elbow liners required in a hydro-electric project. The elbow liners were to be supplied by properly welding all the segments before transportation to the site. But in the specifications, one

clause that was vaguely incorporated stipulated that the segments to be dispatched for easy transportability. After dispatching the segments, the contractor claimed the full payment of elbow liners leaving the major portion of welding of segments as part of erection which had to be done departmentally. In another case, the list of preferred 'makes' of major equipments was neither included in the bid documents nor was asked from bidders. The specifications included only the names and capacity of equipments and the details of materials, dimensions while other parameters of the equipments were not mentioned, thereby leaving everything to the whims of the contractor/supplier.

- The detailed generic technical specifications along with a list of preferred makes of major equipments, should be incorporated in the bid documents. In addition the performance parameters and the technical evaluation criteria, if any, need to be specified in the bidding documents in unequivocal terms. However, despite all precautions there may be some contradicting and conflicting specifications/ conditions. In order to overcome such crisis, an order of precedence i.e. which part of contract will prevail over the others should also be mentioned in tender documents.

10. RECEIPT OF TENDERS

10.1. The receipt of tenders in some organisations is done in an unorganised and ad hoc manner. Sometimes the bidders representative leave the tenders with the concerned staff or send these through post addressed to some officer without having proper superscription over the envelopes resulting in the accidental opening of such tenders. This practice is highly objectionable and has to be severely discouraged, as it may cause tampering of offers and leakage of sensitive information.

- A suitable arrangement for receipt of tenders at the scheduled date and time through conspicuously located tender boxes needs to be adopted. The tender notice should categorically contain the information regarding receipt of bids, viz. designation and address of officer to whom the tender should be addressed, the superscription/reference number to be indicated on the envelopes and most importantly, the due date of opening of tenders to be written on the envelope containing tenders.

11. POSTPONEMENT OF TENDER OPENING

11.1. It has been noticed that whenever extension in tender opening is given due to any reason (like change in scope of work or changes in specifications of some of the equipments etc.), the intimation regarding the extension is sent only to such bidders who had purchased tender documents originally even if the extension is regarding opening of first bid like pre-qualification in case of

single bid system and techno-commercial bids in case of two bid system. By doing so, the competition is restricted to the firms who had purchased tender documents within the original date of tender sale. The corrigendum for such extensions is not being published in newspapers. In some cases, the time given to submit the revised bids is quite insufficient.

- In order to give an equal opportunity to all the bidders and to maintain the sanctity of tendering system, it is of paramount importance that any change in the tender terms & conditions, specifications and tender opening date, etc. be notified to all the bidders sufficiently in advance of the revised tender opening date. In case of the advertised tenders, such notifications should invariably be through the publication of corrigenda in the media and also through individual intimation of those firms who had purchased the tender documents within the original tender sale date. However, in case the extension is regarding submission of first bid like pre-qualification documents in case of single bid system and techno-commercial bid in case of two-bid system, the tender sale date should also be extended suitably so as to allow new participants in the bid, in order to increase the competition.

12. OPENING OF TENDERS

12.1. In some organisations, the tenders are not opened in the presence of the bidders' representatives on the plea of maintaining absolute secrecy. Such a practice of not opening tenders in public and of not disclosing the rates quoted by all bidders to other firms is against the sanctity of the tendering system, and is a non-transparent method of handling tenders. The possibility of tampering and interpolation of offers, after opening of tenders, in such cases cannot be ruled out. Some organisations do not even maintain tender opening registers. The rates at times are not quoted both in figures and words, cuttings / overwritings are not attested by bidders.

- The opening of tenders in presence of the bidders' representatives needs to be scrupulously followed. While opening the tenders it needs to be ensured that each page of tender, particularly the price and important terms and conditions should be encircled and initialled with the date. Any cutting/overwriting should be encircled and initialled in red ink by the tender opening officer/committee. The tender opening officer/committee should also prepare an 'on the spot statement' giving details of the quotations received and other particulars like the prices, taxes/duties, EMD, any rebates etc. as read out during the opening of tenders. A proper tender opening register in a printed format should be maintained containing information viz. date of opening including extensions, if any, names and signature of all the persons present to witness the tender opening which should include the bidders representatives also.

12.2. In cases involving the two bid system, it has been noticed that after opening of the technical bids, the price bids, which are to be opened subsequently, are kept as loose envelopes. In such cases, the possibility of tampering of bids prior to tender opening cannot be ruled out.

- In order to make the system fool-proof, it needs to be ensured that the tender opening officer/committee should sign on the envelopes containing the price bids and the due date of opening of price bids should be clearly mentioned on the envelopes and should again be placed in the tender box.

13. TECHNO-COMMERCIAL EVALUATION OF TENDERS

13.1. OPEN / ADVERTISED TENDERS :

13.1.1. There have been some cases in which the tenders were issued to the technically pre-qualified firms and, after receiving their offers on single bid basis, the offer of lowest bidder was rejected on technical grounds. In a case of supply and installation of Local Area Networking (LAN) system by a PSU bank in Delhi, the offers were asked in a single bid and the firms were required to enter their rates against the formatted BOQ (Bill of Quantities) sheet. Six offers were received. Five firms had quoted their rates against each item of BOQ. But one firm, in addition to furnishing rates against the pre-existing BOQ items, also added some more items and quoted against them, with the plea to equip the system with state-of-the-art technology. The bank officials, while evaluating the offers, not only considered the bid of the sixth firm which was the highest bidder but also awarded the work to them on the grounds that the offer given by the firm is technically superior to their own specifications.

- The single bid system is normally resorted to when the specifications are adequately defined and also the items being procured are standard equipments, designed and manufactured as per general industry standards. However, even for such items, there may be certain deviations in tender specifications vis-à-vis bidders' offers. In order to compensate for such deviations, a loading criteria, to be adopted, for evaluation purpose should invariably be indicated in the bid documents.

13.1.2. In some cases of the two bid system, it was noticed that the makes and technical specifications offered by various bidders are accepted without properly analysing the techno-commercial equivalence of such offers and in the process the bidders offering inferior specifications/makes get undue advantage. Similarly distribution of work is done in an ad hoc and arbitrary manner.

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- (i) In a case for supply and installation of computer system the work was distributed among three firms for similar equipments at three different rates and surprisingly the largest quantity (40%) was given to the highest bidder. Even worse, the repeat order was also placed on the highest bidder only.

• In case of the two bid system, techno-commercial negotiations may be conducted with all the bidders to clarify the deviations vis-à-vis tender specifications/requirements. After bringing the acceptable offers on a common platform, all the commercial terms/conditions and technical specifications should be frozen. In case some changes are made in terms/conditions or technical specifications, the bidders may be given a fair chance to revise their price bids accordingly. The distribution of work, if considered necessary should be done in a fair and transparent manner.

13.2. LIMITED TENDERS

13.2.1. Some organisations issue limited tenders to their approved contractors, almost for all the works. However, there are instances when either the response is very poor or the offers are not responsive, as per the bid documents.

- (i) An oil sector PSU issued limited tenders to their approved contractors but only one firm responded. Due to the inadequate response, the date of tender opening was extended but still only one offer was received and as a result the work was awarded on the single offer basis at very high rates vis-à-vis the estimated cost. On examination, it was revealed that the firms who were short-listed for limited tenders were empanelled long back. So they had either colluded to form a cartel or were no more interested to execute the tendered works. In yet another case, one Government consultant first short-listed 8 firms for purchase of UPS for the computer system of a bank and called for the technical and price bids from all the 8 firms. However, after opening of the bids, the work was awarded to an L-4 firm and lower offers were rejected on technical grounds, who otherwise were short-listed based on their past performance and technical competence.

• In cases where firms are short-listed for issuing of tenders on limited basis, the techno-commercial competence and other credentials are required to be scrutinised thoroughly. After the offers from such short-listed firms are received, there should normally be no occasion to reject them on technical grounds. Further, since limited tenders are issued to the empanelled firms dealing in a specific item/job on the basis of their capacity and performance it is imperative to up-date the panel periodically.

14. POST TENDER NEGOTIATIONS

14.1. As per CVC guidelines circulated vide letter No. 8(1)(h)/98(1) dt.18.11.98, post tender negotiations except in case of negotiations with L-1 are banned. In continuation of these instructions, the following further clarifications were issued vide letter No. 98/ORD/1 dt.15.3.99 :

- (i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.
- (ii) Incidentally, some organisations have been using the public sector as a shield or as a conduit for getting costly inputs. This should also be avoided.
- (iii) Another issue that has been raised is that many a time the volume of work to be executed is much more than L-1 alone can supply. In such cases the work may be distributed in such a way that the same is done in a fair transparent and equitable manner.

• Despite the above instructions, there are instances of holding negotiations with the select/all bidders by some organisations in gross violation of these instructions. The instructions/guidelines circulated by CVC on the subject need to be followed strictly.

15. REASONABLENESS OF PRICES/MARKET RATE JUSTIFICATION

15.1. It has been noticed that works are awarded to the firms by virtue of being lowest among all the bidders without analysing and establishing the reasonableness of the quoted rates vis-à-vis the estimated rates and the prevailing market rates. In some cases even the Abnormally High Rated (AHR) and Abnormally Low Rated (ALR) items are not identified.

- (i) In one such case, regarding the supply and installation of air-conditioning plant, the work was awarded to L-1 firm at 20% higher than estimated rates. However, the officials of the department found these rates reasonable as compared with the prevailing market rates. It is interesting to note that the same officials had prepared the estimates based on the prevailing market rates approx. 3 months before award of work. Such manipulative practices have to be curbed.
- (ii) In yet another case for construction of Combined Effluent Treatment Plant (CETP) by a Government undertaking in Delhi, the work was

awarded on a turnkey basis to an L-1 firm at more than 100% higher rates compared to the estimates prepared by an independent Government agency. When called upon to justify these abnormally high rates, the officials woke up to the realisation that the estimates furnished by the agency were deficient and unrealistic, which hitherto were absolutely acceptable to the department.

- Before acceptance of the offer, it is very important to establish the reasonableness of rates on the basis of estimated rates and the prevailing market rates. The AHR and ALR items should be duly identified and the officials/agencies responsible for execution of work should be intimated to exercise appropriate control on such identified items.

16. AWARD OF WORK AND SIGNING OF CONTRACT AGREEMENT

16.1. In many cases, it is noticed that even if the offer of a particular firm is found acceptable, the work is not awarded within a reasonable time rather, it is prolonged intentionally. Since such delays are viewed as potential source of corruption, it is therefore, advisable that work should be awarded immediately and a formal letter of award should be issued within a reasonable time. In some cases, even though the work order had been issued long back and even the work had started at site, the formal contract agreement between the contractee and the contractor had however not been signed for months together or even in some cases, years together despite payments being made. In such cases, the work is executed without any contractual obligation on either party.

- In order to avoid any potential source of corruption, it should invariably be ensured that once the offer is found techno-financially acceptable, the work is awarded without any loss of time. All the necessary documents should be kept ready beforehand. Further to give the contract legal sanctity, a formal contract agreement containing all the requisite documents forming part of the agreement should be signed within a reasonable time.

17. ADVANCE PAYMENT & BANK GUARANTEES

- (i) As per CVC guidelines circulated vide OM No.NU/POL/19 dt.8.12.97, it has been brought out that payment of mobilisation advance should be made only in cases of select works and that the advance should be interest bearing so that the contractor does not draw undue benefit. However, it has been noticed that some of the organisations are quite liberal in allowing advance payments up to 20%, that too, totally interest free. The payment of interest free advance is in contravention of the guidelines issued by CVC.

(ii) In some cases though the contract was bifurcated into supply and erection portions but while working out 20% advance payment, total amount of both the portions i.e. supply and erection was considered to the benefit of the contractor. It should be made clear that no advance payment is admissible for the erection portion of the contract.

- The advance payments need to be generally discouraged. Whenever the payment of advance is considered unavoidable, the same should be interest bearing as per CVC guidelines and should be allowed after getting an acceptable Bank Guarantee for an equivalent amount with sufficient validity. Timely action for revalidation/encashment of the bank guarantees also need to be taken so as to protect the Government interest.

18. PERFORMANCE BANK GUARANTEE AND INSURANCE

18.1. In some works, either the Performance Bank Guarantee is not stipulated at all or even if it is stipulated the amount of Performance Bank Guarantee/ Security Deposit is too low in comparison to the contract value. The validity of Bank Guarantees is also not being scrupulously monitored and extension in the BG commensurate with the time extensions being sought, is not asked for, which is detrimental to the Government interest in the event of non-performance of the contract. Some organisations stipulate initial Performance Bank Guarantee (PBG) be submitted at the time of the award of work and be kept valid throughout the duration of the contract period and the defect liability period. But after award of the contract neither does the organisation insist on such PBG nor does the contractor furnish the BG, and at time furnishes this late thus getting a financial benefit in the process.

- In order to safeguard the Government interest, it would be appropriate to take reasonable amount as Performance Bank Guarantee valid up to Defect Liability period for due performance of the contract. The validity of the BG needs to be properly monitored and whenever the time extension for contract is granted, the validity of BG should also be appropriately extended. The date of submission for the BG should be clearly spelt out and adhered to at the time of the execution of the contract.

18.2. INSURANCE

18.2.1. The insurance clause in some cases is either found as not incorporated in the contract or the same is not complied with by the contractor and the department officials also do not insist on compliance. There are instances when the contract envisaged a comprehensive All Risk Insurance for the entire period of the contract but the contractor got the material insured only for transit purposes. In some cases, when the contract period is extended, the insurance cover is not simultaneously extended.

- Comprehensive insurance cover for men and materials apart from being a statutory obligation has to be provided in the contract to safeguard the interest of the organisation. Avoiding insurance cover may jeopardize the safety of men and materials and may result in serious legal complications in case of any mishap. Therefore, a comprehensive all risk insurance clause needs to be incorporated and implemented.

19. COMPLETION SCHEDULE OF CONTRACT

19.1. The completion period is the essence of any contract but the contract is rarely found to be completed as per the original completion schedule. It has been noticed that most of the organisations grant an extension of time in a liberal and routine manner. The LD clause is not invoked, in cases of delay. Even a proper delay analysis, to establish the cause of delay, is not made. Hindrance Registers, though are sometimes found as maintained at site but in most of the cases either entries are not made at all or bogus entries are made in collusion with the contractors. In quite a few cases rains during the monsoon were considered as hindrance and the benefit was given to the contractor.

19.2: In some cases, two different periods for completion of contract are stipulated; one for the supply portion and the other for erection portion. Keeping such stipulations is not in the interest of the contract as the contractor after making the supply may claim large portion of payments and then tend to respond sluggishly as the contractor's stakes are minimal. Moreover, in the case of delay in erection portion, the contractor will plead for an imposition of penalty only for erection part of the contract even if the LD clause stipulate penalty on entire value of the contract. There are cases where the contractor got paid 90/95% payment for the supply of equipments, but shirked the erection and commissioning work on one pretext or the other.

- The specific schedule of completion of contract should be stipulated in the contract in an unambiguous manner. Completion of contract should imply overall completion of all the events of the contract, in case of big projects. If the work is broken into small contracts, each and every contract should have its specific schedule of completion which inter alia should be within the overall completion schedule of the main contract. The contractors should be asked to submit the completion schedule of various activities in advance and the progress should be monitored in accordance with such schedule. The LD clause in case of delay in completion of work, should be invoked as incorporated in the contract agreement.

20. DEFECT LIABILITY PERIOD CLAUSE

20.1. The defect liability period clause incorporated by some of the

organisations is quite sketchy. The extent of the contractor's liability is generally not spell out clearly. The date from which the defect liability period starts is not clearly indicated resulting in ambiguity in case the defect is detected in the work. Sometimes the date is reckoned from the physical completion of works but before due commissioning of the same. In some contracts of supply and installation of plant and machinery, the standard guarantee/warranty clause of 15 months from the date of shipment/dispatch and 12 months from the date of delivery, whichever is earlier is incorporated. In such cases, by the time the equipments are installed their guarantee/warranty period is already over or sometimes a very short period of guarantee/warranty is available.

- (i) In a case for providing DG sets in a Hospital, the DG sets were procured by the organisation and stored at site. A separate contract for installation, testing, commissioning was finalised at much later stage resulting in lying of costly equipments unused for months together and jeopardising the guarantee/warranty of the equipments as the same was reckoned from the date of despatch. On further examination of the case, it was revealed that though the administrative approval had clearly envisaged supply, installation, testing, commissioning of the DG sets through one contract but the executing authorities broke-up the work into two contracts, apparently, to favour a particular firm who was not meeting the PQ criteria if the work was executed on SITC basis.

- Detailed Defect-Liability period clause embodying all the safeguards needs to be incorporated in the bid documents and in the resultant contract. In the contracts involving installation/commissioning of equipments, the defect-liability period should be reckoned only from the date of installation/commissioning. However, in case supply and installation have to be executed through separate contract due to some compelling reasons, both the contracts should be processed in such a manner that the time-gap between supply and commissioning is minimal.

21. PAYMENT TERMS AND APPLICABILITY OF TAXES AND DUTIES

21.1. In some organisations, the payment terms kept in the bid documents are found same irrespective of the nature of the contract. The payment terms are either not updated suitably or left open to change, after the award of the contract. In one case, in the execution of a hydro-electric power project, the first few payments were allowed periodically without linking the same with the progress of the work. In cases where a price break-up for payment purpose is required, the break-up is done in a manner that favours the contractor. Similarly, in the turnkey projects where supply and installation are involved,

the Sales Tax on Works/Works Contract Tax (WGT) is applied only on the erection portion without making any reference to the same in the bid conditions. In some cases bigger firms sublet the manufacturing of major equipments to the firms located in priority areas and avail taxes and duties exemptions. Such exemptions are not extended to the end purchaser, i.e. the Government departments and in the process the main contractor draws financial mileage.

- The payment terms should be defined unequivocally and should not be changed after award of the contract. An appropriate control on the flow of funds should be exercised while making the payments. As far as possible, the payment terms should be so structured that the payments made to the contractors are linked and commensurate with the actual progress of work. In case of contracts where a price break-up is required for payment purposes, the break-up should be realistic and should be approved by the competent authority. The rates so approved should be deemed tendered rates as if the rates were called for item rate contracts. These rates should be considered for making any proportionate recoveries or withholding of payments or for working out any taxes duties etc. In the case of a composite contract for supply and erection, the applicability of various taxes/duties should be made clear at the outset in the 'instructions to bidders' part of the bid documents.

22. POST CONTRACT MANAGEMENT

22.1. MODIFICATIONS OF CONTRACT CONDITIONS/ SPECIFICATIONS

It has often been observed that after award of the contract, amendments/modifications that have financial implications are subsequently authorised in the contract conditions thus giving financial benefit to the contractors. Some of these are enumerated below :

22.1.1. The contract specifications are diluted to benefit the contractor. The makes and specifications as envisaged at the time of signing the contract are not insisted upon and alternate makes/specifications are accepted at the time of execution of the contract, that too without any financial implication. In one case, in the execution of a hydroelectric project, the contract envisaged a 125T EOT crane but the contractor supplied and installed a 100 T crane. The organisation also accepted the same without making any cost adjustments while releasing the payment against this item.

22.1.2. The payment terms are amended in a manner favorable to the contractor e.g. advance payments are authorized even when no provision exists in the contract for making advance payments. At times, higher advance payments than stipulated in the contract are authorized.

22.1.3. The factory inspection of certain items though incorporated in the contracts was however subsequently waived without any reasons, thus jeopardizing the quality aspects as per contractual requirement and financially benefiting the contractor.

22.1.4. It has also been often observed that submission of the Performance Bank Guarantee was either waived or the same was not extended even when the contract period was extended.

22.1.5. Some bigger equipments are received in a knocked down conditions and the payments are released against such items before getting them assembled thus the labour and other input charges required for assembling the equipments are paid in an unauthorised way or pre-maturely, hence giving a financial advantage to the contractor.

- After conclusion of the contract, any relaxation in the contract terms/specifications should be severely discouraged. However, in exceptional cases where the modifications/amendments are considered absolutely essential, the same should be allowed only after taking into account the financial implications. Further, a sufficient amount should be withheld against the items received in an unfinished/incomplete condition so as to ensure that no extra payments are made against such items / services.

22.2. POST-CONTRACT MONITORING

22.2.1. It is felt that the post contract monitoring is generally handled in a casual and lackadaisical manner. It has been observed that due to a lack of coordination and the diversified approach followed by various agencies in the implementation of the projects, there are time and cost overruns.

22.2.2. In some cases, even after expiry of completion schedule stipulated in the contract and without extension of time granted by the owner, the departments keep on exchanging correspondence with the contractors and thereby keep the contract alive. This may result in serious legal complications if it is intended to cancel the contract.

22.2.3. Some organizations do not incorporate a liquidated damages/penalty clause for imposing a penalty in case of failure by the contractors to complete the contract within the stipulated schedule. The contractors quote short completion period and in the absence of deterrent conditions, in the contract, manage to obtain repeated extensions. Even in cases where the LD clause is stipulated, it is not invoked for delay in completion and no recoveries are made from the contractors, on some pretext or the other.

22.2.4. In a large number of cases, the contractors undertaking services

contracts (viz. Electrical, Air-Conditioning, Lift, Fire-fighting etc.) try to blame the Civil Contractor for delays therefore absolving themselves of any responsibility and officials meekly accept this argument without verifying the details, thus giving undue benefit to the contractor.

22.2.5. It has also been noticed that even though the contract clearly stipulates deployment of site supervisory staff by the contractor, with minimum requisite qualification and experience, but in practice the supervisory staff is invariably found with inadequate qualifications and experience and is also not employed for the full duration of the contract. The departments are found ignoring this important aspect thus jeopardising the quality supervision of the contract.

- It is essential to accord priority to the post contract follow-up for execution of works. The time extension should be granted only on bonafide requests and not in a routine and casual manner. After expiry of the contract period, the contractee should refrain from exchanging correspondence with the contractor. For any delays on part of the contractor in completing the contract the liquidated damages clause should be invoked. In case more than one contractor are engaged on a project and delay occurs, the case should be analysed in a total perspective and the agencies responsible for the delay, including the consultants should be appropriately penalised. There is a dire need to inculcate a transparent and professional contracting culture so that the non-performers are weeded out and only reliable contractors, who can prove their credentials by consistent performance in terms of quality and timely completion of contracts, are encouraged.

PART - II

**COMMON IRREGULARITIES OBSERVED IN FIELD/SITE
INSPECTION OF VARIOUS WORKS**

1. ELECTRIFICATION WORKS (EXTERNAL & INTERNAL)

1.1. HT PANELS

Common deficiencies observed in HT Panels are enumerated below :

- (i) The size of bus bars in some of the cases was found less than the rated current carrying capacity.
- (ii) In some cases, tripping current of switchgear was found to be higher than the current carrying capacity of bus bars.
- (iii) The clearances in all directions of panels and gap between bus-bars were found to be less than the IS stipulations.
- (iv) The construction material of the panel body is often sub-standard either due to poor quality of the sheet or due to lesser thickness of the sheet.
- (v) In some cases, the highest operating points in the panels are positioned higher than the standard stipulations. As per practice, the highest operating switch in panels should not be above 1900 mm from the ground level.
- (vi) The CTs are sub-standard in make and the burden of CTs does not match with the requirement.
- (vii) The make of the components/accessories is not mentioned clearly, thus leaving everything to the choice of manufacturer of the panels.
- (viii) The control wiring inside the panels is found multi-stranded and sometimes even less than 2.5 sq. mm.
- (ix) The selection of capacity of capacitor banks is done in a random manner and is not based on the actual inductive load in the circuit.
- (x) The stacking of batteries is not done on corrosion resistant platforms and often even the acid is found spilt over the floor. Adequate ventilation for acid fumes is also not provided.

• Any tripping/ faults in the HT part of the switchgear affects a wider area of supply. Therefore while designing the HT panels, an adequate factor of safety should be considered. The size of bus bars, side clearances of the panels, construction of materials, selection of components of HT panels should be strictly as per the relevant IS and the tender specifications and should conform to the IE rules.

1.2. TRANSFORMERS

Common deficiencies observed in transformer installation are as under :

- (i) The types of transformers are selected in an ad hoc manner. There are cases when outdoor type transformers are found placed inside the closed rooms without proper ventilation.
 - (ii) In one of the cases, though the cooling system specified for the transformers was air natural, but on site it was found that one more exhaust fan was installed at the top of the transformer to supplement the cooling system which made it a forced natural cooling system.
 - (iii) The type of winding material of transformer coils is not clearly specified which may be a potential cause of controversy at the time of execution.
 - (iv) The gap between the phases of end terminations of cables is found less than specified.
 - (v) The transformers are found with one body earthing and one neutral earthing instead of double body earthing and one neutral earthing.
 - (vi) The minimum clear distance as required in between the earthing and the equipment are not maintained and all the earth pits are sometimes found clustered in a small area.
 - (vii) In some of the cases, the clearance in all directions of the transformer is not found adequate as per the relevant IS specifications.
 - (viii) The arrangement for prevention of fire due to leakage or spillage of the transformer oil is not found adequate.
- The transformer is the heart of electrical installation/switchgear. The type and capacity of the transformer should be chosen with utmost care. All the relevant IS specifications should be strictly adhered to. There are certain restrictions in the installation of oil transformers in basements and in public intensive areas. Another key consideration for installing transformers is that the place should not be low lying as water collection near such installations may prove costly.

1.3. LT PANELS AND CABLES

Common irregularities observed in LT panels and cable works are enumerated below :

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- (i) In a majority of these cases, LT panels are manufactured by subletting to small firms that are not even CPRI approved. Often their products are not type tested.
 - (ii) The sheet thickness used for the panel body is found to be lesser than the specified dimension in some of the cases.
 - (iii) In one case, the original specifications envisaged two MCC (Motor Control Centre) panels but on actual site, one panel with both side openable and installing switches was accepted without any financial adjustment.
 - (iv) Sometimes, the specifications envisage provisions of MCCB while in actual fact SFUs (Switch Fuse Units) were provided at the time of execution.
 - (v) There have been instances when incoming main was required with an ACB but instead MCCB was provided which gave financial advantage to the contractor.
 - (vi) At times, the panels are not found to be of cubicle type as envisaged in the specifications.
 - (vii) Sizes of bus-bars are found on lower side or sometimes the material of the bus-bar is changed from copper to aluminium giving a financial advantage to the contractor.
 - (viii) Many a time, the thimbles used for termination of cables are found of unspecified makes. Even the thimbles are not properly crimped thus leaving air gaps, etc.
 - (ix) In some cases the types of cables and the optimal size of cables are not properly mentioned thus leaving everything to the discretion of the contractor.
 - (x) The XLPE cable in one case was originally envisaged but at the time of execution, the contractor supplied PILC cable which is an obsolete alternative.
 - (xi) Mostly the, laying of cables is not done as per relevant IS specifications. Either the depth of trench is found less or brick and sand cushioning is found inadequate. The cables are abruptly bent near the panel for termination.
 - (xii) In one instance, the cable was to be laid in a new trench, as per
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contract, but the contractor laid the cable in an existing trench, which was made to lay other cables, and claimed payment at the rates of laying a cable in the new trench.

(xii) There have been instances when laying and terminating the cables was one item of BOQ and termination of cables was another item which amounted to duplicity of work. But due to misinterpretation, the contractor claimed payments against both the items separately.

(xiv) In the construction of the Head Office building of a bank, the LT switchgear was installed in a basement which was potentially hazardous due to chances of collection of water in the basement.

• LT panels are generally manufactured by small firms, therefore, in order to ensure the requisite quality and safety, CPRI approval should invariably be asked for the type of switchgear they are authorised to manufacture. Types of switches ACB, MCCB, SFU, etc. should be explicitly defined in the contract specifications. Similarly, the type and size of cables required for the work should also be categorically mentioned beforehand. Items of BOQ should be chosen with due care so as to avoid any duplicity of works which may result in overpayment to the contractor.

1.4. INTERNAL ELECTRIFICATION

Common deficiencies observed in internal electrification work are enumerated as under :

- (i) The conduit size with its class are not clearly specified resulting in the supply of sub-standard material of contractor's choice.
- (ii) The maximum number of wires in each conduit pipe is not found strictly as per the relevant IS.
- (iii) In some cases, the wire sizes and the thickness of conduit pipes are found to be less than specified.
- (iv) In some cases, a single switch box was found with two incoming phases. This is a safety hazard and violation of ISS.
- (v) Switch-boards are not properly flushed and bakelite sheets are found in bent position.
- (vi) Metal boxes are found without proper provisions of earth termination arrangements.

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- (vii) In many cases, terminations of conduits are not provided with check nets to ensure continuity. Also, rubber bushes are not provided in the conduit in the MS boxes so as to draw the wire safely and without causing any injury.
- (viii) The gap between clamps is found more than as specified in relevant IS specifications.
- (ix) Fish-wire is found of lesser size and is generally not found inserted during the laying of conduits.
- (x) The sheet thickness and depth of MS-box is found as being less than specified.
- (xi) In some cases, joints are provided in the point wiring even without proper insulation/connectors.
- (xii) In some cases, the junction boxes were found used for the fan connections. Also ceiling roses for fans/exhaust fan point are not provided.
- (xiii) In quite a few cases, it is found that the height of switchboard for light points and the light/power sockets is not 1.2 meter and 23 cms. respectively, from finished floor level as stipulated in relevant IS specification.
- (xiv) Mostly, the earth-pit dimensions are found less than as stipulated in the contract. As per relevant IS, the cover-thickness of earth pit should not be less than 10 mm and the dia of the MS rod should not be less than 6 mm.
- (xv) In a majority of the contracts, the polarity test of all the switch/sockets is not conducted and certified by competent authority.
- For any internal electrification work, the size and quality of conduit pipes, cross section and thickness of insulation for wires and quality of circuit breakers should be given due attention as these items form the most critical part of the installation. All relevant IS specifications should be strictly adhered to at the time of execution of IE work.
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2. AIR-CONDITIONING WORKS

The common irregularities noticed in the air-conditioning works are as under :

2.1. HEAT LOAD CALCULATIONS

In most of the cases, the designing of plants is found to be done on higher side. The ambient peak temperatures for short times are considered for heat load calculations. Also the heat generation load of various equipments and human occupancy is kept on an unrealistically higher side. All these factors result in over-designing and thus perpetual under utilization of the plant.

- Heat load calculations should be based on the ambient conditions prevailing over a considerably large period so that the design parameters are realistically selected and the system is utilised optimally. Also the other inputs for heat load calculations, like occupancy rates, equipments load, etc. should be taken on a realistic basis only.

2.2. CHILLERS

The selection of type of cooling is found to be done in an ad hoc manner. There have been instances when air cooled chillers were used while the highest temperature touched 45°C or above and there was no scarcity of water in the area. On the other hand, the water cooled chillers were used in some southern part of the country with an acute shortage of water where probably air cooled chillers would have been a better choice. In one more instance of irrational choice of type of cooling, one organisation went for a mix type of chillers, i.e. 50% air cooled and 50% water cooled, which has not only resulted in a mismatch but also resulted in maintaining two types of spares which is a costly affair.

- Since the type of chillers affect the overall performance of the air conditioning plant, therefore the selection of cooling should be done with due care. Generally, the type of chillers are based on climatic conditions, the size of the plant and availability of water, etc.

2.3 COMPRESSORS:

- (i) There are instances when two compressors of half the capacity are accepted in place of one unit of double the capacity as envisaged in the contract.
- (ii) Sometimes, even the type of compressors envisaged is left open till execution of the item and thus a free hand is given to the contractor

to supply the compressor of his choice, i.e. open type, hermitically sealed or semi-hermitically sealed.

- (iii) In some cases, though reciprocating type of compressors were envisaged in the tender specifications but the contractor supplied screw chillers of lesser capacity on the plea that screw chillers are more efficient thus, fulfillment of contractual obligations is not established.
- (iv) In most of the Government Department Works, the specifications of compressors and other accessories are generally based on a particular model of a particular manufacturer in a vague manner, when it comes to supply of items, the model numbers envisaged in the tendered specifications are not found matching with the model actually supplied.
- (v) In one case, the model number envisaged in the tender specifications was changed during some technical negotiation with the successful bidder. But at the time of actual execution, even the model supplied was not found matching with the agreed model.
- (vi) In some cases, the motor rating of the compressor motor is envisaged as being 10% higher than the full load requirement of the compressor. But since most of the manufacturers supply a factory built motor compressor unit, which normally does not have motors with a 10% higher capacity, consequently 100% conformance is not ensured.

• The model number, capacity of compressor and motor should be explicitly indicated in the tender specifications so as to avoid any controversy at the time of execution. Also the type of compressors should be decided beforehand to avoid any subsequent interpretations.

2.4 CONDENSERS

- (i) Though in the contract, the make of condensers are normally the same as the compressors but at times it is found that condensers are of some local and less reputed make.
- (ii) In one case the overall length and dia of condensers were found lesser than the stipulated dimensions.
- (iii) The dia and thickness of copper tubes used in the condense were found less than specification in some cases.
- (iv) The linear density of fins was also found lesser than the specifications.
- (v) The inlet and outlet temperatures of water and refrigerant are either not specified in the tender or not adhered to by the contractors.

● The overall length and dia of the condenser the dia and thickness of copper tubes and the linear density of fins decide the performance of a condenser and are very important parameters. Therefore, these parameters should invariably be checked and it should be ensured that these are of tendered specifications before installations.

2.5 CONDENSER AND CHILLED WATER MOTOR-PUMP SETS.

- (i) The type of coupling of motor-pump set is either not mentioned in the contract specifications or not adhered to at the time of execution of work.
 - (ii) In some cases, the impeller of pump was found to be of cast iron as against brass as envisaged in tender specifications.
 - (iii) Invariably the type of protection of motors and class of insulation is found to be at variance with the specifications.
 - (iv) Even the motor rating and rpm was found lesser than the specifications.
 - (v) There have been instances when horizontal split casing pumps were envisaged in the tender specifications but actually monoblock pumps were provided at site.
- The type of casing of pump sets rating and rpm of motors should be clearly mentioned in the tender specifications. Besides, the material of construction of impellers and type of protection and class of insulation of motors are also critical items, which need special attention.

2.6 AIR HANDLING UNITS

- (i) In some cases, the double skin AHUs were envisaged in the tender specifications but at actual site, single skin AHUs were supplied by the contractor.
- (ii) There was a case when the provision of double blower AHU was agreed upon as a substitute item though there was no change in the CFM of AHU vis-à-vis single blower AHU. But there was a significant change however in the price of substituted item.
- (iii) The face area of cooling coils was found lesser than the specified and/or drawing dimensions.
- (iv) The detailed tender specifications were not found matching with the actually installed AHUs. The plea given for such deviations are that

AHUs are standard items and are supplied as factory built items from the manufacturers of AHUs.

- (v) The rating of motors, used in AHU was found less than the actual requirement resulting in over heating of the motors. Also, the single phase preventors were not provided in these motors.
 - (vi) Almost in all the cases, the specifications envisage provision of AVMs (Anti-Vibration Mountings) for installation of AHUs but there were hardly any instances where AVMs of reputed make were provided. Most of the places, rubber pads are used instead of AVMs.
 - (vii) Similarly, the AHUs are envisaged with noiseless operation but in very few cases, the noise level was measured after installation of AHUs.
 - (viii) Even the sheet thickness of enclosure of AHUs was found inadequate when compared to the specifications.
 - (ix) In most of the cases, the AHUs are located in cramped spaces with the result that maintenance and upkeep of AHUs become very difficult. In one case, the AHUs were installed in a loft inside a big auditorium which would create unpleasant noise inside the auditorium.
 - (x) In one case, a large number of small AHUs were installed in a scattered manner to cater to the library of the training institute. Such large areas are generally provided with a big AHU of suitable size in order to save space as well as cost.
- The cooling impact of any AHU is mainly judged by the CFM and cross section area of the cooling coils. Therefore, it should be ensured that these two parameters strictly conform to the specifications. Besides, since these units normally run in unmanned areas, the fault detection and prevention action thereon should therefore be given due priority.

2.7 DUCTS, GRILLS AND DIFFUSERS

- (i) The degree of galvanisation of GI sheets was found inferior to the specified grade in some of the cases.
- (ii) Even the thickness of sheet was found less than specified in quite some cases.
- (iii) In some cases, either the insulation of GI sheets was not properly specified in the tender documents or the same was not found conforming to the specifications.

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- (iv) Sometimes the thickness of sheet was not matching the cross-section of duct and thus violated the stipulations of relevant ISS.
 - (v) Invariably the supports used for hanging the ducts are found at more distances than specified.
 - (vi) Even the dia of hanging rods was found less than minimum requirements.
 - (vii) In some cases the dimensions of grills were found less than specified.
- The ducts are important link between AHUs i.e. source of generation of conditioned air and the area to be air-conditioned. The heat gain or heat loss in ducts or any leakage in the ducts may have adverse effect on the overall performance of the AC plant. Therefore jointing of ducts and insulation of ducts besides quality of sheets should be given due attention.

2.8 COOLING TOWERS

- (i) The makes of cooling towers are restricted to one or two only whereas there are quite a number of firms manufacturing the cooling towers.
- (ii) Thickness of FRP sheets used for manufacturing the cooling towers are not mentioned in specifications in most of the cases thus giving free hand to the suppliers.
- (iii) In quite a few instances, though the material of fan blades was envisaged as cast aluminium but actually the contractor supplied fans made of FRP on the plea that cooling towers are factory built items and bought out from trade.
- (iv) In some cases the cooling towers with same model number were found used. For example, for a range of tonnage of the CT from 75 ton to 90 ton, same model was found to be used.
- (v) In most of the cases particularly with cross flow cooling towers, ladders are not provided even if specifications envisage provision of ladders.
- (vi) In some cases the cooling towers were to be installed on RCC foundations which was included in the BOQ but at actual site, the cooling towers were installed on the RCC beams of the civil work of the building thus giving financial benefit to the contractor.
- (vii) The colour and thickness of PVC fills used in the cooling towers are either not specified in the tender or are not adhered to as per specifications.

• An efficient cooling tower can, to a great extent lessen the burden on other equipments of the AC plants. Even one degree fall in temperature of outlet water of cooling tower can improve functioning of plant significantly. Therefore the capacity of fan, colour and density of PVC lills, sprinklers and nozzles, etc. should be carefully chosen and strictly adhered to at the time of execution.

2.9 PIPES AND FITTINGS

- (i) The grade and sizes of pipes in some of the cases was found to be used in an ad hoc manner and the makes were not from the approved list.
 - (ii) The valves and fittings are also found supplied from less reputed firms and not as per specifications.
 - (iii) The thickness of insulation and cement plastering is invariably less as compared to specifications.
 - (iv) The item of pipes and fittings in most of the cases is kept as lot instead of making it linear measurable item so as to ensure market rate justification of these items.
 - (v) In some of the cases the proper colour coding of the pipes and direction of flow marks were not made on the pipes.
- The selection of pipes of different size should be done on a realistic basis. Also only reputed and standard makes of pipes and fittings be envisaged in the tender specifications and adhered to at the time of execution.

2.10 GENERAL WORKMANSHIP

- (i) Jointing of G.I. ducts is not found as envisaged in the specifications. In one case, the tender specifications envisaged slip joints but the ducts were jointed with riveted joints.
- (ii) The insulation inside ducts and pipes etc. was done in an unskilled manner as the same was found peeling off at a number of places.
- (iii) The acoustic insulation applied in a plant room was found to be done in a shabby manner. The glass wool used was not uniformly spread on the wall and lump formations were seen at many places.
- (iv) The aluminium foil used for wrapping (cladding) the duct insulation is not given proper finish.

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- (v) The canvass used at the joint of AHUs and ducts are found either torn or extricating from the joints thus resulting in leakage of air.
 - Besides, sound material the skilful workmanship can add to the sheen of any project. Therefore, in order to ensure efficient and flawless running of AC plants, the installation of different parts of AC plants should be got done by skilled workmen only.

3. LIFTS/ ELEVATORS

3.1. MACHINE ROOM

Common irregularities observed in the design of machine rooms for equipments of lifts are as under :

- (i) The access to machine rooms was allowed even to unauthorised persons, thus jeopardising the safety in the use of lifts.
- (ii) In some cases, the dimensions of machine rooms were found less than the tender specifications.
- (iii) The laying of equipments inside the machine room was not done in a planned manner which gave a shabby and clustered look.
- (iv) In some cases, the dynamic and static colour coding was not applied as per relevant standards.
- (v) There have been instances when the ventilation in the machine room was found inadequate and the electronics components were found getting heated up abnormally.
- (vi) In certain cases even the instructions pertaining to rescue operations by the operating staff were not found displayed inside the machine room.
- (vii) In one case the type of drive envisaged was variable voltage control DC drive instead of thyristor controlled AC drive. Since the variable voltage DC drives are phased out, the machines with these control shall have maintenance problems. Therefore, the latest technology viz. thyristor control as drive should be opted for the lifts.
- (viii) In yet another case of replacement of old existing lifts in a reputed hospital in Chandigarh, the machine room equipments particularly the motors and control panels provided were of some foreign make despite the fact that there are quite a large number of indigenous manufacturers for motors and other accessories for the lifts. The imported equipment shall not only be difficult to procure in case of replacement but maintenance of spares shall be a costly affair.
- (ix) In the above cited case, the batteries used for control purpose were found placed in ARD (Automatic Rescue Device) unit thus making the entire unit very congested. The batteries were required to be placed in the battery stack to be provided separately.

• Generally, the machine rooms of lifts are unmanned and therefore proper lock and key arrangement is essential so as to ensure the entry of only authorised persons and thereby avoiding any intentional or accidental mishandling of lift equipments. Further, since the critical equipments for lifts are placed inside the machine room and these equipments generate heat when in use, therefore proper ventilation should also be ensured to dissipate the heat. Lastly, all the safety instructions for operators and rescue personnel should be displayed inside the machine room in a conspicuous manner.

3.2. LIFT CARS

The illustrative list of deficiencies observed in the lift cars is as under :

- (i) In one case, the guide shoe rollers in the lift car were not envisaged at the initial stage, but at the time of execution, guide shoe rollers were provided at a high cost without any financial justification of these items.
- (ii) The factor of safety of lift rope is not tested and established in most of the cases.
- (iii) In a majority of the cases, the emergency alarms/telephones are found either bypassed or rendered out of use over period of times.
- (iv) In most cases, abnormal misalignment is found between the car floor and the sil. The reason for the abnormal misalignment is generally attributable to the maladjustment of limit switches.
- (v) In some cases, adequate ventilation is not provided inside the lift car. There are instances when even the stipulations of IS 4666 (clause 8.2.) are not complied with properly in terms of adequacy of ventilation in the lift car.
- (vi) There are certain cases, when the thickness of brass sheet used inside the lift car is found less than the tender specifications.
- (vii) Although, the IS specifications stipulate conspicuous display of Dos and Don'ts for safety in use of the lifts but in a majority of cases, either the instructions are not displayed at all or the same are displayed in a very inconspicuous manner.
- (viii) In some cases, the ceiling height of the lift cars was found quite less and even the illumination level inside the car was inadequate.

• The size of the lift cars should commensurate with the carrying capacity of the lift. The interiors and type of shoe, etc. of cars should be decided before-hand in the tender specification. All the safety instructions should also be displayed preferably bilingually in a conspicuous manner inside the lift cars. Besides, provision of recorded sound with alternative audio clippings in local language and in English/Hindi should also be made announcing the instructions to be followed in case of the accidental stopping of lift. In order to improve safety in the lifts, the length of the toe guard should be increased appropriately in order to reduce the gap between the landing sill and the lower edge of the toe guard so as to prevent any accidental fall through the gap. Further, in case the car stops away from floor level due to power failure, the trapped passengers, in panic, may fiddle with the electro-mechanical latch in the landing door which may be accessible from the car. Therefore, in order to avoid such situation, the electromechanical latch should be so designed that it is inaccessible or invisible to the passengers in the car.

3.3. SHAFT

The common irregularities noticed in the shafts of lift works are enumerated as under :

- (i) In most cases, the illumination level in the lift shaft is found inadequate either due to non-provision in the tender specifications or due to non-conformance to the specifications.
- (ii) In majority of the cases, the buffer springs are not checked to test their compression which should be minimum 250 mm as per IS specifications.
- (iii) In some cases even the lengths of buffer spring and counter weight spring were found less than the stipulated values.
- (iv) In quite a few cases, the earthing strips provided in the lifts are either not clamped properly or the distance between clamps is found more than specified.
- (v) In some cases, the depth of the car pit was found to be less than specified.

• In order to have hassle-free maintenance and operation of the lift the shaft of the lift should be adequately illuminated. Further the earth strips should be properly clamped in conformance to the specifications.

3.4. TESTING OF THE LIFTS

Before putting any lift to use, there has to be a statutory test and certification from the lift inspector. But the following deficiencies are noticed in respect of various tests conducted or required to be conducted on the lifts.

- (i) In most cases, the lift doors are neither tested for a fire withstand rating nor is any certificate is obtained from the manufacturer.
 - (ii) Free fall test is not conducted in most of the works of installation of lifts, neither is the same certified by the lift inspectors.
 - (iii) Mostly, the lift trailing cables are not tested for fire retardance and moisture resistance.
- Safety in use of lifts has to be given the top priority. Therefore all the tests stipulated by IS specifications should be done in a stringent manner. However, in case the conducting of test is not feasible, a certificate to that effect should be obtained from manufacturer or from the Lift Inspector.

4. FIRE DETECTION & FIRE FIGHTING SYSTEM

4.1. CONTROL PANELS, CONTROL CABLES, DETECTORS, HOOTERS

These items form part of the integrated control and detection system for fire-fighting arrangement. Common irregularities observed in these items are enumerated below :

- (i) In the case of a reputed Bank, the provision for a microprocessor based control panel was envisaged in the tender specification but at actual site, a conventional panel with some solid state switching arrangement was supplied without any techno-commercial considerations.
- (ii) In some cases the number of detectors in each zone of main control panel are found at variance with the standard stipulations.
- (iii) In most cases, the distribution of smoke and heat detectors is not found in a reasonable and justified manner. At some places, the number of detectors is found as being unreasonably high despite the fact that the area may not be a fire prone one. On the other hand, a lesser number of detectors are installed in fire hazardous places.
- (iv) At times it is found that the fire fighting system installed is not of the appropriate type required for the particular fire hazard. For example, the electrical installation should be provided with sand buckets and carbon foam fire extinguishers but at many places, these provisions are not strictly adhered to.
- (v) In some cases, the main control panel, sector panel and zone panels supplied are not even TAC (Technical Advisory Committee) approved.
- (vi) In some of the cases, the main control panel and sector panel are found to be of patch cord or normal/conventional wiring type instead of adaptor cord system.
- (vii) In some cases, the base of the detector does not conform to the specifications and at times even the makes are not approved ones. The base of detector is an item which is rarely checked properly and in most of the cases, it is found to be of spurious make instead of standard make.
- (viii) There were instances when the smoke detectors and heat detectors were not matching the ambient conditions of the place of installation. The detectors were designed to work at a particular temperature. On

further examination, it was revealed that the ambient temperature was higher than the detection level of these detectors and hence the chance of false alarms were high. Due to these false alarms, these detectors are generally by-passed.

- (ix) Almost in all the cases, the signal cables, which are used in bulk in fire-fighting detection, are not tested from a reputed laboratory even on a sample basis.
 - (x) In most cases, the tender specifications envisage branded and reputed makes of hooters but at actual site, locally made hooters are found installed.
- Timely detection of fire can avert a catastrophe. Therefore, it is needless to emphasise that the main control, zonal control, detectors, cables, etc. should be selected with utmost care conforming to latest technology, high quality standards and suiting to the particular place of installation. Further, though there is statutory obligation for seeking clearance and approval for using the fire fighting installations, yet it is found advisable to seek pre-installation or stage inspection of such works so as to avoid any major alterations/modifications at the final stage of installation.

4.2. MAIN AND JOCKEY PUMPS

The common irregularities observed in these items are enumerated below :

- (i) In some cases the capacity of motor was found less than the rated capacity of prime mover of the pump.
- (ii) In yet another case of fire fighting work in a training institute of a bank, the capacity and head of the main pump was found less than the tender specification.
- (iii) There was an instance when the jockey pump did not start automatically even while the standing pressure of hydrant line fell below the threshold value.
- (iv) In one case the engine-pump was not found isolated from the main hydrant line with the results vibrations were traversing in the hydrant line which is a detrimental situation for the installation.
- (v) In one of the cases of Diesel-Engine-Pump Set, the exhaust pipes were not wound with asbestos rope as stipulated in the specifications thus leaving chances of accidental human contact to the heated part of the engine.

• The capacity of engines and the rating of prime movers should be chosen with due care. Also all the interlinking controls should be tested periodically to ensure operation of equipments. In order to avoid transmission of vibrations of Engine, Pumps etc. to the main hydrant lines, a flexible coupling between the pump and hydrant line should be provided.

4.3. PIPES AND FITTINGS

The common deficiencies observed in the pipes and fitting of fire fighting works are enumerated as under :

- (i) In some cases the grade(class) of pipes was found Class 'A' which is inferior to the minimum specified grade, i.e. 'Medium' (Class 'B').
- (ii) In most cases, GI pipes were found jointed with threaded coupling as against specified flange welded joints.
- (iii) In some cases, the non-return valves and the sluice valve above 65 mm dia were provided without wheel arrangement and even the direction of rotation was not indicated.
- (iv) There have been instances when a single outlet was provided in place of gun metal double outlet as envisaged in the tender documents.
- (v) In quite a few cases, the dia of primary hose nozzle was found less than 20 mm i.e. the minimum stipulated size as per relevant IS standards.
- (vi) In some of the buildings, the location of hose reels and hydrant outlets are found completely covered by wooden panelling.
- (vii) In some cases even the inscription "Fire Hydrant" and other indications with red paint on doors, etc. were not displayed.
- (viii) There were instances when the water sprinklers provided with quartz bulbs were found obstructed/hidden inside the false ceiling/plastering.
- (ix) In some cases, the hose reel cabinets were found insufficient for the movement of the reel to a minimum of 120° from its original position.

• Since the Hydrant Lines are required to maintain constant pressure, therefore, the grade and quality of pipes should not be compromised under any circumstances. All the fire fighting equipments should be given proper colour coding and indications, etc. wherever required. The location of hose reels should be in a conspicuous position and with free access. The sprinklers and nozzles should be installed without any obstruction.

•••

**COMMON IRREGULARITIES/LAPSES
OBSERVED IN STORES/PURCHASE
CONTRACTS AND GUIDELINES
FOR IMPROVEMENT IN THE
PROCUREMENT SYSTEM**



सत्यमेव जयते

BY CHIEF TECHNICAL EXAMINER'S ORGANISATION

CENTRAL VIGILANCE COMMISSION
GOVERNMENT OF INDIA

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COMMON IRREGULARITIES /LAPSES OBSERVED IN STORES/PURCHASE CONTRACTS AND GUIDELINES FOR IMPROVEMENT IN THE PROCUREMENT SYSTEM

1.0 Purchase Manual

The cardinal principle of any public buying is to procure the materials / services of the 'specified' quality, at the most competitive prices and, in a fair, just and transparent manner. To achieve this end, it is essential to have uniform and well documented policy guidelines in the organization so that this vital activity is executed in a well-coordinated manner with least time and cost over-runs. In some of the organizations, the purchase manual is either not at all there or has not been updated for years together. Thus the system of procurement is quite adhoc and arbitrary.

- A codified purchase manual containing the detailed purchase procedures, guidelines and also proper delegation of powers, wherever required needs to be made by all the organizations so that there is systematic and uniform approach in the decision-making. Such an integrated approach is likely to put a cap on the corruption and would also ensure smoother and faster decision-making.

2.0 Filing System

The filing system adopted in most of the organizations is not satisfactory. Even the files are not being paginated. The part files are opened as and when new action is initiated and these part files are not merged with the main file, which inter-alia results in break in continuity and arbitrariness in decision-making. The decisions / deliberations of the individuals or the Tender Committees are not properly documented or recorded which dilutes the accountability of the officers and may result in the 'interested' officers going scot free, even if serious lapses are established against them.

- The procurement files are very important and sensitive documents and thus there is a need to have a single file system with proper page numbering.

In case of urgency, if opening of the part files is unavoidable, the same should thereafter be merged with the main file. The decisions and deliberations of the individuals or the Tender Committees also need to be properly recorded and well documented.

3.0 Provisioning

3.1 It has been noticed that in certain cases excessive, fraudulent and infructuous purchases were made without taking into consideration the important aspects like available stocks, outstanding dues / supplies, past consumption pattern and average life of the equipments / items etc. These excessive / infructuous purchases were at times made in collusion with the firms. This resulted in not only the material lying unutilized for years together with no residual life but also a lot of extra expenditure was incurred on the inventory carrying cost. One of the organizations took double procurement action for purchase of tyres against the same liability. Even the factors like shelf life of 5 years and the past consumption pattern were ignored while placing the orders. As no action was taken to dispose off the surplus tyres, the department is incurring inventory carrying cost of about 20-25% per year for the last 10 years and the salvage value of the quantity held in stocks is likely to be 'Nil' due to expiry of the shelf life. In few cases, it was noticed that though the demand for the stores was simultaneously received from different wings / field units but, they were not clubbed together and were rather processed individually against the established principle of bulk buying.

● The provisioning of the stores needs to be done with utmost care taking into account the available stock, outstanding dues / supplies, the past consumption pattern, average life of the equipment / spares. The requirements also need to be properly clubbed so as to get the most competitive and best prices. The requirements should not be intentionally bifurcated / split so as to avoid approval from higher authorities.

3.2 In a case for purchase of 1,000 KVA D.G. sets, the tender enquiry was originally issued by the Organization for supply of D.G sets with four stroke engine. However, on the request of one of the bidders, the type of the engine was later changed from four stroke to two stroke and contract was awarded. During investigation, it was found that the engine manufacturer had given a release that the two stroke engine shall be phased out in two years. Surprisingly the existing DG Sets were with four-stroke engine.

In yet another case instead of buying DG sets for their energy needs, a shipyard hired DG sets from a firm in an ad hoc manner, without following competitive bidding. On investigation, it was revealed that the energy cost/unit worked, in excess of Rs.40/-.

- One time purchase for projects or capital equipments / spares should be properly justified depending on the actual requirement usage, rate of return etc. Further, the obsolescence factor should also be taken into account i.e. the equipment to be purchased should conform to the latest specifications and technology available in the market.

4.0 Appointment of Consultants

Some of the organizations appoint consultants due to lack of in-house expertise in technical matters. It has invariably been noticed that the appointment of consultants is not being done in a transparent manner and their working is also not properly supervised.

- i. The appointment of consultants is often made in an arbitrary manner without inviting tenders and without collecting adequate data about their performance, capability and experience. In some of the cases, the consultants were appointed after holding direct discussions with only one firm without establishing the reasonableness of consultation fee payable to them. In some cases the terms were modified to the financial advantage of the consultant, even after award of the contract. In one of the cases, the organization continued with a consultant for about 30 years and for all types of contracts. In yet another case, the Organization invited offers from 8 enlisted consultants but, awarded the contract to the highest bidder on the plea that they are Padam Shree awardees. Extra amount on account of travel expenses was also sanctioned after award of the contract.
- ii. The payment terms to the consultants are allowed quite liberally. In one of the cases, the consultant fee was paid on quarterly basis without linking the same with the progress of the project. Even full payments had been authorized before the completion of the project.
- iii. Quite a few organizations especially in the Banking Sector seem to abdicate their responsibility completely and do not oversee the working

of the consultants resulting in the latter exploiting the circumstances and at times in collusion with the suppliers, give biased recommendations in favour of a particular supplier. It has also been noticed that the consultants recommend acceptance of inferior items / equipments and also give undue benefit to the suppliers like non-recovery of penalties, for the delayed supplies and corresponding reduction in the excise duty / custom duty, if announced after award of the contract.

- The consultants need to be appointed only when it is felt absolutely essential. The appointment of consultants needs to be done in a transparent manner and after following the competitive tendering system. The consultant's role should be well-defined. The consultant is meant to assist the departmental officers because of lack of expertise and, it should not mean that they takeover all the functions. The responsibilities relating to award of contract and execution of contract after appointment of consultant should not be abdicated completely by the organizations. Rather appropriate checks should be exercised at all stages of the execution of the contract. Penal clauses for deficiency in service should invariably be stipulated in the contracts/MOUs with the consultants.

5.0 Estimated Rates

It was observed that the estimated rates are being worked out in an unprofessional and perfunctory manner, at times by extrapolating the price of the lowest capacity equipment or by applying a uniform yearly compounded escalation over the prices of similar equipment purchased few years ago. Consequently, the inflated estimated rates prepared by the Organizations resulted in acceptance and payment of higher prices to the firms.

- As the estimated rate is a vital element in establishing the reasonableness of prices, it is important that the same is worked out in a realistic and objective manner on the basis of prevailing market rates, last purchase prices, economic indices for the raw material/labour, other input costs, IEEMA formula, wherever applicable and assessment based on intrinsic value etc.

6.0 Notice Inviting Tender

- 6.1 Against the most preferred and transparent mode of Global tender

enquiry/Advertised tender enquiry, some of the Organizations are generally issuing limited tender inquiry to select vendors, irrespective of the value of purchase. Further, the credentials of the firms and the criteria adopted for selection of such vendors, in most of the cases, are not put on record. This not only results in lack of competition but also favoritism to the select vendors. It has been noticed that even in cases where Advertised/Global tender inquiries were issued, the same were published in the local dailies and not in any National Newspaper and particularly in Indian Trade Journal, Calcutta, which is a Government publication and is regarded as the standard medium for advertising tender notices in India. The main purpose of issuing Advertised/Global tender inquiry is to give wide publicity. It has been noticed that the Organizations do not forward the copies of the tender notices to the registered/past/likely suppliers and while in case of imported stores, the copies of the tender notices are not being forwarded to Indian Missions/Embassies of major trading countries.

- In order to give wide publicity, generate enough competition and to avoid favoritism, as far as possible, issue of Advertised/Global tender inquiries should be resorted to and published in ITJ and select National Newspapers. The copies of the tender notices should be sent to all the registered/past/likely suppliers by UPC and also to the Indian Missions /Embassies of major trading countries in case of imported stores.

6.2 It has also been noticed that for Advertised/Global tenders, against a normal time of four - six weeks, there are instances wherein time for tender opening of only 12 - 15 days was given. Similarly, in case of limited tenders, against a normal time of 21 - 30 days, there are cases where tenders were opened in a short period of only 7 days. The tender opening in such a short duration is normally resorted to in case of recorded emergencies, where in the purchaser sends the tender inquiries by faster means like fax/speed post. However, in most of such cases, neither urgency nor the proof of having sent the inquiries by fax/speed post could be established. In few cases, it was also noticed that though short term tenders were invited, expressing urgency of the requirement, however, the cases were processed in a very routine and casual manner without any consideration for urgency. On the other hand, in some cases, it was noticed that with the short time available, only 2 - 3 vendors who probably knew about the system, submitted their bids and, thereby forming a cartel and circumventing the system. In some of the cases of Global tenders, it was observed that though the Organizations had given a time of 6 - 8 weeks for tender opening but the tender sale was closed 2 - 4 weeks in advance of

tender opening, thereby effectively giving only one month time to bidders for purchase of tender documents. The very purpose of floating Global tender which is to give wide publicity and sufficient time to bidders to get the bidding documents and submit their offers, in such cases seems to have been defeated.

- With a view to have wider, fair and adequate competition, it is important that sufficient time of say 4 - 6 weeks in case of Advertised/Global tenders and 3 - 4 weeks in case of limited tenders is allowed, except, in cases of recorded emergencies, wherein also, a reasonable time should be permitted and tenders should be sent by faster means like speed post /fax. The tenders should preferably be kept open for sale till the date of tender opening or just one day prior to the date of tender opening. With the widespread use of Information Technology, the tender notices should also be put on the website and e-mail address of the organization should be indicated in the tender notice.

6.3 In case of proprietary purchases, the detailed justification for purchase from a single vendor is not being placed on record. As by issuing single tender, the competition is totally eliminated and the possibility of paying higher prices cannot be ruled out.

- It is imperative that the purchase on Single tender basis be made with the detailed justification in its support and with the approval of Competent Authority, including associated finance.

7.0 Tender/ Bid Document

7.1 The terms and conditions being stipulated in the bid documents by some of the Organizations are quite insufficient and sketchy. Sometimes, the bid document contain obsolete, unwanted matter and conflicting and vague provisions, resulting in wrong interpretation, disputes and time & cost over-runs.

Even the time/date for receipt and opening of tenders is not being incorporated in the documents.

The important clauses relating to Earnest money, Delivery Schedule, Payment terms, Performance/Warranty Bank Guarantee, Pre-despatch inspection, Arbitration, Liquidated Damages/Penalty for the delayed supplies and Risk-

purchase etc. are not being incorporated in the bid documents. All these clauses are important for safeguarding the interest of the purchaser and also have indirect financial implications in the evaluation of offers and execution of the contracts.

- All the important clauses as brought out above need to be incorporated in the bidding documents so as to fully safeguard the interest of the Govt. and, for evaluation of bids on equitable and fair basis and in a transparent manner.

7.2 In some cases, it was noticed that the amount of Earnest Money Deposit stipulated in the tender document was grossly insufficient to protect the Govt. interest in case of breach committed by the bidder. Some of the organizations instead of ignoring the bids not accompanied with earnest money deposit along with the tenders as per bids requirements, asked the bidders to submit EMD, after tender opening.

- The primary objective of submission of Earnest Money Deposit is to establish the earnestness of the bidder so that he does not withdraw, impair or modify the offer within the validity of the bid. It also helps in restricting if not eliminating 'speculative', 'frivolous' or 'wait and see' bids. Since any relaxation regarding submission of Earnest Money Deposit has financial implications besides giving encouragement to the bidders to submit frivolous bids as indicated above; the terms & conditions should clearly stipulate that the offers without Earnest Money Deposit would be considered as unresponsive and rejected.

7.3 In case of tenders invited in Two-bid system, some of the Organizations stipulate Earnest Money Deposit as percentage of the tender cost instead of fixed amount. In the Two-bid system, if EMD is taken on the basis of some stated percentage of tender value and with the announcement of the amount of EMD submitted by the bidders at the time of tender opening, the same will give every bidder a good indication of the prices quoted by the competitors by making back calculations. A bidder can use this information to the disadvantage of his competitor, if prices are subsequently modified.

- The Earnest Money Deposit in case of Two-bid system needs to be incorporated as a fixed and reasonable amount on the basis of estimated value of the purchase.

7.4 Some of the organizations incorporate a specific delivery schedule inter- alia mentioning that bids offering delivery beyond stipulated date will be treated as non -responsive and will be summarily rejected. However, after opening of the tenders, the bid by one of the organizations with slightly longer delivery period was not rejected as per the bid guidelines, rather that offer was also considered and evaluation was made after loading the offer by applying some unilateral loading criteria. The same resulted in inter se change of ranking position.

- In order to meet the project requirement, it would be prudent to incorporate an acceptable range of delivery period with the stipulation that no credit will be given for earlier deliveries and offers with delivery beyond the acceptable range will be treated as unresponsive. Within this acceptable range, for the purpose of evaluation, an adjustment per month say @ 2% could be added to the quoted prices of bidders offering deliveries later than the earliest delivery period specified in the bid documents.

7.5 The Evaluation/Loading criteria on account of acceptable range of deviations in the commercial terms and conditions viz. Payment Terms, Delivery period, Performance Bank Guarantee etc. is not being incorporated in the bidding documents. The evaluation of the offers is being made simply on the price quoted which is not in order. The comparative assessment of offers in true sense would be complete only if it is made on equal footing taking into account the financial implications for the deviations in terms and conditions, in line with unequivocal evaluation criteria specified in the bidding documents.

In one of the cases, it was noticed that due to non-stipulation of payment terms in the tender documents, the bidders quoted prices based on varying advance payment. The offers were evaluated by the Organization simply on the quoted prices, even though L-1 bidder had asked for much higher advance payment in comparison to the L-2 bidder. As such, the evaluation done by the Organization was not on equitable basis as the payment of higher advance, evidently had, financial implications.

- The Evaluation / Loading criteria with respect to the important terms, like Payment terms, Delivery period, Performance Bank Guarantee etc. having financial implications need to be specified in unambiguous terms in the bid documents so that the evaluation of bids after tender opening could be made in a transparent manner without any subjectivity.

7.6 Some of the Organizations incorporate only broad technical details instead of generic specifications with complete details of performance parameters and the technical evaluation criteria. At times the technical evaluation matrix is decided after opening of tenders and is kept confidential. In absence of the detailed specifications/technical evaluation criteria, the evaluation of offers on equitable basis and in a transparent manner would not be possible and would rather be prone to subjectivity in the decision-making. In one of the cases of hiring of coolers, the requirement was bifurcated into two categories viz. 'new cooler' and 'as good as new coolers'. Neither the quantitative requirement of each category of coolers nor the specifications had been indicated for the category of 'as good as new coolers'. Thus the description given was quite vague and susceptible to manipulation as it gave full leverage to the bidders to supply coolers of any vintage.

- The detailed generic technical specifications including performance parameters and the technical evaluation criteria, if any need to be specified in the bidding documents in unequivocal terms.

7.7 The exemptions/reservation of a particular item which normally apply to SSI units are not being specified in the tender notice / bid documents. The applicable purchase preference to public sector enterprises as per the guidelines circulated by Department of Public Enterprises is also not being incorporated in the bid documents leading to lot of complaints from SSI/PS Units.

- The Government instructions on reservation of items and price preference to SSI Units and purchase preference to PSUs need to be incorporated in bid documents.

7.8 It has been noticed that some tenderers offer conditional discounts for coverage within a shorter period, for early inspection/ payment etc. and, such discounts are being considered, at the time of evaluation of tenders by the organizations.

- It needs to be ensured that the evaluation of tenders should not be based on such conditional discounts and suitable clause should be included in the bidding documents.

8.0 Receipt of Tenders

Some of the organizations do not have proper arrangement for receipt of tenders. There is no tender box for receipt of tenders at scheduled date and time fixed for tender opening. Instead the trade representatives leave the tenders with the receptionist or the concerned Purchase Officer(s). This procedure is highly objectionable as the possibility of tampering and interpolation of offers cannot be ruled out.

- A proper arrangement for receipt of tenders at scheduled date and time through tender box needs to be adopted.

9.0 Postponement of Tender Opening

Wherever extension in the tender opening is done due to reasons like change in the specifications or on the basis of request of the vendors, it has been noticed that firstly, sufficient time to submit the bids as per the revised specifications and secondly, the intimation of tender opening extension is not being sent to all the bidders who had purchased the bidding documents. Also such notice of extension is also not being published in newspapers / ITJ.

- In order to give equal opportunity to all the bidders and to maintain sanctity of tendering system, it is of paramount importance that any change in the tender terms & conditions, specifications and tender opening date etc. be notified to all the bidders, sufficiently in advance of the revised tender opening date.

10.0 Opening of Tenders

Some of the organizations are not opening the tenders in public i.e. in presence of the trade representatives. The system of not opening the tenders in public is against the sanctity of tender system, and is a non-transparent method of handling tenders. There could be a possibility of tampering and interpolation of offers in such cases. The rates at times are not quoted in figures and words, cuttings / over-writings are not attested by bidders. Some of the organizations justify such opaqueness in tendering system by making a reference to their manuals. This is not acceptable.

• The opening of tenders in presence of trade representatives needs to be scrupulously followed. While, opening the tenders by the tender opening officer / committee, each tender should be numbered serially, initialed and dated on the first page. Each page of the tender should also be initialed with date and particularly, the prices, important terms & conditions etc. should be encircled and initialed in red ink by the tender opening officer / committee. Alterations in tenders, if any, made by the firms, should be initialed legibly to make it perfectly clear that such alterations were present on the tenders at the time of opening. Wherever any erasing or cutting is observed, the substituted words should be encircled and initialed and the fact that such erasing / cutting of the original entry was present on the tender at the time of opening be also recorded. The tender opening officer / committee should also prepare 'on the spot statement' giving details of the quotations received and other particulars like the prices, taxes, duties and EMD etc. as read out during the opening of the tenders.

Further, in case of 'Two bid' system, it has been noticed that after opening of the technical bids, the price bids, which are to be opened subsequently, are kept as loose envelopes. In such cases, the possibility of change of bids prior to tender opening cannot be ruled out. In order to make the system fool proof, it needs to be ensured that not only the tender opening officer / committee should sign on the envelopes but the signatures of two trade representatives should also be obtained on all the envelopes containing the price bids. Thereafter, all the envelopes should be put in a bigger envelope / box and the same should be properly sealed duly signed by the tender opening officer committee and trade representatives.

11.0 Post Tender Negotiations

As per CVC guidelines circulated vide letter No. 8 (1) (h) / 98 (1) dtd. 18.11.98, it has been brought out that "the tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with L-1 (i.e. Lowest tenderer)". In continuation to these instructions, following further clarifications were issued vide letter No. 98 / Ord. / 1 dtd. 15.03.99 :-

- (i) The Govt. of India has a purchase preference policy so far as the

public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Govt. of India for purchase preference for public sector should not be implemented.

- (ii) Incidentally, some organizations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.
 - (iii) Another issue that has been raised is that many a time the quantity to be ordered is much more than L-1 alone can supply. In such cases, the quantity order may be distributed in such a manner that the purchase is done in a fair, transparent and equitable manner.
- Despite the above instructions, it has been noticed that still repeated negotiations with the select / all the vendors are being carried out by some of the organizations in gross violation of the above instructions. The instructions / guidelines circulated by CVC on post tender negotiations only with L-1 need to be strictly followed.

12.0 Technical Evaluation of Tenders

Apart from the deficiencies already brought out in supra para 7.9, it has been noticed that though the offers of some firms fully conform to the specifications laid down in the bid documents, however, based on certain additional features which were never part of the specifications, the offers were graded as 'good', 'better' and 'best' for award of contract.

- Once it has been established that the offers meet the laid down specifications, the question of 'grading' as well as any 'pick and choose' should not arise. The contract needs to be awarded to the lowest bidder meeting the laid down specifications.

13.0 Purchase Preference to Public Sector Enterprises

The Department of Public enterprises, Ministry of Industry vide OM No. DPE/ 13 (19) / 91-Fin, Dtd. 13.01.92, 15.03.95, 31.10.97, 10.02.98 and 14.09.2000 have circulated the policy of granting purchase preference to Central Govt. Public Sector Enterprises when they compete with Private

large scale units. It has been laid down that where the quoted prices of Public Sector Enterprises or Joint Ventures with PSEs with a minimum value added content of over 20% by the latter, subject to purchase in excess of Rs. 1 crore, is within 10% of the lowest price, other things being equal, purchase preference will be granted to the Public Sector Enterprises or Joint Venture concerned at the lowest acceptable price. It has been noticed that some of the organizations are not following these instructions and accordingly, undue favour is being given to the Private firms.

● The instructions / guidelines circulated by Department of Public Enterprises for granting purchase preference to the Central Govt., Public Sector Enterprises / Joint Ventures need to be scrupulously followed as also brought out by CVC in the instructions circulated vide letter No. 98 / Ord. / 1 dtd. 15.03.99.

14.0 Consideration of Indian Agents

It has been noticed that some of the organizations entertained the offers of Indian Agents and also place the contracts on them without bothering to examine the following aspects :-

- i. Foreign Principal's proforma invoice indicating the Commission payable to the Indian Agent, nature of after sales service to be rendered by the Indian Agent.
- ii. Copy of the agency agreement with the foreign principal and the precise relationship between them and their mutual interest in the business.
- iii. The enlistment of the Indian Agent with Director General of Supplies & Disposals under the Compulsory Registration Scheme of Ministry of Finance.

● The above aspects are important one to examine the genuineness of the prices quoted by the Indian Agent, the nature of services which would be available from Indian Agent and compliance of Tax Laws by the Indian Agent and, to prevent leakage of foreign exchange.

15.0 Reasonableness of Prices

It has been noticed that the purchases are being made by some of

the organizations in an adhoc and arbitrary manner without satisfying the prime requirement of establishing the reasonableness of rates in relation to the estimated rates, last purchase prices or the prevailing market rates. Some of the instances are as under: -

- i. An organization placed an order for spares on a trader at an abnormally high price of about 40 times the OEM's price. In yet another case, in a span of 10 days, the order was placed on the same firm for the same item at rates almost 10 times of the previous order.
 - ii. In another case for procurement of an ore crusher, out of 6 offers received by the organization, 5 offers were rejected mainly on the basis of unspecified technical requirement, presumptions and conjectures. Therefore, the competition was killed. The prices of single left out offer were justified by extrapolating the prices of a lower capacity crusher (which were worked out by taking 5% compounded annual escalation over 10 years old prices) in proportion to the crushing force.
 - iii. In yet another case for hiring of coolers, orders were placed for ambiguous categories of items like 'new' and 'as good as new' coolers. An order was placed on a firm for the category for which the firm had not quoted in their original offer but had subsequently quoted, after they were invited for negotiations. Despite the firm lacking in technical and financial capability and there being cartel formation, still the order was placed at exorbitant prices in comparison to earlier prices for a period of 3 years. Knowing well the cartel of firms and exorbitant prices, the department did not consider placement of order only for one year as for next two years, fresh tenders could have been invited to break the cartel and get better prices.
- It is very important to establish the reasonableness of prices on the basis of estimated rates, prevailing market rates, last purchase prices, economic indices of the raw material / labour, other input costs and intrinsic value etc., before award of the contract.

16.0 Advance Payment & Bank Guarantees

- (i) As per CVC guidelines circulated vide Office Memorandum No. NU/

POL/19 dtd. 08.12.97, it has been brought out that payment of mobilization advance should be made only in cases of select works and that the advance should be interest bearing so that the contractor does not draw undue benefit. However, it has been noticed that some of the organizations are quite liberal in allowing the advance payments even to the extent of 30-40% and that too, totally interest free. In some organizations the payment of advance is being stipulated in the bid document itself. The payment of interest free advance is in contravention of the guidelines issued by CVC.

- (ii) It has been observed that in some cases, despite provision in the contracts for releasing advance payment against Bank Guarantee, the advance payments were released without taking any Bank Guarantee. Unfortunately, in some of the cases, the suppliers failed to discharge their contractual obligations and huge advances are still outstanding for the last several years. It would be suicidal, if the advance payment is released without the Bank Guarantee for an equivalent amount.
- (iii) In some cases, it has been observed that though the prospects of supply were bleak, still timely action for revalidation / encashment of the Bank Guarantee for the advance payment was not taken and the Bank Guarantees were allowed to lapse, jeopardizing the Govt. interest.

In one of the cases, though the initial advance payment of 20% was released against the Bank Guarantee, however, further 65% progressive payments were also made simply against certification of Internal Auditors that the amount claimed does not exceed the progressive expenditure. The payments were made in a span of hardly 2 months much before the bulk production clearance and without safeguards like Bank Guarantee etc. The Bank Guarantee for 20% initial advance payment was also allowed to lapse. Thereafter, the firm did not make any supplies and was declared sick and huge Govt. claim towards the advances made without protecting the Govt. interest remain un-recovered.

- (iv) The Bank Guarantees accepted were at times defective/conditional and did not safeguard the interest of the purchaser. Normally, the BGs permitting encashment without any demur - merely on a demand

from the purchaser are accepted. However, in some cases, though the Bank Guarantees submitted by the suppliers were conditional, stipulating "the encashment only if it is established the supplier had failed to comply with his contractual obligations," but, the same were accepted.

In one of the cases for procurement of high value equipment, it was observed that though for release of initial advance payment of 30%, submission of a Bank Guarantee was stipulated but, surprisingly for further progressive payments upto 50%, which were also in the form of advances (without receipt of the equipment), the reimbursement of payment simply on the basis of a 'Certificate of Assignment' and without any BG was authorized. After release of first 30% progressive payment, BG taken for 30% advance payment had automatically expired as per terms of the BG. Evidently in this case, the BG was not examined properly before acceptance and the defective BG having conditions deterrent to the Govt. interest was accepted.

- (v) In some cases, it was noticed that the effective date of contract was linked with the date of receipt of Bank Guarantee for advance payment. This is detrimental to the purchaser's interest as in the absence of a specific date for submission of Bank Guarantee, it would not be possible to establish specific date of breach to enforce the contractual remedies. In such cases, the supplier will get full opportunity to wriggle out of the contract, if he so desires without fulfilling contractual obligations.

● The advance payments need to be generally discouraged except in specific cases. Wherever payment of advance is considered unavoidable, the same should be interest bearing as per CVC guidelines and be allowed after getting an acceptable Bank Guarantee for an equivalent amount with sufficient validity so as to fully protect the Govt. interest. Some reasonable time should be stipulated for submission of Bank Guarantee so that contractual remedies could be enforced, if required. The Bank Guarantees need to be properly examined with respect to the acceptable format and any conditions deterrent to the Govt. interest should be got withdrawn before acceptance besides verifying the genuineness of the Bank Guarantees from the bankers. Timely action for revalidation / encashment of the Bank Guarantees also need to be taken so as to protect the Govt. interest.

17.0 Performance Bank Guarantee

Most of the organizations are not stipulating the requirement of Performance Bank Guarantee while others are stipulating different amount of Security deposit / Performance Bond. In some cases, it has been noted that the amount of PBG is too low in comparison to the contract value. The validity of Bank Guarantees is also not being scrupulously monitored and the extension in the Bank Guarantees commensurate with the delivery period extensions is not being sought resulting in loss to the Govt. in the event of nonperformance of the contract.

- In order to safeguard the Govt. interest, it would be appropriate to take reasonable amount of Performance Bank Guarantee valid upto warranty period for due performance of the contract. The validity of the Bank Guarantees needs to be carefully monitored and whenever extension in the delivery period is granted, the validity of Bank Guarantee should also be appropriately extended so as to protect the Govt. interest. The genuineness of the BGs should be checked from the issuing bank.

18.0 Stipulation of delivery period in the contract

Delivery period is the essence of any contract. It has been observed that in some of the cases, specific delivery period with reference to the terms of delivery is not being incorporated as mentioned below: -

- i. Only the date of offering the equipment for Pre-despatch inspection is stipulated as the delivery period, though the terms of delivery are on CIF basis/ FOR destination basis.
- ii. Only the date of completion of supply of the equipment is stipulated as the delivery period even though the installation & commissioning of the equipment is also to be carried out by the supplier. For installation & commissioning, no specific date is stipulated. In absence of any contractual binding in this regard, the suppliers claim the full payment for supplies of equipments and then tend to behave in an irresponsible manner and do not bother to take up timely installation / commissioning resulting in the equipment remaining uninstalled for months / years together.

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- The specific delivery period for supply as per the terms of delivery such as FOR station of despatch / destination and for completion of installation with the necessary provision for Liquidated damages / Penalty clause in the event of delay in supplies/ installation needs to be incorporated in the contract.

19.0 Guarantee / Warranty Terms

The guarantee / warranty clause incorporated by some of the organizations is quite sketchy. The modalities for enforcing the warranty obligations are not being incorporated. Due to incomplete guarantee / warranty terms, the suppliers take full leverage and do not bother to honour the guarantee / warranty obligations resulting in the equipment remaining defective and unutilized and thereby causing loss to the Govt. It has been observed that in cases where the installation of the equipment is also included in the scope of contracts but the standard guarantee / warranty clause of 15 months from the date of shipment / despatch or 12 months from the date of delivery, whichever is earlier is being incorporated. With the result due to delay in installation of the equipment, the guarantee / warranty expires even before the installation of the equipment or sometimes a very short period of guarantee / warranty is available.

- Detailed guarantee/warranty clause embodying all the safeguards be incorporated in the tender enquiry and the resultant contract. It also needs to be ensured that in installation/commissioning contracts, the guarantee/ warranty should reckon only from the date of installation/commissioning.

20.0 Post-contract Management

20.1 Modification of contract terms / specifications

After award of the contract, amendments/modifications having financial implications are authorized in the contract terms/specifications giving undue benefit to the suppliers. Some of these are enumerated below:-

- i. The specifications are diluted e.g. though specific makes/models of an equipment are specified in the contract as per firm's tender, however, subsequently supply of some more alternative makes/models of the equipment are authorized without taking into account the

financial implications thereof. It has been observed that generally lower priced alternative makes/models are being included subsequently in the contract giving undue benefit to the supplier.

- ii. The payment terms are amended favourable to the supplier e.g. advance payments are authorized even when there was no provision in the contract for making advance payments. At times higher advance payments than stipulated in the contract are authorized.
- iii. The Pre-despatch inspection though was incorporated in the contracts but, the same was subsequently waived without any reasons, thus jeopardizing the quality aspects as per contractual requirement.
- iv. The submission of Performance Bank Guarantee was waived.
- v. Even though the contracts were placed on FOR destination, the locations of the consignees were changed nearer to the supplier's premises without taking into account the benefit of freight charges.

● After conclusion of the contract, any relaxation in the contract terms / specifications should be severely discouraged. However, in exceptional cases where the modifications/amendments are considered to be absolutely essential, the same should be allowed after taking into account the financial implications for the same.

20.2 Post-contract Monitoring

- i. The post contract monitoring is being handled in a very casual and lackadaisical manner. It has been noticed that due to lack of coordination and diversified approach followed by various agencies in the implementation of the projects the same resulted in time and cost over-runs.
- ii. It has been noticed that in some cases even after expiry of delivery schedule stipulated in the contract and without extension of time granted by the purchaser, the consignees keep on exchanging correspondence with the suppliers and thereby keep the contract alive. This may result in serious legal complications if it is intended

to cancel the contract. It has also been noticed that even the materials are being accepted and payments are released as and when the supplier makes the supplies. There is utter disregard to the contracting norms relating to delivery period, which is the essence of the contract.

- iii. Generally, the purchaser extends the delivery period of the contracts. However, in some cases it was recorded that the 'Supplier' has extended the delivery period of the contract.
- iv. Some of the organizations do not incorporate Liquidated damages / Penalty clause for imposing the penalty in case of failure of the suppliers to deliver the equipment within the stipulated schedule. The suppliers quote short delivery period and in absence of deterrent conditions in the contract, manage repeated extensions. In some of the cases, it has been observed that Liquidated damages for delay in supplies are not being levied and recovered from the suppliers.
- v. It has also been noticed that although there had been delay attributable on the part of the supplier in making the timely supplies, however, the organizations are extending the letter of credit with the proviso that the L/C extension charges shall be borne by the organization, thereby giving undue benefit to the suppliers.

● It is essential to accord priority to the post contract follow up. The delivery period should be extended on bonafide request and not in a routine and casual manner. After expiry of delivery period, the consignees should be refrained from exchanging correspondence with the supplier. In case of delay in supplies by the supplier, the liquidated damages to the extent possible need to be recovered. Also in case of delay attributable on the part of the supplier, the L/C extension charges should be to supplier's account. In nutshell, there is a need to discipline the suppliers so that the non-performers could be weeded out and the suppliers which can be relied upon with consistent performance, in terms of quality and delivery schedule are encouraged.

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**ANALYTICAL STUDY
OF
WORKS & SYSTEMS**

Conducted by
CENTRAL VIGILANCE COMMISSION

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ANALYTICAL STUDY

Following is an extract from an analytical study conducted by Central Vigilance Commission with reference to a large Govt. Deptt. also engaged in executing huge works. From the type and kind of allegations levelled and irregularities observed by Central Vigilance Commission, lessons and appropriate action should be taken in a positive spirit by THDC with a view to avoid committing such irregularities.

1. The common allegations/irregularities observed in the cases relating to award of contracts for execution of works, for procurement of materials etc. were as follows :
 - (i) Award of contracts at exorbitant rates.
 - (ii) Execution of substandard works.
 - (iii) Acceptance of substandard supplies.
 - (iv) Over payments- i.e. payments made for works not executed.
 - (v) Failure to carry out quality-checks.
 - (vi) Misappropriation of materials by contractors and /or officials, in conspiracy with each other.
 - (vii) Manipulations at the tender processing stage with a view to favour a particular contractor and /or to eliminate a more deserving/eligible one.

2. Irregularities and manipulations/maneuverings in the award of contracts are the most common place allegation involving Enggn. officials. Such allegations are targeted, naturally, against the Tender Committee Members and, at times, against the Tender Accepting Authorities (TAA). The organization under consideration has broadly speaking, three systems of tenders. These are (i) the open tender system, (ii) the limited tender system and (iii) the single tender system. In the open tender system, the tender notice is given due publicity through prescribed channels/media and anyone (any individuals or firm) who is

desirous of taking up the contract is eligible to bid for the work. Under the limited tender system, tender notices are issued only to selected firms/entities which are short-listed in advance on the basis of their credentials, expertise and specialization vis-a-vis the kind of work in question. In other words, such agencies are those who are supposed to be borne on the 'approved list' being maintained by the Deptt. Single tender system, on the other hand, is taken recourse to only in emergencies and exceptional cases where the other tender routes cannot be followed on account of exigencies of the given situation.

3. The procedures governing the open tender and limited tender system are, no doubt, well defined. At the same time, it is still possible to manipulate the system to benefit/favour a particular tenderer at the cost of a more deserving one- and, thus, at the cost of the Deptt. itself. In fact, if the Tender Committee is bent upon patronizing a particular bidder, things can be twisted, manipulated and managed to project the said bidder as the most 'suitable' one. The TAA is, many a time, left with no option but to endorse the TC's recommendations, more so when the subject matter (i.e the kind of work/project in question) does not fall within his own discipline/specialization and when the recommendations of the TC are unanimous. In fact, only in very rare instances a TAA may reject, reverse or modify the TC recommendations
4. From a critical study of the cases involving allegations about irregularities in the processing and award of tenders/contracts, it has been observed that it is the TC which turn out (predictably) to be the villain of the piece-i.e. when the allegations are proved to be correct. By the very nature/scheme of things, a TC can resort to twistings, suppressions, exaggerations, manipulations and half truths with the object of 'projecting' a particular bidder as the most suitable and depicting a better placed bidder as unsuitable or less suitable. The various modus operandi adopted by the TC in this regard are commonly as under- as noted from the history of the cases under review :
 - (a) Exaggerating the 'track record' of the 'favourite' bidder.
 - (b) Suppressing and/or down playing his past failures.
 - (c) Exaggerating the past failures of his main rival.

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- (d) Ignoring/suppressing the otherwise satisfactory credentials of the main rival.
 - (e) Projecting, falsely, that the lower rates offered by the main rival are "unworkable" on the basis of the estimated cost which, in the first place, was exaggerated deliberately.
 - (f) Projecting undue/artificial "urgency" and then by passing the lower offer on the ground that the party already has some works on hand and that, therefore, it may not to be trusted to complete the subject work within the stipulated time frame. [In reality, it has been observed, once the tender is awarded to the other party on these premises, the party is merily granted extension after extension (of time) either with token penalties or with no penalties even].
 - (g) Painting, deliberately, the quality of the product offered by the better placed bidder (who has quoted lower rates) as unsatisfactory/unsuitable.
 - (h) Exaggerating the capacity/resources of a favourite contractor and down-playing that of his rival (lower bidder).
5. Normally, a TC consists of three Members. The first of these who is designated as the Convenor Member is an officer from what could be called the user Department. He is also expected to be an expert in the given subject. The 2nd Member is the representative of the Finance Deptt. and the 3rd Member is an officer drawn from any other discipline.
6. Cartel formation amongst the bidders is another feature which has been noted in many cases relating to award of contracts— whether it is for execution of works or supply/procurement of machineries and stores. Technically, one might say that the officers/engineers concerned cannot be blamed for the ring formation of the contractors. This might be true at times ; but fact of the matter, it has been noted, is also that in a majority of cases this ring formation is done by contractors in active collusion with the concerned engineers/officers. Needless to say that such ring formations lead to elimination of competition and award of the works/procurement orders at exorbitant rates at the cost of the deptt. Of course, It is next to impossible to prove the un-wholy nexus between
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the officials and the contractors which, therefore, has to be inferred from the totality of circumstances of the given case.

7. It has also been found that irregularities are resorted to, deliberately, in the disposal of costly items like scrap items, old wagons and the like. In such cases, the minimum price is fixed, very often, at unreasonably low rates. Instances have also been noted where the bidders join hands together and form cartels in connivance with the officials concerned, leading to disposal of the items at throw away prices.
8. The common irregularities noted in the processing and finalization of tender cases and contracts are as follows :

High-Pitching of Estimates

- (i) It is imperative to mention, in the tender notice (called the NIT-i.e. Notice Inviting Tender) the estimated cost of the given work/project. And this is supposed to be arrived at by collecting all relevant data and information carefully and intelligently. Normally, this is the responsibility of the Convenor-member (to be) of the TC. However, many a time the estimates turn out to be high pitched. In most of the cases, this is done deliberately for obvious reasons) by : (a) picking up "comparable works" selectively, (b) by picking up, for comparison, incomparable works, (c) by willfully over-looking really comparable works- i.e. works awarded at competitive rates in the immediate past within or adjoining the particular area, (d) by 'assuming' unreasonable rates towards labour cost, transportation, local taxes and such other variables- etc. In some cases, the high pitching of estimated cost could also be because of sheer apathy/callousness (i.e. not necessarily on a/c of motives) on the part of the official(s) entrusted with the job. At the same time, since such callousness and apathy eventually result in the award of the given work at unreasonably high rates, the concerned official(s) cannot be let off scot-free simply on the ground that there was no malafid behind his/their act of omission or commission. After all, when the act of omission/commission of a public servant, though bereft of malafiders, cannot be condoned if it has resulted in monetary loss to the Organization.

'Doctored' Briefing Notes & Comparative Statements

- (ii) Briefing Notes and Comparative Statements are prepared for the perusal guidance and benefit of the TC members (i.e. to facilitate the TC's job) by an officer of the user Deptt. who is normally a subordinate of the Convenor Member (to be) of the TC. This is also an area which is prone to manipulations, if the officer concerned (who prepares these) has his own axes to grind and /or is under pressure from the higher ups. It has been observed, for example, that these documents are doctored and tailor-made with a view to "projecting" a particular party/contractor as the most "suitable" one -by resorting to twistings, suppressions, exaggerations and half truths: and for depicting a more deserving party as inferior or less suitable.

Manoeuverings In TC Minutes

- (iii) It goes without saying that it is the TC which decides, practically speaking, the outcome of a tender, because as noted earlier, many a time the TAA is guided and carried away by the TC's recommendations-right or wrong. And even amongst the TC members, it is the first Member (i.e. the Convenor-Member) whose role is most pivotal. If the TC members have no hidden agenda, they may differ in their views/assessment and recommendations. This is NOT TO SAY that when the recommendations are unanimous it is an indication of any unholy 'nexus' amongst the TC members and contractors. All the same, in majority of the cases the TC's recommendations turn out, invariably, to be unanimous. This unanimity may not always be on account of a genuine consensus amongst the members. On the other hand, the same is attributable, many a time, to: (a) either a "meeting of minds" amongst the TC members or (b) sheer absence of application of mind, independently, by the Finance- Member and 3rd Member of the TC who has a tendency, very often, to sign blindly on the dotted lines as drawn by the Convenor-Member. In fact, when irregularities/manoeuverings are detected subsequently in the processing of the tenders, the common refrain of the 2nd and 3rd members (of the TC) is that their own accountability in the

matter is 'nil' since they have only endorsed the views of the Convenor-Member who was the 'authority' on the subject. Sometimes the Deptt. also tends to support this view- more so in the case of the 3rd member. The commission had occasions to point out, in this regard that this argument (which in effect amounts to saying that the 3rd member is only a rubber stamp) is an unacceptable proposition even if his own culpability may not to be equated with that of the Convenor-Members and the Finance Member. In fact, if the so-called 3rd Member's role is wholly peripheral, it will be totally redundant to associate him with the TC proceedings. Surely, the 3rd Member also is expected to apply his mind carefully, independently and dispassionately into the merits of the case and to bring record his own considered views, regardless of the recommendations of the other two. If, on the other hand, the 3rd Member is supposed to be only a mute spectator, one might as well say that there is simply no need for a 3rd member in a TC.

Non Application of Mind by Tender Accepting Authorities (TAA)

- (iv) As mentioned earlier, the recommendations of the TC members are almost always unanimous. Dissenting notes are, in fact, exceptions. As such, a TAA is almost often presented with a "fact-accompl.", where he is induced to okay the TC proposals: more so when he is himself not an expert/authority on the work/product/project/equipments in question. Whenever irregularities are detected in the award of a tender, the common defence of a TAA is that he had only approved, in good faith, the unanimous recommendation of the TC. This is, in the commission's view, an untenable argument. Even if the TC recommendations are unanimous, a TAA is certainly expected to apply his mind carefully and independently and take decisions prudently and in the best interest of the Deptt. In fact, if the TAA's job is merely to endorse, mechanically, whatever the TC has suggested, there is no need for a TAA. Even where the TAA may not be an expert in the given subject (which may pertain to another discipline), he can as well obtain, in his own way, opinion and views of other authorities on the subject with a view to satisfying himself about the fairness of the TC's recommendations.

9. These are, as mentioned already, only illustrative *modus operandi* adopted (of maneuverings resorted to by the TC which goes about its job with a pre-determined agenda) with a view to ensuring award of the tender to a less deserving bidder at the cost of a more deserving one. Fact of the matter, quite simply, is that the TC is in a very commanding position, many a time, to "doctor" everything the way it wants i.e. when it processes the tenders with a hidden agenda.

9.1 Instances have been noted in several cases where the TAA had also acted with malafides, i.e. with a view to favouring a particular bidder at the cost of a more deserving one, by reversing/modifying the TC's recommendations, by applying pressure-overtly or covertly-on the TC members to modify their proposals and so forth.

10. Local purchases is another area which has generated quite a few cases. An analysis of such cases has shown that rampant irregularities are resorted to, many a time, in local purchases. The most common type of irregularities noted in this area are as under :-

- (i) Generating artificial 'demand' for materials to justify purchases.
- (ii) Splitting up of demand/quantities with a view to bringing each case under the financial powers of the local purchase officers.
- (iii) Projecting artificial urgency to the purchase although no such urgency actually exists.
- (iv) Obtaining 'supporting quotations' from fictitious/non-existent entities where the quoted rates are invariably higher vis-a-vis the rates of the pre-determined supplier.
- (v) Effecting redundant purchases at exorbitant rates.

11. In purchase/procurement cases, the quantum of items proposed to be procured is invariably to be specified in the NIT. True, at times it may not be possible to assess with accuracy the exact requirement and in such cases the quantity is indicated as 'approximate'. It has been observed in many cases that when the requirement is huge, the idea/intention is to split the quantity amongst several eligible bidders at the rate quoted by the L-1 bidder (by making counter-offers to the other

bidders at the rate quoted by the L-1) provided, ofcourse, the L-1 bidder's rate is acceptable to them. While this is okay, this 'intention' of the Deptt. (of splitting the quantity amongst all valid bidders) is many a time not indicated in the NIT. This leads to a situation where every bidder quotes his rates under the presumption that the entire order is meant to be given to the lowest valid tenderer -and he quotes his rates accordingly. It is a matter of common knowledge that the rate quoted is, many a time, w.r.t. the quantity involved: i.e. the higher the quantity, the lower the rates and vice-versa. When a successful bidder is told, subsequently, that he will be given order for only a certain percentage (of the total quantity), disputes arise about the rates and sometimes he may even withdraw his offer. Needless to say that such difficulties/problems can easily be avoided if it is clearly mentioned in the NIT itself that the order is proposed to be split amongst all valid/eligible bidders and, accordingly, rates are solicited w.r.t. slabs of quantities.

12. Recruitments/appointments, promotions (on the basis of departmental tests) etc. are also areas which generate sizable number of vigilance cases. True, every recruitment is made by a duly constituted selection committee consisting of senior officials who carryout/finalize the selections on the basis of prescribed written tests, physical tests, viva-voce and the like : but despite all these, complaints are made alleging favouritism and/ or discrimination in the matter of such recruitments. A close study of the cases falling under this category has shown that such complaints/allegations are attributable, inter alia, to the following factors/irregularities;

- (a) **Screening of applications** : When recruitments are made on mass scale, the number of applications will be, obviously, quite huge. It is therefore essential to have a preliminary scrutiny/ screening of the applications with a view to rejecting those which do not fulfill the eligibility criteria. This job is normally entrusted to a duly constituted screening committee. It has been observed, in several cases, that this Committee goes about its job in a casual manner, many a time, with the result that quite a few number of ineligible applications get into the list of eligible applications and vice-versa. Since this is the elementary stage of the selection-exercise, malafides may be ruled out behind such inept handling/

scrutiny of the applications. But all the same, one cannot also totally condone such lackadaisical approach, which may ultimately result in the selection of ineligible candidates and or rejection of otherwise eligible candidates in the conduct in the very first round itself.

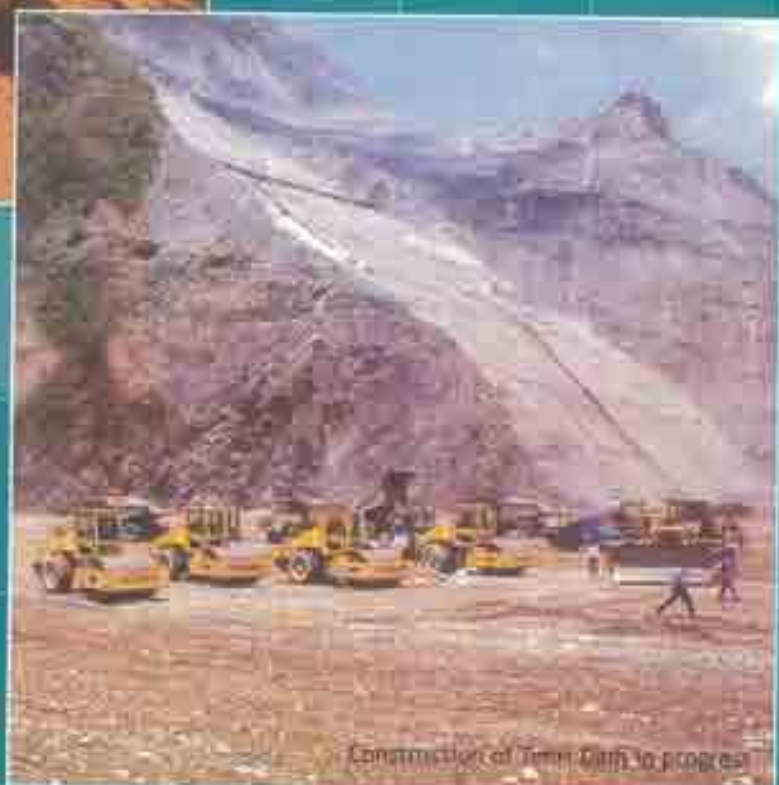
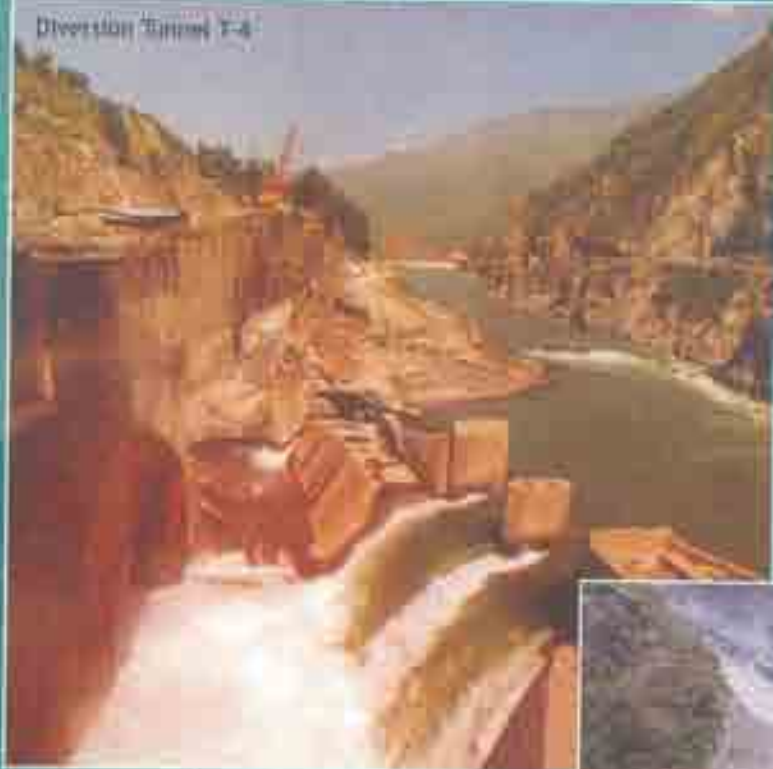
- (b) **Irregularities in the conduct of written test :** This is an area which gives rise to the maximum number of allegations, complaints and vigilance cases. Here, the evaluator (examiner) is accused of double standards, lack of uniformity etc. in the evaluation job and in the award of marks. It has been observed in many a case that such allegations very often turn out to be true. Infact, when it is found that there is absolute lack of uniformity on the part of the Examiner in the matter of award of marks, one has to conclude, *per se*, that his evaluation was subjective with a view to favouring certain select candidates at the cost of more deserving ones. Malafies and quid-pro-quos in such situations are only a matter of natural inference. The common refrain of the accused officials caught in such situation is that they had to undertake/complete the evaluation job in addition to their normal duties, that the time available (for completing the job) was too inadequate and the like. Although there might be some substance in such submissions, one cannot straight away absolve the officials concerned of malafides by accepting such defences/excuses at its face value. While there are strict instructions/guidelines relating to evaluation of answer sheets (The "do's" and "don'ts" of it). It has been seen that these are violated in gay abandon by many of the Examiners. For example, instructions stipulate clearly that an Examiner should not be revising or enhancing the marks already allotted by him, that he should not be resorting to over writing/erasing (of marks) and the like. However, it has been noted in a number of cases that such instructions are openly violated. When confronted with such irregularities the officer concerned tries to take shelter under the cannot be accepted at its face value because Examiners are fairly senior level officers who are expected to know, whatever discipline they may belong to, the fundamentals and the basic "do's" and "don'ts" to be observed by an Examiner. Even granting that a

particular officer may truly be not conversant with the impugned instructions, he is supposed to acquaint himself with the instructions at least after he is entrusted with the job of evaluation in a particular case. And hence, in short, wide variations/ discrepancies in evaluation/allotment of marks, absolute lack of uniformity, maneuverings and manipulations in the award of marks etc. have to be construed, ordinarily, as instances/evidences of ulterior motives on the part of the concerned Evaluator.

- (c) **Malpractices in viva-voce tests :** Maneuverings have also been noted in the conduct of the viva-voce proceedings as well. It is true that in a viva-voce test, marks are allotted to the candidates on the basis of the subjective evaluation/assessment of the members of the interview committee; and that, naturally, there will be an element of subjectivity in it. However, it has been observed that candidates who get through the written examination with the barest minimum marks manage to score unbelievably high marks in the viva. Since such a thing is normally not possible and not believable, it gives rise to suspicions of malafides on the part of the interview committee members.

14. Promotions made on the basis of departmental tests and interviews also give rise to complaints/allegations of favouritism/discrimination etc. Here again, it has been found that the Examiners concerned resort to irregularities in the assessment of the answer papers relating to the written tests and in the award of marks with a view to favouring select candidates. It is only a matter of common knowledge that many a time money does change hands in such matters. However, it is next to impossible to have 'solid' evidences in this regard for obvious reasons. As such when blatant irregularities (maneuverings and manipulations) are detected in the conduct of the written test, awarding of marks and the like, an inference is inescapable that it was a case where the officers concerned acted with malafides and ulterior motives.

Diversion Tunnel 7-8



Construction of Tunnel Shaft in progress