

**ANNEXURE-III**  
**(Para 3.6)**

**ILLUSTRATIVE LIST OF CASES IN WHICH LAPSES/IRREGULARITIES  
NOTICED BY CTEO WERE REFERRED TO CVOs FOR INVESTIGATION  
FROM VIGILANCE ANGLE.**

**A. GOVERNMENT DEPARTMENTS**

**A.1 CENTRAL PUBLIC WORKS DEPARTMENT**

- A.1.1 Construction of 169 Nos. type-I quarters for CRPF at Gandhi Nagar (Gujrat).  
SH: 120 Nos. Type-I Quarters.

The depth of foundation had been provided in excess of drawings and measured more than work executed resulting into over-payment.

- A.1.2 Construction of New Custom House at Mormugao (Goa).

The Terazo Tiles provided in flooring and skirting were non-ISI and test results indicated poor quality. The tiles did not contain colouring pigments as per requirements.

- A.1.3 Construction of office building for Regional Labour Commissioner(Central) at SION Mumbai.

Adequate number of mandatory tests were not conducted and test results were questionable. The teroza tiles used were neither of approved make nor tested before use. RCC members were cut of plumb at number of places endangering structural safety.

- A.1.4 Construction of Residential Accommodation for a Survey of India at Jabalpur  
SH: Construction of 40 Nos. Type-III quarters i/c sanitary installation, water supply and drainage with under reaned pile foundation.

Completion certificate has been recorded before actual completion of the work. Final painting and provision of the fittings and testing etc. was to be carried out at the time of inspection.

**A.2 DEPARTMENT OF TELECOM**

- A.2.1 Items of stores like tubes, insulated GI wire etc. purchased by C.G.M. Telecom store Calcutta were inspected. Material failed in testing but full payment had been made. The quantities of material were also not verified in store. No action has been taken for supply of defective stores against supplier.

**A.3 NORTHERN RAILWAY**

- A.3.1 Construction of 6.2m wide foot over bridge and booking office at elevated platform at FOB at Hazrat Nizamuddin Railway Station.

It was observed that contractor had been benefited to the tune of Rs.22.16 lacs due to deficient stipulations/provisions in items related to reinforced cement concrete footings and supply and fabrication of structural steel work of the foot over bridge. The structural design of the bridge was entrusted to the executing agency. Financial gains were possible since rates were based on area-basis.

A.3.2 Balance work of supplying and stacking at site 18500 cum stone ballast from Km 17/0 to Km 30/0 between Palam and Gurgaon Stations in connection with GC of 2<sup>nd</sup> line DLI-RE Section.

The original contract of this work was rescinded without recording reasons. The balance work at the risk and cost of original contractor was awarded to second lowest tenderer without preparing proper market rate justification. No efforts were made to recover excess cost on risk and cost account of about Rs.22 lacs from original contractor.

#### **A.4 METRO RAILWAY**

A.4.1 Disposal of structure and subway on the Eastern side at Esplanade RTS Station.

The work had been awarded without proper publicity and assessment of market rates in the name of emergency. Testing for materials had not been done. No recovery for water and electricity supplied by Railway made from the contractor extending undue benefit.

A.4.2 Architectural finishing work of Chandni Chowk station of Metro Railway Calcutta - Pre-execution Part I.

Estimates were approved before finalisation of drawings. Undue favour was shown to a particular contractor while deciding tenders. Extra items for execution of stone work appears to have been sanctioned at much higher rates. Size of stone to be fixed was not specified initially in the bill of quantities and small size stones were used during execution extending undue benefit to the contractor.

A.4.3 Architectural finishing work for the Sova Bazar Railway Station.

Market rate justification was not prepared to assess the reasonability of the offer. Offers were compared with the last accepted rate which may not be giving true picture. Exorbitantly high rates had been allowed for stone work.

### **B. BANKS, INSURANCE COMPANIES & FINANCIAL INSTITUTIONS**

#### **B.1 NEW INDIAN ASSURANCE COMPANY LTD.**

B.1.1 Renovation of New India Centre (1st, 2nd & 3rd floors and canteen) at 17/A co-operate, Mumbai.

An overpayment of Rs.175723.50 up to 7<sup>th</sup> R.A. bill had been made in the item of granite skirting by entering into higher rates of Rs.1900/R meter against Rs.350/Running meter as per agreement in the bill. Exact amount of loss suffered will depend on the amount paid in the final bill.

## **B.2 CENTRAL BANK OF INDIA**

B.2.1 Repairs/Renovation of banks, sub-staff or workers at Kandivili (East) Mumbai.

Irregularities in pre-qualification of firms, inadequate publicity period, awarding of the work to non-eligible parties, award of work at higher rates than the lowest tenderer by Rs.18,37,533/-. Non-preparation of market rates justification etc. were the major irregularities in processing of tenders.

## **B.3 PUNJAB NATIONAL BANK**

B.3.1 There was delay in acceptance of tenders which caused loss of Rs.5.72 lacs, since work had to be awarded to 2<sup>nd</sup> lowest tenderer at higher rates.

## **B.4 INDIAN BANK**

B.4.1 Purchase of 4 Nos. flats at Plot No.10, Mandi House, Bhagwan Das Road, New Delhi.

Land cost paid to the builder was much higher than prevailing market rate resulting into loss of more than Rs.1 crore. Further loss of Rs.17.69 lacs was caused due to increase in height and gaining more floor area. Over-payment of interest about Rs.11.31 lacs due to considering wrong dates in interest calculation of Rs.15 lacs due to over-measurements had been found. The builder further saved by not providing car parking space. Liquidated damages of Rs.5 lacs were not recovered from builder on account of admitted delay. Flats were allotted to Bank by builder at 7<sup>th</sup> & 8<sup>th</sup> floor which is not in approved plan of N.D.M.C. Huge deviation in construction from approved building plan was noticed. In place of teak wood cheaper wood has been used in door shutters.

B.4.2 Purchase of 12 flats on property No. C-12, Indrapuri, New Delhi.

Vague proposal was kept in offer due to which location of plot changed for advantage to the builder. Rate of super built area was increased by tampering agreement causing loss of Rs.35 lacs. More area considered than permissible as per building bye laws and builder benefited by huge amount. Sanction of higher rates of super built area causing loss of more than 12 lacs to the Bank. Construction of more than permissible flats in each plot were to the advantage of builder. Excess stage wise payment of Rs.33.56 lacs made to the builder beyond terms of contract excluding the interest. Several ambiguities were left in the agreement which caused loss to Bank at later stage.

B.4.3 Addition/alteration in newly acquired premises at World Trade Centre Building, New Delhi.

Bank has spent Rs.3.5 lacs for AC ducting against the agreement provision to the advantage of Builder. Large scale tampering has been done in tenders to the advantage of private builder and work awarded at 40% higher than market rate causing loss of Rs.25 lacs. Bank spent Rs.1.14 lacs on glass windows contrary to agreement condition. Mobilisation advance of Rs.12 lacs paid to Builder free of interest without any provision in the agreement. Extra item of Rs.44 lacs sanctioned at inflated rate and several extra items paid to builder costing several lacs which were not admissible.

## **B.5 STATE BANK OF INDIA**

### **B.5.1 Office Quarters Building at Chandigarh.**

Ambiguous provisions were made in the contract by private consultant causing over-payments. Undue favour was extended by not making recoveries due of sub-standard work.

## **B.6 NABARD**

### **B.6.1 Construction of Bank's Head Office Building Project at Bandra-Kurla Complex, Mumbai-General Building Works.**

RBI guidelines had not been followed while appointing consultant and the consultancy work awarded to 2<sup>nd</sup> lowest at a higher rate without proper justification. Actual cost of work increased from Rs.20 crores to Rs.52.86 crores. Market rate justification to assess the reasonability of quoted rates was not prepared. Large scale deviation in quantities indicate poor estimation. Neither detailed estimate nor NIT was approved by the competent authority. Adange variety of marble was used in place of white makrana thus, extending huge undue benefit to the contractor.

## **C. PUBLIC SECTOR UNDERTAKINGS, AUTONOMOUS BODIES, ETC.**

### **C.1 NATIONAL BUILDING CONSTRUCTION CORPORATION (NBCC)**

#### **C.1.1 Construction of Internal Roads in Niper Complex at Mohali.**

The quality of the stone aggregate and sand used was extremely poor, resulting into undue financial benefit to the contractor.

#### **C.1.2 Balance work of construction, repair, rectification of civil work of HRD and ESI building of BHEL at Sector 16-A, Noida. SH: Execution of complete items by issue of work order including cost of material and labour.**

The tenders were invited and work awarded without following laid down procedure. Use of water and electricity have been allowed without recoveries. Quantity of item of granite stone dado had been increased abnormally. The mode of measurement not correct. Over-payment in supply of material due to wrong mode of measurement also observed.

C.1.3 Interior decoration and furnishing of HRD & ESI building of BHEL at Sector 16A Noida.

Agencies who did not participate in pre-qualification had been incorporated in pre-qualified list and work awarded to them to extend undue benefit. Separate work orders had been awarded to six agencies without specification, terms and conditions and schedule of quantity in gross violation of tendering system.

**C.2 DELHI DEVELOPMENT AUTHORITY**

C.2.1 Construction of 1536 MIG(NP) Houses at Cost of Loni Road. SH: 176 MIG (NP) Houses at east of Loni Road including internal development of land.

Delay in completion of work is more than 3 years. Hindrances recorded are non-specific about period and extent of work effected. Extension of time has been granted for a period of more than 2 1/2 year, increasing cost by way of escalation payment.

C.2.2 Construction of peripheral storm water drain in Sector 22 Rohini (Revised Balance Work).

Improper planning and design before call of tenders resulted into loss of Rs.155 lacs apart from delay in completion of work.

**C.3 FLOOD CONTROL**

C.3.1 Excavation of supplementary drain up to D.B.L. from RD23980 mt. to 25000 mt.

The quality of Bridge construction was found poor endangering safety of the structure.

**C.4 WESTERN COALFIELDS LIMITED**

C.4.1 Construction of 88 Nos. DSMQ 40-B & 12-C type quarters for New Dhoptala and 19-C type quarters for Sasti OCM of Ballarpur Area.

There was delay of one and a half year in acceptance of tenders increasing liability due to escalation payable.

**C.5 KOKAN RAILWAY CORPORATION LIMITED**

C.5.1 Design and construction of four new major bridges in Mangalore-Udupi New B.G. Line.

Second lowest bid accepted without evaluating first lowest bid resulting into loss to KRCL. Contract conditions modified at the time of finalisation of bill to the advantage of contractor resulting into loss of several lacs. GI pipes and elbow issued free of cost to contractor in contravention of agreement conditions.

## **C.6 INDIAN FARMER FERTILIZER CO-OPERATIVE**

C.6.1 Construction of 8 Nos. C type and 20 Nos. D type quarters for CISF at Phulpur (Allahabad).

Non-competitive rates accepted resulting into loss of several lacs. Under-weight steel flat and angle used to the advantage of contractor. Several substandard material had been used and full rates paid.

## **C. PUBLIC SECTOR UNDERTAKINGS**

### **C.7 TEHRI HYDRO DEVELOPMENT CORPORATION**

C.7.1 Excavation in Chute spillway of Tehri Dam Project.

The work of excavation was awarded at very high rates as compared to prevailing rates and no market rate justification was kept on record to assess the reasonability of rates. The analysis of few components revealed that higher rates may work out to extra expenditure around Rs.40 crores or more.

C.7.2 Construction of Tehri Dam and associated work.

The detailed estimate for this work was originally finalised at Rs.640 crore and subsequently revised to Rs.851 crores arbitrarily. The tenders of three pre-qualified parties were opened in January 1995 and lowest tender at Rs.537 Crores (approximately) was not accepted for a long time and tenders were rejected even though Tender Committee had recommended for acceptance of the same. Tenders were re-invited and work awarded at Rs.898 crores without recording proper justification of rates etc.

### **C.8 POWER GRID CORPORATION OF INDIA**

C.8.1 Piling and foundation work package for Brahmaputra River crossing and anchor tower of 400 KV D/C Misa-Balipara transmission line.

Improper evaluation of bids resulted in award of work to 2<sup>nd</sup> lowest at a higher cost of Rs.348 lacs. Undue financial benefit was extended to the contractor by agreeing to recover mobilisation advance in installments since contractor failed to start the work.

### **C.9 NAPTHA JAKRI POWER CORPORATION LIMITED**

C.9.1 Providing surface, sub-surface and cross drainage works to new NJPC colony complex at Jhakri above NH-22.

The work was awarded at a higher cost by revising the analysis of rates to bring them within permissible limits. One contractor was issued tenders without verifying ITCC or registration as desired by Finance. There were large-scale deviations in quantities of rock/earth work.