

**SOME EXAMPLES OF PRIMA FACIE LAPSES/IRREGULARITIES
DETECTED IN THE EXECUTION OF WORKS.**

(1) Civil Construction Works

A. GOVERNMENT DEPARTMENTS

A.1 CENTRAL PUBLIC WORKS DEPARTMENT (CPWD)

**A.1.1 Construction of 1 No. Jawan barrack for 120 men at BSF
Campus Dabla, Jaisalmer**

The response to press notice was poor. Advertisement was not inserted in national newspapers. The items deviated beyond permissible limit. It seems that higher rate was allowed in extra item of AC sheet strip in floor joints. Steel windows were not flash but welded as per CPWD specifications. Manadatory tests for glazed tiles, door shutters and lime were less than prescribed.

**A.1.2 Construction of Office Building for Income Tax Department at
Jodhpur.**

The expenditure of approximately Rs. 10 lacs was incurred for water proofing treatment of basement which is not considered essential, Jodhpur being low rain fall area. Tenders were invited without approval of NIT and subsequently 3 corrigendum had to be issued resulting in avoidable expenditure on publicity. Rs.73522/- was paid to structural consultant though full fledged planning unit meant for the work existed. Abnormally high rated items deviated beyond permissible limit

**A.1.3 Construction of residential quarters for audit staff at Indra
Nagar, Dehradun.**

Agreement item of providing and fixing of wooden batton in the grit plaster was changed to aluminum channel, thereby incurring extra expenditure. Many agreement items deviated beyond permissible limit and some items paid were found inadmissible.

A.1.4 Construction of 53 Nos. Staff quarters for EPE at Cochin.

The standard PWD form 8 has not been made part of the contract and compliance of instructions issued in site order book was not recorded. Rebound hammer test has not been carried out for RCC work.

A.1.5 Construction of office-cum-Court Complex for Central Administrative Tribunal at Kochi.

A number of corrections with white fluid made in the NIT without attestation. The certificate regarding number of corrections, omissions and over writings not recorded on the contractor's letter received by the Chief Engineer's office. Many discrepancies in the site records were observed.

A.2 **DEPARTMENT OF TELECOMMUNICATIONS**

A.2.1 Construction of Telephone exchange building at Bhakti Nagar (Rajkot)

In the market rate justification, wastage on aluminum item was taken as 10% instead of 5% thereby justifying higher rate. Abnormally high rated items deviated beyond permissible limit. Plumbing fixtures were found to be of inferior quality. Mandatory tests of materials were less than specified.

A.3 **MINISTRY OF ENVIRONMENT AND FORESTS**

A.3.1 Construction of 78 Nos. additional quarters for TFRI at Jabalpur.

Avoidable expenditure was incurred by availing services of consultants. Recovery of 15.13MT of steel issued to contractor was not done. Non ISI PVC water tanks, cupboard shutters, gun metal valves were used. Materials like terrazzo tiles and water were not tested. RCC cubes were also not tested as per required frequency.

A.4 **NORTHERN RAILWAY**

A.4.1 Construction of transit accommodation and other miscellaneous works for staff at Jammu.

Work cancelled but earnest money not forfeited. Proper procedure has not been followed to ascertain the reasonableness of the accepted rates. Sanitary fixtures, door shutters, PVC tanks were local brand. The materials for example bricks, tiles, flush door shutters and timber used were not tested at all.

A.5 **DEPARTMENT OF ATOMIC ENERGY**

A.5.1 Construction of 112 Nos. Residential flats at Annupuram, near Kalpakkam.

Adequate publicity was not given and there was delay in acceptance of tenders. Agreement was not drawn properly and the site

records, like Hinderance Register, Cement Register and other materials account have not been maintained properly. Non-approved/non-ISI material were used.

A.5.2 Construction of Ward Block for ACTREC Project at Taloja, Navi Mumbai.

Proper market rate justification has not been kept on record and high rates have been accepted. While opening the tenders, proper record of corrections, omissions and insertions etc. on each page has not been kept. Nomenclature of items have not been properly described. The site records have not been maintained properly.

A.6 **DEPARTMENT OF SPACE**

A.6.1 Construction of additional staff quarters 28 nos. B-Type for SAC at Ahmedabad.

While opening tenders, number of corrections, omissions, insertions etc. were not recorded. There had been ambiguities in the contract documents. The secured advance has not been paid on proper basis. The mandatory tests have not been carried out.

B. **BANKS, INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS**

B.1 BANK OF INDIA

B.1.1 Construction of officers flats at Rajkot.

The consultant took nearly 2-1/2 years in submission of the estimate which resulted in cost escalation. No action against the consultant was taken. Tenders of six (6) firms from whom price bids were received, were rejected without proper reason and thereby restricting the competition. The market rates justification was not prepared. Abnormally high rated items were not identified. Comprehensive insurance cover as stipulated in the agreement was not taken. Against PVA clause over payment was suspected for cement and steel.

B.2 **BHARTIYA RESERVE BANK NOTE MUDRAN**

Construction of New Note Press Project, Mysore, Civil work for township package.

B.2.1 The contractor to whom work has been awarded did not fulfill the eligibility criteria. Number of contradictory conditions were provided in the agreement. Huge mobilization advance had been paid without fulfilling the contractual requirements.

B.3 STATE BANK OF INDIA

B.3.1 Interior renovation work of new Administrative Building for SBI at Belapur, Navi Mumbai.

The work for consultancy had been awarded after a gap of one year. The consultant failed to draw proper specifications, prepare detailed estimate and proper rate analysis. Costly specifications were stipulated. No market rate justification prepared to assess reasonability of rates. Rates in words were not recorded while opening the tenders. The insurance policy was not taken.

B.4 LIFE INSURANCE CORPORATION OF INDIA

B.4.1 Construction of housing complex of Policy-holders at Vastrapur, Ahmedabad.

The nomenclature of number of items was not properly described and few items have been included for rates only. The insurance cover as per agreement was not taken. The theoretical consumption of materials used was not worked out to compare against actual consumption. The mandatory tests were not conducted.

C. PUBLIC SECTOR UNDERTAKINGS, AUTONOMOUS BODIES ETC.

C.1 INDIAN OIL CORPORATION

C.1.1 Construction of new project office at Bajwahan.

It was seen that contractors were not short listed properly. The consultants were appointed at a very high fee of Rs.21 lacs and 89% of total due payment was released much earlier than dues payable. Some of the agreement items and extra items were executed at higher rates, through separate tender. The earth filling done at a cost of Rs.19.60 lacs was not carried out properly.

C.2 INDIAN INSTITUTE OF MANAGEMENT, LUCKNOW

C.2.1 Construction of library and computer block at IIM, Lucknow.

The above work costing Rs.1.94 crores was allowed as additional work which had already exceeded by Rs.1.75 crores, allowing undue favour. 10% mobilization advance was paid without provision in the agreement. Extra items worth Rs.33.04 lacs were executed without proper market rate analysis. The large scale deviations indicate poor estimation and design work. Escalation payment of Rs.16.28 lacs was not worked-out correctly.

C.3 AIRPORTS AUTHORITY OF INDIA

- C.3.1 Special repair to terminal building II at IGI Airport, New Delhi (SH: Integral Cement based water proofing treatment on terrace).

The recovery of Rs.10.70 lacs from earlier agency was not made. Rs.9 lacs infructuous expenditure incurred by additional roof. 5% extra rates were allowed for working in restricted areas against 2% approved by the Chief Engineer. Over payment of Rs.86,688/- was made for mixing water proofing compound which was not admissible.

C.4 GARDEN REACH SHIP BUILDERS AND ENGINEERS LIMITED

- C.4.1 Design/Engineering including construction management for proposed augmentation of dry dock at GRSE main.

Consultants appointed by GRSE were without following proper procedure. The quotations were obtained in October 1993 whereas letter of intent had been issued in March 1997. Performance guarantee of Rs.2,23,700/- was not obtained. The rates adopted in schedule of compensation for the personnel charges were suspected to be on higher side. No material account was kept for costly chemical treatment involving a cost of Rs.14 lacs.

C.5 CHANDIGARH HOUSING BOARD (CHB)

- C.5.1 Construction of 54/108 MIG (F) in West of Sector 38, Chandigarh Group -I.

Tenders were called 4(four) times and response was poor. Cost of non schedule items was increased from Rs.61,31,232/- to 68,32,170/- from 2nd call to 4th call without assigning any reason. CHB accepted twenty conditions put by the agency, which had financial implications.

C.6 VIDESH SANCHAR NIGAM LIMITED

- C.6.1 Construction of Gate way exchange building staff quarters and other ancillary works at Kanpur.

The consultants were appointed arbitrarily with higher fees of 3.35% and without any maximum ceiling even though a repeat work. The agency was unduly benefited by allowing interest free mobilization advance. Insurance against loss or damage was not obtained. Secured advance of Rs.66,23,483/- was paid without stipulation of proper clauses in the agreement. Materials used in the work e.g. timber, tiles, marble, shutters were not tested at all.

C.7 **CHENNAI PORT TRUST**

C.7.1 Construction of boundary wall in New Port at Ennore, Chennai.

The work was awarded to single tenderer without proper competition. The superfluous provision of vehicle in the agreement costed Chennai Port Rs.2.55 lacs extra. No testing of materials was carried out and income tax was not deducted. Bond stones not provided and joints were not of uniform thickness in stone-masonry.

C.8 **RAIL INDIA TECHNICAL & ECONOMIC SERVICES LTD. (RITES)**

C.8.1 Construction of Zilla Panchayat Bhavan cum Shopping complex at Hassan.

Number of contradictory conditions had been kept in the agreement. Market rate justification was not prepared. Quality of work was not satisfactory. Over payments in respect of many items were noticed.

C.9 **RASHTRIYA CHEMICALS & FERTILIZERS LIMITED (RCFL)**

C.9.1 Various civil works in RCFL township in RCFL Estate at Chambur, Mumbai.

Tenders were split up while awarding the work arbitrarily. There are huge deviations in the quantities. Dismantled material was not accounted properly.

C.10 **KANDLA PORT TRUST**

C.10.1 Construction of multi purpose hall at Gopal Puri at Kandla Port Trust.

No market rate justification was prepared to assess the reasonability of accepted rates. Timely action to recover the amount of risk and cost was not taken. Over measurement and over payment were suspected.

C.10.2 Development of land including roads etc. and side west gate at Kandla Port Trust.

A loss of Rs.17.58 lacs was caused by rejection of lowest offer in the 1st call and by accepting the higher rates in the 2nd call. The loss caused due to cyclone effect has not been got approved from the competent authority and recovered from the contractor as per provisions of the contract.

C.11 **DELHI VIDYUT BOARD (DVB)**

C.11.1 Construction of 132 dwelling units of Type II quarters and 12 nos. stilted parking under Phase I in DVB Staff Colony, Sector XI, Rohini, Delhi.

The pre-qualification details published in press notice were not at par with the approved NIT. Long period of 7 months was taken in acceptance of tenders. The insurance policies were not obtained as per agreement.

C.12 **DAMODAR VALLEY CORPORATION**

C.12.1 Construction of Ash Pond 'C' (Ph.I) at CTPS Chandrapur, Bokaro

The tender was issued to a contractor without verifying credentials. T&P to be deployed at site was not available. Mode of compaction of earth work has been changed without ascertaining the financial impact. The calculation of earth work was not done as per standard formula and no deductions for voids made.

C.13 **NATIONAL BUILDING CONSTRUCTION CORPORATION**

C.13.1 Construction of NLDC Building at Katwaria Sarai, New Delhi (Main Building).

No recovery has been made for excess issue of cement. Large deviation was observed in certain agreement items without approval of competent authority. The workmanship at site was poor. No documents except testing record was provided during inspection.

C.13.2 Construction of NLDC Building at Katwaria Sarai, New Delhi (Interior decoration).

Large deviation was observed in the agreement items. Prelaminated board used in the work did not conform to specifications. No fastener was provided to hold the double skin partition. False ceiling at various locations sagged due to inadequate suspenders.

C.13.3 Construction of 44 C-type quarters at Bandra Kurla Complex for ONGC at Bombay.

Work was awarded without approval of competent authority. Bids were not competitive. Mandatory tests were not carried out.

C.13.4 Construction of Additional Warehouse at Taloja, Mumbai

While opening the tenders, care was not taken to record corrections, omissions, cuttings etc. Many discrepancies were noticed in agreement. Work was awarded to a contractor who was not satisfying eligibility criteria.

C.13.5 Construction of office building and staff quarters for Sub-Regional Office for EPF Organisation

The details regarding corrections, over-writings and omissions etc. were not recorded at the time of opening of tenders. The agreement was not sealed and page numbered. The site records were not maintained properly. The base mortar paid separately for dovetail tiles was not payable.

C.14 **IRCON INTERNATIONAL LIMITED**

C.14.1 Widening and strengthening of Cuddapah - Tadipatri Road.

Amount of performance guarantee stipulated in tender had been reduced. The offer was received on item- rate basis but the work awarded on percentage rate basis. No proper checking/scrutiny was carried out before extending machinery advance. Hire charges for the machinery given by IRCON on hire were not recovered resulting in temporary benefit to contractor. Certain machinery not stipulated in agreement was also issued.

C.14.2 Construction of 2x40m obligatory span for JVLR Flyover Project.

The rates were not written in words while opening the tenders. The negotiations were carried out with L2 and L3 also, in addition to L1. The contract has been awarded on IRCON rates and not on rates quoted by contractor. Measurements have not been entered in Measurement Books. Payments are being made on lump sum quantities. Staging material has been issued to contractor after acceptance of contract. No record of CPCC anti-corrosive treatment to HYSD bars was kept. HYSD bars have been purchased from local market.

C.15 **NATIONAL INSTITUTE OF DESIGN**

C.15.1 Construction of Sr. Faculty House at NID, Ahmedabad.

The consultancy work was awarded arbitrarily at high fee of 7.5% and the consultant failed to provide the services as per requirement. Number of agencies qualifying for the tender were rejected at the pre-qualification stage without assigning proper reasons. No site record except cement register was maintained.

C.16 **NORTH EASTERN ELECTRIC POWER
CORPORATION LIMITED**

C.16.1 Construction of Civil works of Dikrong Power House at Ranganadi H.E. Project.

Technical sanction was not produced during inspection. No market rate justification was prepared. Bank guarantee was not obtained for mobilisation advance paid. No insurance policy was produced during inspection. The work is over delayed but no action taken. Advance of Rs.25.00 lacs paid without provision in the agreement.

C.16.2 Construction of a 'A' type Residential quarters at Doimukh (A.P.)

No technical sanction issued. The work awarded to 16 agencies in arbitrary manner. No justification on prevailing market rates prepared. No documents/records were produced during inspection.

C.17 **NATIONAL THERMAL POWER CORPORATION**

C.17.1 Construction of Administrative building at NCPP Ph.1, Dadri

Long time was taken to accept tenders. The drawings for aluminium work were deficient. Site records were not maintained properly. Many contract conditions were deficient and bills have not been prepared properly.

C.17.2 Construction of C Type quarters at Kayamkulam.

While opening tenders corrections, omissions, over-writing etc. and signing each page has not been done. The original agreement has not been page numbered and sealed. The mandatory tests not carried out. Bond stones have not been provided in the RR masonry. Sanitary fittings were not BIS marked. The theoretical consumption of materials not prepared to compare with actual consumption.

C.18 **DELHI DEVELOPMENT AUTHORITY (DDA)**

C.18.1 Construction of 176 Nos. MIG Dwelling Units at Jahangirpuri.

DDA constructed a block of houses out of which 56 quarters were considered of poor quality. It took DDA 15 years to consider demolition and re-construction. The officials responsible for poor execution have not been identified. While opening tenders proper care was not taken to note cuttings/over-writings etc. The work was awarded without having possession of clear site. Penal rate recovery has not been made for the cement used in poor quality of plaster work. The mandatory tests not carried out.

- C.18.2 Construction of 464 LIG houses in Block C, Pocket I, Sector-19, Rohini, Delhi.

The site was not available whereas in the NIT it has been shown as available. One model house was not constructed and instructions issued in the site order book were not followed. The theoretical consumption of materials was varying from actual consumption. The quantities of earth work measured in excavation work and re-filling were varying.

C.19 **HOSPITAL SERVICES CONSULTANCY CORPORATION**

- C.19.1 Construction of external services at Plot No.A-32, Institutional Area, Phase- II, NOIDA.

The eligibility criteria decided for pre-qualification appeared deficient. Verification was not made regarding payment of royalties etc. The specialised items required to be executed through specialised firms were not carried out through such firms. The mandatory tests were not carried out. The measurements of earth received in filling have not been properly recorded.

- C.19.2 Construction of Hospital Complex, Nurses hostel, public facility residence of doctors for I.D.C. at Mathura.

Work awarded without any competition. Market rate justification was not prepared to justify the accepted rates. Specialised items have been executed through the main contractor. The materials at Site account not maintained. The strength of the cubes was not found satisfactory. The earthwork excavation has not been measured properly. The percentage of sales tax considered in deriving the rates is on the higher side.

C.20 **NEYVELI LIGNITE CORPORATION LIMITED**

- C.20.1 Formation of Ash Bund and related ancillary works at TPS-I, Neyveli.

While opening the tenders, necessary recording of corrections, omissions, insertions and over-writing were not recorded. There was considerable delay in acceptance of tenders. The insurance policies were not obtained. The B.G. of Rs.17,76,404/- was not encashed after recession of the contract. There had been short-comings in the site records and agreement quantities deviated abnormally.

C.21 **NETAJI SUBHASH INSTITUTE OF TECHNOLOGY**

- C.21.1 Construction of Academic Block 4,5,6 & SQ and Computer Centre etc. in DIT Complex, Dwarka, New Delhi.

The corrections, insertions, over-writings and omission etc. were not recorded on each page of tender documents. The item of aluminium work was deficient. The instructions issued in the site order book were not attended. Site records not maintained properly. The terrazo tiles have failed in tests, but no remedial action taken. Over-payment of Rs.5.7 lacs was suspected on account of certain extra-items paid but not admissible.

C.22 HINDUSTAN PREFAB LIMITED

C.22.1 Construction of GMDC Corporate Office Building at Vastrapur, Ahmedabad.

Work awarded without competition. 50% work subsequently withdrawn and got executed through another contractor at a higher cost of Rs.9 lacs. The insurance policy was not obtained. The hindrance register and other important site records were not maintained and mandatory tests not carried out. Vertical cracks were noticed in the cement plaster and joints of the brick work.

C.23 COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

C.23.1 Construction of 4 Nos. Type-V and 2 Nos. Type-IV quarters for IHBT at Palampur (H.P.)

Long time was taken in re-issuing the tenders. The performance of specialised agency was not verified for anti-termite treatment. Performance Guarantee was not taken from the contractor. Water used for construction was not tested. Abnormally high rates items were not negotiated with lowest tenderer.

C.23.2 Construction of Main Lab. Building (Ph.II) for IHBT at Palampur (H.P.)

The tenders in the first call were rejected without assigning proper reasons. Part work is yet to be awarded, although more than 2 years have passed. Insurance policy and performance guarantee were not obtained. Water used for construction was not tested.

C.23.3 Construction of building for wing/fuselage development programme Ph.II at National Aerospace laboratories, Kodiballi, Bangalore.

The work had been entrusted to consultant without following Bureau of Public Enterprises guidelines. Insurance policies were not taken as per agreement.

(2) HORTICULTURE WORKS

D.1 VIDESH SANCHAR NIGAM LIMITED (VSNL)

D.1.1 Horticulture/land scape development work of VSNL at Chhattarpur, Mahrauli, New Delhi (Videsh Sanchar Nigam Limited)

The market rate justification was not prepared. The detailed estimate was prepared without proper analysis. Number of trees planted were undersize and did not conform to the specifications. The lawns were not maintained properly. VSNL did not appoint a horticulturist for such a big work.

D.2 CHENNAI PORT TRUST

D.2.1 Construction of new port at Ennore Port Horticulture work (ECPP/C9).

The tenders were not competitive due to stringent pre-qualification conditions. The rates accepted appeared on much higher side. The detailed land scape plan showing species, location of plants was not prepared. The same rates were accepted for different type of species and thus costly species of plants were planted less in numbers. Lot of casualties were noticed. Certain pits were found to be undersize. No record was maintained for consumption of fertilizers and chemicals.

D.3 INDIAN RAILWAY CONSTRUCTION COMPANY

D.3.1 Balance work of horticulture at Housing complex Phase- I for Bhopal Hospital Trust, Bhopal.

The balance work was originally awarded at 29.7% above the estimated cost but due to slow progress same was rescinded. The balance work was awarded at 8% above. It shows that work earlier awarded at higher rates. Many plants weathered due to shortage of water. The rose beds were to be planted with huddled roses whereas local plants have been used.

(3) ELECTRICAL WORKS

E. GOVERNMENT DEPARTMENTS

E.1 CENTRAL PUBLIC WORKS DEPARTMENT

E.1.1 Construction of Central Excise Dn. Office and other formations at Trivandrum (Sh: Pdg. 3 Nos. Passenger lift).

Efforts were not made by the Department to have adequate publicity of the tender thus restricting competition. The tender evaluation, award and execution of the work was inordinately delayed.

E.1.2 Providing 4 nos. Lifts on replacement basis at JIPMER, Pondicherry.

There was an abnormal delay in execution of the work as out of the four lifts to be replaced in the hospital, only one had been replaced even after more than 15 months vis-a-vis the scheduled date of completion as per the contract. There was no pre-inspection clause in the NIT. The quality of work was also sub-standard.

E.2 **DEPARTMENT OF TELECOMMUNICATIONS**

E.2.1 SITC and O.M.G. Wetriser System for CGMT office at Trivandrum

The tenders received in the first call were rejected without any specific reason by the Superintending Engineer and by calling tender again the work was awarded at higher rates and the competition was also restricted by adding special conditions in the second call. The pre-qualification criteria required in the NIT was not met by the tenderers in the second call of tender.

The maintenance contract for the system was entered into for three years, starting from the date of commissioning of the system, thus giving undue advantage to the firm as the system was under warranty for the first year, after commissioning.

E.3 **DEPARTMENT OF ATOMIC ENERGY**

E.3.1 Substation in Crystal Growth Laboratory at Indore.

The NIT was inserted only in local newspapers, thus restricting competition. The tenders were not received in sealed covers and the rates were given only in figures and not in words. The agreement was also not found sealed and page numbered. The details of measurements were not recorded in the measurement book. The work contract tax had not been deducted from the bill of the contractor. Test checks had not been carried out by senior officers, ensuring quality of the work executed.

E.4 **DEPARTMENT OF SPACE**

E.4.1 Electrical works for D&E Type quarters - 64 nos. Each for ISRO at Jallahalli, Bangalore.

The sale of tenders was kept open only for 10 days and it was stopped 12 days before the tender opening date, thus restricting competition. The electrical works of similar nature viz. Service connection, emergency

power and street light and even same works for the different category of flats, namely, C,D & E type were split without any justification. Had all the allied works been combined together, more competitive offers from reputed companies would have possibly been received with better coordination and work ethics. The work was awarded at 13.29% above the estimated amount. The State Sales Tax had been recovered at 4% against the works contract tax of 8% as applicable in the State of Karnataka. The department got some of the AHR items executed with deviations ranging from 9% to 57% resulting in an undue benefit to the contractor. Further, though the work had almost been completed within the time schedule but the escalation on the price had been given to the contractor giving undue advantage to him.

BANKS/INSURANCE COMPANIES/ FINANCIAL INSTITUTIONS

E.5 RESERVE BANK OF INDIA (RBI)

E.5.1 Internal electrification work and street lighting for RBI staff quarters at Belapur, Navi Mumbai.

The lowest contractor who was awarded the work did not seem to be pre-qualified. The work was split in Stage I & II but after award of contract for stage I, quantity was increased substantially but negotiations were not conducted for reduction in prices. The payment for supply items had been released upto 75% to 90% of the cost of BOQ against stipulated 75% only. Thus temporary overpayment made and undue advantage passed on to the contractor. The work was inordinately delayed by more than 2 years, causing financial loss to R.B.I.

E.6 PUNJAB NATIONAL BANK (PNB)

E.6.1 Electrical works in the Regional Training College building of PNB at Gomati Nagar, Lucknow.

The work of substation and provision of electrical installation, fans and external lighting etc. were combined in the same tender. The works being of entirely different nature, the bank would have got better and more competitive offers if the tenders for the works had been invited separately. For substation work, the lowest offer was cheaper by more than Rs. 4 lakhs viz-a-viz the accepted offer for the combined work. This not only resulted in extra expenditure but also caused delay in execution of the work.

E.7 PUBLIC SECTOR UNDERTAKINGS

E.7.1 AIRPORTS AUTHORITY OF INDIA (AAI)

Provision of internal E.I. wiring, earthing I/C, Supplying and Fixing of conduits Distribution Boards at Mumbai Airport, Mumbai.

The contract was awarded to the firm who did not seem to have met the pre-qualification criteria in full, as their PWD registration had expired well before the tender was opened. On the other hand, the re-qualified firms registered with CPWD etc. were disqualified. Thus AAI used double standards in pre-qualification giving undue advantage to the firm and restricting the competition. The firm had been reimbursed higher rate of excise duty than payable to them. The completion was scheduled in April, 96 but the progress was 80% during inspection in March 99, the work was delayed by more than 3 years, thus causing financial loss to AAI.

E.8 COCHIN REFINERY LIMITED

E.8.1 SITC of Electrics for Additional Product Tanks Project at Cochin Refinery.

The estimate for work was not prepared on realistic basis, as against the estimated cost of Rs.92 lakhs; the contract was awarded at Rs.63 lakhs. The firm who was awarded the contract did not satisfy the pre-qualification criterion. The quality of work executed was not up to the mark.

E.9 BHARAT EARTH MOVERS LIMITED (BEML)

E.9.1 Provision of power wiring and illumination in fabrication shop at BEML, Mysore.

The NIT was published only in local newspapers thus restricting competition. The proper procedure for measurement of work was not followed and Measurement Books were not maintained as required. Test check of work by Senior officer was not done- thus the quality of work was left to the junior level officer's discretion.

E.10 INDIAN OIL CORPORATION LIMITED

E.10.1 SITC of HT/LT electrical facility at LPG Bottling Plant Project is Devangonhi, Bangalore (Karnataka).

The market rate analysis, in support of the estimate for accepting the offer at 21.5% below the estimated cost was not available. There was excessive use of cables resulting in avoidable expenditure to the department.

E.11 POWER GRID CORPORATION OF INDIA LIMITED

E.11.1 Construction of NLDC Building at Katwaria Sarai, New Delhi SH: Electrical, fire fighting works of Power Grid Corporation of India.

Because of the composite tender, extra expenditure of Rs.6 lacs was incurred for fire fighting work. The specialized works of firefighting system was also awarded to the civil contractor. This had resulted in the poor quality work of fire fighting system. The exhaustive rectification is needed in this work for making the system useful.

E.11.2 A/C work of NLDC Building of Power Grid Corporation India at Katwaria Sarai, New Delhi.

Though the estimated cost of the work was Rs. 144.00 lacs. tendering was restricted to only three firms. Proper work records were not kept by the site engineers. The summer and monsoon tests had not been carried to establish efficiency and reliability of the system.

E.12 **IRCON INTERNATIONAL LIMITED**

E.12.1 Internal Electrification work for Housing Complex (Ph.II) & Research-cum-Teaching Centre & Auditorium (Ph. III) of Bhopal Hospital Trust Project.

Limited tendering was adopted instead of open tendering for better competition though the estimated cost was quite high. Proper site documents/records were not maintained thus effective erection and supervision was not possible.

E.13 **SEMICONDUCTOR COMPLEX LIMITED, CHANDIGARH**

The case was based on a complaint made by one of the firms, regarding alleged irregularities; in evaluation of tender. It was found that the tender evaluation had been done taking into account certain parameters for loading which was not justified and could change the position of tenders. The department also did not properly check the technical requirements quoted by the firms which resulted in accepting, lower size cables etc.

E.14 **DELHI JAL BOARD**

E.14.1 Design, execution, construction, supply and erection of E&M equipments including testing, commission of 91-MLD (20MGD), STP at Pappankala, Dwarka.

The department did not prepare the detailed estimate. The price bid of successful contractor was found with loss of overwriting, after applying white fluid on their quoted rates. The Jal Board authorities had diluted the pre-qualification criteria in the NIT. Only after this dilution the

successful firm was qualified. Lot of amendments were made in the capacity of transformer, motors, MCCB, bus bar, electrical items etc. giving an impression that the Jal Board authorities did not correctly plan and calculate the actual load and other requirements before drawing the specifications. Due to slackness shown by the site engineers, the work executed was not found to be of required standard.

E.15 BHARAT HEAVY ELECTRICALS LIMITED (BHEL)

E.15.1 Maintenance/overhauling of airconditioners and water coolers and (ii) Preventive and breakdown maintenance of EOT/JIB cranes in BHEL work at Jhansi.

NIT for the maintenance of about 220 AC units and water coolers was inserted only in one local newspaper, thus restricting the competition. The tender was not issued to the manufacturers or their agents. Although the coolers and ACs are required to be used only for about 6 months, provision has been made in the estimate for 9/10 months. Material at site, stores and dismantled material registers were not being maintained and it was not known as to how the worn out and the dismantled material was being disposed off. The contract was incomplete as it did not contain adequate provisions for making deductions on account of (a) delays in the execution of work by the firm and (b) The maintenance of cranes was carried out by inadequate/incompetent/unqualified staff which was being provided by the contractor.

No test checks seem to have been carried out by the senior officers of BHEL thus compromising the quality of work done.

E.16 BHARAT PETROLEUM CORPORATION LIMITED (BPCL)

E.16.1 Fire fighting work at LPG Plant of B.P.C.L. at Lucknow.

The tendering process was restricted to a small number of firms registered with BPCL. Only four firms submitted their offers; thus restricting the competition. No tender sale register was maintained. Tenders not opened properly. The back filling of earth in the trench made for laying out pipeline did not seem to have been done properly as the earth had settled 2" to 4" below ground level. The makes of the Deluge Sluice Valves, fittings, pipes, quartz bulbs, fire hose reels etc. had not been specified by BPCL, thus giving undue advantage to the contractor. Cable laying work not supervised properly- less quantity of sand and bricks used.

E-17 DELHI DEVELOPMENT AUTHORITY (DDA)

E.17.1 Supply/installation & erection of Sewage Pump Sets at SPS No.II Dwarka Phase-I, Delhi.

The tenderer who was awarded the contract, though lowest did not meet the pre-qualification criteria of executing two similar works. AHR/ALR items had not been identified and did not form part of the contract. Local makes of pipes and fittings had been used against the stipulated brands in the contract. ISI Marks and the test certificates for the cables and other fittings were not available. In the absence of availability of power from DVB in the near future, testing of the installation may not be possible, thus affecting warranty obligations.

E.18 HINDUSTAN AERONAUTICS LIMITED (HAL)

E.18.1 Supply, erection and commissioning of 33KV/11KV stand by/parallel outdoor substation at Hyderabad.

The system installed at 33 KV/11 KV substation at HAL Hyderabad, was not suitable for parallel operation of the two transformers. The estimated cost was not mentioned in the NIT given in the Press and no tender sale register was maintained. Under sized panel had been accepted. Mat earthing which is normally provided in a 33 KV substation had not been provided. The wiremesh fencing in and around the substation to prevent the unauthorised entry of animals/persons had not been provided. The work had been badly delayed.

E.18.2 Establishing 3x 1500 KVA substation including HT < cables for ALH Series production at LCA Complex of HAL, Bangalore.

The delay in starting the project resulted in an additional expenditure of about Rs.2 crores. The estimate of Rs.1.13 crores prepared by HAL for the subject electrical work was not realistic as 8 out of 11 firms quoted below the estimated rate. The lowest offer was at 21.23% below the estimate. No detailed drawings for major items like HT panel, LT panel, bus-duct and transformer foundation etc. were prepared by HAL thus giving the contractor a free hand in quoting and supplying the items. No approved makes were mentioned in NIT for major items and free hand had been given to contractor to supply any of the makes, resulting in undue advantage to him. The firm who had been awarded contract did not fulfill the pre-qualification criteria. The EMD of Rs.20,000/- for estimated cost of Rs.1.13 crores seemed to be too much on the lower side. The measurements in the M.B. Book had not been recorded properly and payment of bills seemed to have been made in a haphazard manner.

E.19 INDUSTAN ZINC LIMITED (HZL)

E.19.1 Supply & erection of SCADA system for 2 nos. Of 5 MW each Allen make DG Sets at Zinc Semlter of HZL, Dabari, Udaipur.

The tender for supply of equipment and erection was split without any justification as after the opening of the tenders; the work for

erection and commissioning was awarded to the firm who had quoted the lowest price for the equipment; though they were not the lowest for the erection and commissioning work. This resulted in extra expenditure of about Rs.2 lakhs. The SCADA system which had been purchased had no control features although the nomenclature suggested so and the system was likely to be used only for monitoring the critical parameters of the existing 'Allen' make DG Sets. The efficacy of the system without control features was suspect.

E.20 INDIA TOURISM DEVELOPMENT CORPORATION (ITDC)

E.20.1 Air-conditioning in the Guest rooms and other public area in LVPH of ITDC at Udaipur.

The necessary documents in support of the pre-qualification criteria, as specified in the press advertisements, were not obtained from the firms while issuing the tender documents to them. No test checks, the execution of the work were made by the senior officers so as to ensure the quality of work.

E.21 JAWAHAR LAL NEHRU PORT TRUST (JNPT)

E.21.1 Design, supply, installation, commissioning and construction of 33 KV substation and electrification of new refrigeration yard at JNPT Container Terminal, Navi Mumbai.

No detailed estimate for civil works was available and a composite contract for civil and electrical works was concluded instead of separate contracts for better quality and perhaps lower cost. In the absence of detailed estimate for the building and some of the structural drawings, it was not clear as to how the measurements were taken and payments released to the contractor.

E.22 MADRAS REFINERIES LIMITED (MRL)

E.22.1 Providing piping, electrical, mechanical and instrumentation and related civil works for DGDS at Madras Refineries Ltd., Chennai.

MRL is one of the nine refineries putting up the Diesel Hydrodesulfurisation (DHDS) facilities in their Chennai refinery at the total cost of Rs.766 crores.

In consultation with Engineers India Ltd. (EIL), tender for the work inspected was issued to the three firms, thus restricting competition. It is felt that had the tenders for electrical works been invited separately, in addition to saving a substantial amount, the quality of work would have been much better as in that case the firms/contractors of repute and expertise in the field of electrical engineering would have quoted. It was seen from the

comparative statement that for part 'B' of the work, offer of Bridge & Roof, a PSU was the lowest but was ignored, thus incurring an additional expenditure of about Rs.78 lakhs. The measurements were not recorded in the MB and no test checks were made by senior officials of MRL/EIL thus compromising the quality of work. No formal contract with EIL was available though the work was nearing completion. No work contract tax had been deducted from the payments made. This was an undue financial benefit to the contractor. An unusual clause for awarding compensation to the contractor at the rate of Rs.3 lakhs per month in case of delay if attributed to MRL had been inserted in the contract with no matching clause for such delays on account of the contractor. The amount of Rs.60 lakhs was paid as advance to the contractor during May, 1999 without any provision in the contract. During inspection, it was also found that excess material had been purchased without proper planning by the consultant. EIL resulting in anfractuous expenditure and heaps of un-utilised material lying in the store.

E.23 VISHAKHAPATNAM PORT TRUST (VPT)

E.23.1 Providing permanent power supply to pump-house for fire fighting system at OR-1 and OR-2 berths at Vishakhapatnam Port Trust.

Though sufficient number of offers were received in the first round of tendering but the case was re-tendered without any apparent reason. Tender sale tender opening registers were not maintained by VPT. Many offers were received either without covering letters or had been misplaced. The detailed measurements were not recorded in the measurement book. AHR/ALR items were not identified. The security deposit of 10% was not deducted from the contractor.

E.23.2 Supply, installation and commissioning of re-railing equipment for Ore Handling Complex (OHC) at V.P.T.

The estimate was framed based on the budgetary offer of a firm who had no past proven performance for the equipment proposed to be procured. The firm which had given the lowest offer had not furnished any technical details or performance of the equipment offered. The firm was initially awarded the work on lump sum basis for Rs.14.95 lakhs but was later amended into various heads, on request of the contractor- thus giving him an undue financial advantage. The firm did not submit any engineering designs/drawings for approval for this special equipment but the payment of Rs.3 lakhs, on this account as per cost break-up was released. The material was not inspected by any representative of VPT at firm's works in Calcutta before despatch. Transit insurance for the material was not taken either by VPT or the contractor. The material was received late but no liquidated damages were levied on the firm. Cost of warranty service amounting to Rs.1.7 lakhs which had to be paid only after satisfactory commissioning of the equipment and completion of the warranty period was released immediately after supply, thus giving undue advantage to the firm. The equipment

accepted and paid for was not of the quality as per the specifications and was made of entirely different materials and was much heavier and could not be handled/operated by the staff. The whole expenditure of about Rs.15 lakhs seemed to be infructuous as the equipment had not been put to the intended use.

E.24 **RAJIV GANDHI NATIONAL INSTITUTE OF YOUTH DEVELOPMENT (RGNIYD)**

E.24.1 Installation and commissioning of Air Conditioning work at Rajiv Gandhi National Institute of Youth Development, Sriperumbudur.

The architect who was appointed as the consultant for the complete works, including AC work and other electrical works did not seem to have in-house expertise for these works as he in turn had appointed sub-consultants for supervision of electrical works. The press advertisement was inserted only in one newspaper and a limited period of about 11 days was given for opening of the tenders, thus restricting competition. Tender sale/tender opening registers were not maintained. Proper pre-qualification criteria was not laid down for selection of the contractors. The location of the AC Plant was quite far from the area to be air-conditioned, thereby increasing the cost on piping work and energy loss due to distance of travel by the chilled water system. The scope of technical specification was altered after opening of the tenders, thus giving advantage to the firm who was finally awarded the contract. The BHP/TR ratio was not taken into account for evaluation of the tenders.

E.24.2 Extension of HT Line from TNEB structure to ES at RGNIYD Sriperumbudur.

The press advertisement was inserted only in one paper and a very limited period of 15 days was given for opening of the tenders, thus restricting competition. In fact the whole process of tendering seemed to have been done in a very arbitrary manner.

It was seen that after opening of the tenders some firms offered discount on their quoted rates which should not have been considered. However, the architect/consultant asked the firms to submit their revised bids, thus violating the sanctity of the tenders, especially when the lowest offer available was at very competitive rates i.e. about 13% below the estimated cost, no sales tax/work contract tax was deducted from the bills of the contractor as per general conditions of the contract.

E.24.3 Providing electrical installation and substation in RGNIYD at Sriperumbudur

The original documents for award of contract and detailed estimates were not available. The architect who was appointed as consultant

for the complete work did not seem to have in house expertise for electrical works. In the second round of tenders, the offer of NBCC, a Government of India Undertaking was the third lowest offer and their offer was within 10% of the lowest acceptable offer of M/s Sarvana Construction. Despite NBCC's (A Government of India Undertaking) request, they were not called for negotiations to match the price of the lowest tenderer. This was serious violation of Govt. instructions and undue favour to the contractor who was finally awarded the contract. The work for providing electrical installation and substation were two different types of work which should not have been clubbed together. As per the comments of the architect, the lowest firm viz. M/s Sarvana Construction had quoted abnormally high rates for electrical works ranging from 54% to 163% on different sub-heads. Moreover, it was also seen that M/s Sarvana did not have any in house arrangement for executing electrical works. The test checks by the Sr. Engineers/Architects had not been carried out. As per the consultant's approved drawing, the substation was to be of indoor type and accordingly all the civil works were completed for transformers and laying of cable trenches etc. However, the contractor supplied outdoor type transformers which resulted in the change of substation layout resulting in major extra works. This was a serious lapse resulting in extra/infructuous expenditure.

(4) STORE PROCUREMENT CONTRACTS

F.1 BHARAT HEAVY ELECTRICALS LIMITED (BHEL)

F.1.1 Procurement of 415 V Switch Gear and spares for 2x500 MW, Simadhri Project by BHEL, PEM Division, Siri Fort, New Delhi.

In the name of urgency for finalising MOUs, BHEL issued limited tender inquiry to only 4 vendors while some other reputed suppliers were also there. The tenders were processed in a hurried manner and without waiting for response from one of the firms, their bid was rejected. The very basis of finalising the MOU with the vendor was to take advantage of excise duty draw back, but BHEL while placing the contract decided to reimburse excise duty in case vendor is not able to avail the duty draw back.

F.2 COAL INDIA LIMITED, CALCUTTA

F.2.1 Procurement of 160 MM Diesel Driven Rotary Blast Hole Drills by Material Management Division of Coal India Limited, Calcutta.

Global Tenders were floated closing the tender sale 15 days in advance of tender opening. Neither the earnest money deposit nor the bid evaluation procedure/delivery schedule were stipulated in the bid documents. Two firms were given undue benefit by relaxing the performance guarantee parameter and allowing the advance without interest. Also the case was

misrepresented to the Board of Directors, regarding the base price adopted for negotiations.

F.3 COUNCIL FOR SCIENTIFIC & INDUSTRIAL RESEARCH (CSIR)

F.3.1 Procurement of Two Stage Thin Film Short Path Distillation Unit (SPD Unit) at Digboi, Assam by CSIR, New Delhi.

The estimated cost was Rs.13 crores but very nominal EMD of Rs.50,000 stipulated. The techno-commercial evaluation of bids was done on the basis of weightages assigned to selected parameters after tender opening and were not disclosed to the bidders. Due to loading of offers in this arbitrary manner, the L2 offer became L1.