



सत्यमेव जयते

ANNUAL REPORT

1.1.1997 to 31.12.1997

**CENTRAL VIGILANCE COMMISSION
NEW DELHI**

**The Central Vigilance Commission presents its Thirty-fourth
Report relating to the calendar year 1997.**


(S.V. GIRI)
CENTRAL VIGILANCE COMMISSIONER

New Delhi
Dated 21st March, 1998

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CHAPTER - 1

JURISDICTION, ROLE AND FUNCTIONS

AUTONOMOUS ANTI-CORRUPTION BODY

1.1.1 The Central Vigilance Commission was set up in 1964 in pursuance of the recommendation made by the Committee on Prevention of Corruption (Santhanam Committee). The establishment of the Commission was considered essential for evolving and applying common standards in deciding cases involving lack of probity and integrity in Administration. No Administration could be its own judge and the Commission was conceptualised as an apex body for exercising general superintendence and control over vigilance matters in administration and ensuring probity in public life. The Commission's role is advisory and in the exercise of its powers and functions, it has the same measure of independence and autonomy as the Union Public Service Commission (UPSC).

POWERS AND FUNCTIONS

1.1.2 The Government of India (Ministry of Home Affairs) Resolution No.24/7/64-AVD dated the 11th February, 1964, sets out the basic powers and functions assigned to the Commission. Briefly stated, these are:-

- (a) undertake an inquiry or cause an inquiry or investigation to be made into any transaction in which a public servant working in any organisation to which the executive control of the Government of India extends is suspected or alleged to have acted for an improper purpose or in a corrupt manner;
- (b) tender independent and impartial advice to the disciplinary and other authorities in disciplinary cases having vigilance angle at different stages of investigation, inquiry, appeal, review etc.;
- (c) conduct oral inquiries through its officers, (Commissioners for Departmental Inquiries) in important disciplinary proceedings against the said public servants;
- (d) exercise a general check and supervision over vigilance and anti-corruption work in Ministries or Departments of the Government of India and other organisations to which the executive control of the Union extends;
- (e) initiate at such intervals, as it considers suitable, a review of procedures and practices of Administration insofar as they relate to maintenance of integrity in administration;

- (f) scrutinise and approve proposals for appointment of Chief Vigilance Officers in various organisations and assess their work;
- (g) conduct, through its organisation of the Chief Technical Examiner, independent technical examination mainly from vigilance angle, of construction and other related works undertaken by various Central Government organisations; and
- (h) organise training courses for Chief Vigilance Officers and other vigilance functionaries in Central Government organisations.

JURISDICTION

1.1.3 The advisory jurisdiction of the Commission extends to all organisations to which the executive control of the Union extends. However, for practical reasons it has been decided that the Commission will for the present advise only on vigilance cases pertaining to the following categories of employees;

- (a) Gazetted Central Government officials;
- (b) Board level appointees in the public sector undertakings of the Central Government;
- (c) Officers of the rank of Scale-III and above in the public sector banks;
- (d) Officers of the rank of Assistant Manager and above in the Insurance Sector (covered by LIC and GIC); and
- (e) Officers in autonomous bodies/local authorities or societies comparable in status to that of the Gazetted Central Government officials.

DISAGREEMENT BETWEEN CBI AND ADMINISTRATIVE AUTHORITIES

1.1.4 However, where considered necessary, the Commission is within its powers to call for individual cases in respect of employees other than those within its normally exercised jurisdiction and tender appropriate advice. It has also been laid down that if there is a disagreement between the CBI and administrative authorities concerned as regards the future course of action to be taken, in respect of employees who are not within the normal jurisdiction of the Commission, the difference of opinion shall be resolved by the Commission.

1.1.5 The advisory jurisdiction of the Commission in respect of Central public sector undertakings was restricted in October, 1986 to Board level appointees only. The Commission has been of the view that the exclusion of other senior levels that are vested with substantial

delegated powers in these enterprises considerably reduces the effectiveness of vigilance cover in these organisations.

1.2 ORGANISATION

ONE MEMBER COMMISSION

1.2.1 The Commission is a one member Commission headed by the Central Vigilance Commissioner. Shri S.V.Giri, the present Central Vigilance Commissioner, assumed office on 3rd November, 1995.

COMMISSION'S STAFF

1.2.2 The work of the Commission is officer-oriented and is attended to by the Central Vigilance Commissioner assisted by a Secretary (an officer of the rank of Additional Secretary to the Government of India), two Additional Secretaries (officers of the rank of Joint Secretary to the Government of India), ten officers of the rank of Director/Deputy Secretary, four of the rank of Under Secretary and other supportive staff.

OFFICERS FOR CONDUCTING ORAL INQUIRIES

1.2.3 In addition, there are fourteen posts of Commissioners for Departmental Inquiries (CDIs) in the Commission who are nominated to conduct oral inquiry in major penalty proceedings on behalf of the disciplinary authorities in important cases.

TECHNICAL WING

1.2.4 There is also a Technical Wing attached to the Commission with two Chief Technical Examiners (CTEs) of the rank of Chief Engineer of the CPWD who are assisted by eight Technical Examiners of the rank of Executive Engineer, six Assistant Technical Examiners of the rank of Assistant Engineer and other subordinate staff. The CTEO is being broad-based by drawing officers from different disciplines like Power, Telecommunications and Border Roads organisation etc. This would help in widening the coverage from civil, electrical and horticulture type of works to stores (purchase and inventory control), information technology, telecommunication equipment etc. This would also serve the diversification of the role and the responsibility of the Government departments in an expanding economy.

STAFF SUPPORT

1.2.5 Since its inception, the Commission has been experiencing a steady increase in number of vigilance cases being referred to it for advice. This is evident from the fact that starting with 363 cases during 1964-65, the Commission disposed over 5700 cases in the year 1997. The disposal has registered a steep increase of more than 85% in the last decade (in comparison to 1987). This has been possible with the increase in the staff strength of the Commission.

BROAD BASED COMPOSITION

1.2.6 To cope with increasing work load, the Commission had submitted a proposal to the Government for augmenting its staff strength. The Government appreciated the staff requirement of the

Commission and accorded sanction for creation of 47 posts for the Secretariat Wing and 12 posts for the CDI Wing of the Commission. The Commission have now in position 14 Directors and 8 Deputy Secretaries in the Secretariat Wing and CDI Wing. One post of Joint Secretary level CDI to conduct oral proceedings against senior officers of Government had also been sanctioned. The officers have been drawn from various organised services of Government of India and Financial Institutions, i.e. Indian Revenue Service (Income Tax and Customs), Indian Ordnance Factory Service, Indian Postal Service, Indian Civil Accounts Service, Indian Defence Accounts Service, Indian Statistical Service, Indian Railway Accounts Service, Central Secretariat Service etc. and State Bank of India.

POSTS SANCTIONED AND FILLED

1.2.7 The group-wise sanctioned strength of staff and the number of officers in position as on 31.12.1997 is given below:

	Group "A"	Group "B"	Group "C"	Group "D"	Total
Sanctioned	43	85	76	71	275
In position	37	73	71	67	248

1.3 ROLE OF THE COMMISSION IN THE CHANGING SCENARIO

EMERGING SCENARIO AND CHANGING ROLE OF THE COMMISSION

1.3.1 In the changing economic scenario and increasing liberalisation, the functions of the Commission are getting increasingly complex. With the substantial expansion of the financial sector and large investments going into the Public Sector Undertakings, the need for providing a proper vigilance cover in these organisations becomes paramount. While it is difficult to make broad generalisations applicable to all of them, the general vigilance health of most of the PSUs cannot be considered to be satisfactory. It has also been the experience of the Commission that most of them have not codified their systems, rules and procedures. As a consequence, an element of adhocism permeates even important management decisions. This style of functioning also lends to charges of lack of transparency being levelled against them with varying degrees of justification. In the absence of a well-established framework governing their major operations, questions of consistency in action and credibility of performance assume relevance. These have an impact on the accountability of the institutions, more particularly where the broad parameters within which they are expected to function change rapidly with the changing socio-economic scenario.

1.3.2 The Commission has taken the initiative to make an assessment of the availability of manuals/codified instructions in important

functional areas like purchases, stores, maintenance, operations, finance and personnel and impress on the units to bring into being up-to-date manuals. This exercise is kept under constant review in the Commission. The Ministry of Industry have also been approached by the Commission to inform all PSUs to undertake this exercise and complete it within a reasonable time.

1.4 CONSULTATION WITH THE COMMISSION IN REGARD TO SENIOR LEVEL APPOINTMENTS IN PSUs, BANKS ETC.

1.4.1 According to the extant instructions, before appointments are made to the PSUs and Banks at their higher Board level and Board level respectively, the Ministries/Departments are required to consult the Commission for verification of the antecedents of the persons considered for these posts. This requirement is stipulated with a view to ensure that the top level executives in these establishments should be persons of exemplary conduct and probity while working in the broad framework of the Memorandum of Understandings with the Government. The procedure, which was evolved in 1988, forms an important facet of the functioning of the Commission.

1.4.2 In order to streamline the process of selection of Chief Executives and Functional Directors in the PSUs, the Government took various initiatives and issued revised guidelines. As per the revised guidelines, the administrative Ministries/Departments have to make the reference for scrutiny of antecedents to the Commission within 15 days of receipt of PESB's recommendations and it shall be the responsibility of the administrative Secretaries to furnish the required information on the candidates to the Commission. In case, the Commission do not receive any reference from the Ministry within 15 days of receipt of PESB's recommendation, the Commission will take up the matter with the Cabinet Secretary, who in turn will pursue the matter with the administrative Ministries. In case the Commission still did not receive the reference from the administrative Ministry, it will inform the Establishment Officer about its inability to process the case further.

1.4.3 The Commission has accorded a high priority to the proposals referred to it for scrutiny of antecedents. The required information is maintained in the form of a computerised database and is under regular review at different levels. It is the Commission's endeavour that the selections made for top level appointments for these organisations are cleared without delay, based on full information.

**COMMISSION'S
APPROACH TO
VIGILANCE
MATTERS**

1.5 SCHEDULE OF DISPOSAL

1.5.1 In the Commission's view, delayed handling of vigilance cases at different stages is largely responsible for a negative connotation of vigilance. This problem needs to be addressed by minimising the time taken for handling such cases at each and every stage. The Commission has made efforts to tender advice within the definite time limit of three weeks when complete information has been furnished. The CDIs have also been advised to complete departmental inquiries within the time limit of six months. The objective is to underline the timeliness, speed, consistence and objectivity in Commission's approach to vigilance matters.

**1.6 ROLE AND FUNCTIONING OF VIGILANCE
MACHINERY IN PSUs**

1.6.1 The Department of Public Enterprises had constituted a Committee to review the guidelines for the functioning of PSUs. The Committee in its report had suggested dropping or modifying of most of the existing instructions regarding role and functioning of vigilance machinery. The DOPT and DPE were addressed by the Commission indicating that there are some vital concerns in regard to a large number of issues raised in the report and the amendments suggested which could be detrimental to the long term vigilance health of public enterprises. It was, therefore, suggested that the Commission should be closely associated with the processing of the Report by the Government.

1.7 INDEPENDENT REVIEW COMMITTEE (IRC)

1.7.1 The Government of India in September, 1997 had set up a Committee called the Independent Review Committee comprising the following :

- | | | | |
|-------|-------------------|---|---|
| (i) | Shri B.G.Deshmukh | - | former Cabinet Secretary |
| (ii) | Shri N.N.Vohra | - | Principal Secretary to the Prime Minister |
| (iii) | Shri S.V.Giri | - | Central Vigilance Commissioner |

1.7.2 The broad terms of reference of the Committee were as under:-

- (i) To monitor the functioning of the nodal agency established by the Ministry of Home Affairs in pursuance of the recommendations of the Vohra Committee Report.

**SUPREME COURT
DIRECTIVES IN
RESPECT OF
CVC/CBI/ED**

- (ii) To examine the present structure and working of the Central Bureau of Investigation (CBI), the Enforcement Directorate and related agencies to suggest the changes, if any.

1.7.3 The recommendations of the IRC were considered by the Hon'ble Supreme Court of India. The Court in its order dated 18.12.1997 gave following directions, amongst others:-

- (i) The Central Vigilance Commission (CVC) shall be given statutory status.
- (ii) Selection for the post of Central Vigilance Commissioner shall be made by a Committee comprising the Prime Minister, Home Minister and the Leader of the Opposition. The appointment shall be made by the President on the recommendations made by the Committee.
- (iii) The CVC shall be responsible for the efficient functioning of the CBI. The CBI shall report to the CVC about cases taken by it for investigation, progress of investigations etc.
- (iv) Recommendations for appointment of the Director, CBI shall be made by a Committee headed by the Central Vigilance Commissioner with Home Secretary and Secretary (Personnel) as members. Final selection shall be made by the Appointments Committee of the Cabinet. The Director, CBI shall have a minimum tenure of two years.
- (v) A Selection Committee headed by the Central Vigilance Commissioner including Home Secretary, Secretary (Personnel) and Revenue Secretary shall prepare a panel for appointment of the Director, Enforcement Directorate. The appointment to the post of Director shall be made by the Appointments Committee of the Cabinet from the panel recommended by the Selection Committee. The Director, Enforcement Directorate shall have a minimum tenure of two years.

1.8 AGENDA FOR ACTION - PROBITY IN PUBLIC LIFE

1.8.1 There is a general impression that corruption pervades all spheres of public administration. The qualities of a government servant of integrity and probity in public service are at a great discount. Concern has been expressed against the menace of corruption from all quarters.

**REVAMPING
VIGILANCE
MACHINERY**

1.8.2 The issue was discussed at length in the CVO's Annual Conference convened by the Commission in September, 1997. After deliberations, the following formulation emerged as a response to combat the problem of graft in our public life. In the larger context, the problems relating to vigilance administration can be viewed meaningfully only in an environment where the poor and marginalised sections of our population feel empowered to stand up and demand their rights for an efficient delivery of the Government services, availability of open systems and transparent procedures. The vigilance machinery in its broad connotation should be able to facilitate this change. A 15-Point Agenda for Action was put forth spelling out specific points for actions as listed below. Underlying the agenda is the conviction that the approach to this deep rooted problem has to be in terms of institutional responses and that the long term answer would lie in restoring the values which characterised our polity at the dawn of our Independence.

1. Revamping the vigilance machinery for dealing with deviant conduct swiftly and effectively.
2. Putting in place proper systems and procedures in the public sector enterprises while progressively granting autonomy.
3. Ensuring transparency in procedures and establishing effective grievance redressal mechanism both within and outside the Government.
4. Departments like Railways, Airlines, Telecommunications, Income Tax, Customs & Excise etc. having extensive public interface, may have to be given special attention in combating corruption through an immediate action plan to deal with sensitive areas. Similar measures are required to be adopted by the States in areas like Sales Tax administration, Road Transport, Registration, Land Records etc.
5. In making appointments to top posts, integrity of a high order will have to be given as much weightage as efficiency.
6. Investigations into vigilance related cases should conform to a reasonable time frame; a credible mechanism in the form of an independent Commission to render expert advice in regard to registration of cases, sanction of prosecution and monitoring progress of important and sensitive cases, will have to be established.

As important as the other measures is the protection of the honest public servant against vindictiveness and harassment. This must be effectively built into the system.

7. Empower the poor and improve their access to basic services by de-centralisation and revamping of Panchayati Raj bodies; special emphasis to be given to basic empowerment programmes like literacy, health, population and nutrition.
8. While right to information and transparency of procedures should inform and govern all public actions, it will be necessary to go further and work out an arrangement to actively share the information with the large majority of marginalised and asset-less class of people through making public the list of beneficiaries of all welfare schemes like Public Distribution Scheme, DRDA, Employment Generation Programmes etc.
9. National consensus to be forged at a Conference of Chief Ministers and other political leaders on the empowerment issues and keeping their implementation constantly under review through quarterly meetings.
10. Transparency in the appointments to watch-dog institutions, like the Comptroller & Auditor General, Central Vigilance Commission, Election Commission, Union Public Service Commission etc.
11. Mobilisation of NGOs, Literacy Groups, DWCRA, Women's Groups and other public spirited men and women in large numbers to carry the message to the nook and corner of the country.
12. All public men will be called upon to declare their assets before entering upon their offices.
13. Effective steps to ensure that law-breakers do not become law makers.
14. Making sustained efforts to infuse in the students a sense of right and wrong and respect for the values enshrined in our Constitution, through proper orientation of curricula and methods of teaching educational reforms.
15. Constitution of a Cabinet Committee or similar high level mechanism to evolve and oversee the Action Plan in regard to all the items listed above.

1.9 MANAGEMENT INFORMATION SYSTEM

1.9.1 The Commission has been experiencing a steep increase in the intake of the number of advice cases. Besides, the Commission has the onerous responsibility of supervising and monitoring the vigilance and anti-corruption work of more than 600 organisations through the set-up of Chief Vigilance Officers. More recently, the functions of according vigilance clearance for board level and higher board level appointments in PSUs and Banks require the Commission to check/scrutinise the antecedents of persons for these appointments. To cope with the pressure of work, the Commission has undertaken computerisation of its day-to-day functioning in a systematic manner, strengthening its control over vigilance activities, day-to-day monitoring and reporting system on vigilance matters etc. with the help of the National Informatics Centre (NIC).

1.9.2 To begin with, the NIC had set up a Computer Centre in the Commission in the year 1987 to look after various areas of computerisation. As a major step in this direction, NIC collaborated with the Commission to develop Vigilance Complaints Monitoring System. All the elements of case monitoring, namely registration of complaints, periodic updation, report generation, locating records at a particular point of time etc. have been addressed by way of development of several computer software programmes. The large volume of data arising out of about 5000 advices and disciplinary cases handled by the Commission every year and the need for maintaining accurate information on the track records of large number of officers demand that the computerisation exercise should benefit in:-

- (i) Preserving records/data of various vigilance cases;
- (ii) Effective follow-up of vigilance cases; and
- (iii) Analysis of the trend of vigilance cases in different organisations/sectors;

1.9.3 More specially, the following broad areas have been identified and taken up for computerisation :-

- (i) Index card of vigilance cases;
- (ii) Vigilance case monitoring and follow-up;
- (iii) Chief Vigilance Officers (CVOs) profile;
- (iv) Quarterly Statistical Returns (QSRs);
- (v) Vigilance Clearance Monitoring System;
- (vi) Annual Confidential Reports (ACRs) and Performance Reports of CVOs monitoring system;
- (vii) Commissioners for Departmental Inquiries (CDIs) Information System;

- (viii) Day-to-day Secretarial work of the Commission; and
- (ix) Pay-roll system of the Commission.

1.9.4 This has proved to be of immense advantage to the Commission in analysing the database, close monitoring and follow-up of cases.

1.10 PROGRESSIVE USE OF HINDI

The Commission, during the year under report, continued to give due emphasis to the implementation of the provisions as also achievement of the objectives envisaged in the Official Language Act, 1963.

1.11 REPRESENTATION OF SCHEDULED CASTES/ SCHEDULED TRIBES AND OTHER BACKWARD CLASSES IN THE COMMISSION'S STAFF

Appropriate reservation in service for Scheduled Castes/Scheduled Tribes and Other Backward Classes is a declared policy of the Government. In pursuance of this policy, the Central Vigilance Commission has been making every effort for implementing the relevant Government instructions in this regard in respect of service/posts under its administrative control. During the year under report, 7 persons have been appointed to Group 'B' (Non-gazetted) post and 11 Group 'D' posts on direct recruitment basis. The percentage of Scheduled Castes/Scheduled Tribes and Other Backward Classes in the various groups of posts filled/held, otherwise than by deputation in the Central Vigilance Commission as on 31.12.1997 is given below:

	Group "A"	Group "B"	Group "C"	Group "D"
Scheduled Castes	50.00%	18.86%	10.52%	40.00%
Scheduled Tribes	-	3.77%	5.26%	4.61%
Other Backward Classes	-	9.43%	-	4.61%

COMPLIANCE WITH OFFICIAL LANGUAGE ACT, 1963

IMPLEMENTATION OF RESERVATION ORDERS

CHAPTER – 2

ADVISORY ROLE OF THE COMMISSION

ADVICE IN VIGILANCE CASES

2.1.1 The Central Vigilance Commission acts as the apex body for rendering impartial and objective advices to the Disciplinary and other Authorities on vigilance matters and vigilance related cases, where a public servant is alleged to have acted for an improper purpose or in a corrupt manner in discharge of his official duties. In its functioning, the Commission is independent and therefore, imparts an element of externality and objectivity in the decision making process of the Government/PSUs/ Nationalised Banks/Local Bodies etc. in the matters relating to probity and integrity administration. Apart from impartiality and objectivity, the functioning of the Commission also ensures consistency and common standard of action for similar kind of misconducts including criminal misconducts. However, all cases of misconducts are not required to be referred to the Commission for its advice; only those cases, having a definite or potential vigilance angle and an element of corruption or criminal misconduct or malafide are required to be referred to the Commission for advice.

2.1.2 During the year under report, the Commission received 4,304 cases for advice as against 4,263 received in the preceding year. Similarly, the number of cases in which advice was tendered during the year was 5,747 as against 4,246 cases disposed off during the preceding year.

2.2 COMPLAINTS RECEIVED BY THE COMMISSION

APPROACH

2.2.1. Complaints constitute an important source of information leading to the exposure of misconduct and malpractices. The complaints received directly in the Commission are referred to the Chief Vigilance Officers (CVOs) of the departments concerned or the Central Bureau of Investigation (CBI) for investigation and report, depending upon the nature of the allegations. A large number of complaints received are either anonymous or pseudonymous in nature. A number of such anonymous/pseudonymous complaints are often found to be motivated with a view to spoil the image and reputation of the officers, particularly when they are due for advancement in their career. On the other hand, a number of serious cases of corruption and malpractices, especially against those at senior

levels, are brought to light through such complaints. The Commission, therefore, takes due care at the stage of initial scrutiny to ensure that while frivolous, malicious and motivated complaints are not encouraged, complaints containing verifiable facts are effectively followed up.

DISPOSAL OF COMPLAINTS

2.2.2 During the year under report, the Commission received 1203 complaints of which 380 complaints (nearly 32%) were either anonymous or pseudonymous. Out of 1248 complaints scrutinised during the year, 448 (nearly 36%) complaints were found to contain sufficient information to justify further probe. These were accordingly forwarded to the CVOs of the organisations concerned or to the CBI for investigation and report, depending upon the nature of allegations contained in them. Of the remaining 800 complaints, 334 (nearly 27%) complaints were found to contain vague and unverifiable allegations and were, therefore, closed. The remaining 466 (nearly 37%) complaints either did not contain allegations prima facie bearing a vigilance angle or the public servant(s) complained against were not within the normal advisory jurisdiction of the Commission. These were, therefore, forwarded to the administrative authorities concerned for appropriate action at their end.

2.3 VIGILANCE CASES

CONSULTATION WITH THE COMMISSION

2.3.1 The complaints received directly by the departments/organisations are required to be scrutinised by the CVOs concerned to assess whether the allegations made merit further investigation. If the complaint pertains to a public servant who falls within the normal advisory jurisdiction of the Commission and the initial scrutiny of the complaint indicates that the allegations, though bearing a vigilance angle, are vague and prima facie unverifiable, a decision to drop the complaint and file it can be taken by the Chief Executive/Head of Department only after consultation with the Commission unless the complaint is anonymous or pseudonymous in nature. If it is decided to conduct a preliminary enquiry into the allegations contained in the complaint, it is necessary for the department/organisation concerned to forward a preliminary enquiry report to the Commission seeking its advice as regards the course of action to be taken on it. Likewise, the departments/organisations are required to forward a preliminary investigation report together with their views thereon in respect of all complaints forwarded by the Commission for investigation.

**CASES
INVESTIGATED
BY CBI**

2.3.2 In cases where the preliminary investigation has been made by the CBI, the department concerned is required to offer its specific views on the recommendations made by the CBI for advice of the Commission. The cases pertaining to public servants not within the normal advisory jurisdiction of the Commission are, however, not required to be referred to the Commission but if there is disagreement between the department and the CBI as regards the further course of action, the matter is required to be referred to the Commission for advice.

**STAGES OF
CONSULTATION**

2.3.3 The preliminary investigation report, whether furnished by the CVO or the CBI, is examined in the Commission and depending on the circumstances and facts of each case the Commission advises whether to initiate prosecution or departmental proceedings against the public servant(s) involved in the case or whether the case needs to be closed. This constitutes a reference to the Commission for its first stage advice in a disciplinary case. In cases where the departmental action for major penalty is advised, the Commission also indicates whether the oral inquiry is to be conducted by a Commissioner for Departmental Inquiries of the Commission or the department may appoint its own Inquiry Officer for the purpose. The Inquiry Report in either case is again required to be furnished to the Commission for its second stage advice before taking a final decision in the case. The Commission is also required to give such second stage advice in cases where the departmental action for minor penalty has been instituted and the disciplinary authorities after examining defence statement, propose to close the case without imposing any penalty.

2.3.4 The Commission is also required to be consulted at the appeal/revision/reviewing stages in cases where the appeal/revising/reviewing authorities propose to modify or set aside the penalty imposed in a case in which the Commission was earlier consulted. The only exception to this requirement is cases in which the administrative authorities are required to consult the Union Public Service Commission also.

2.4 EXPEDITIOUS DISPOSAL OF VIGILANCE CASES

**IMPERATIVE
NEED FOR
EXPEDITIOUS
DISPOSAL**

2.4.1 The effectiveness of vigilance largely depends on expeditious disposal of cases. In consonance with the principle of natural justice, the Commission's effort has been to ensure that its advices as to the action or further course of action are acted upon without loss of time. This is meant to ensure a swift and effective dispensation of an objective treatment in all vigilance cases. Even with a steady increase in the inflow of

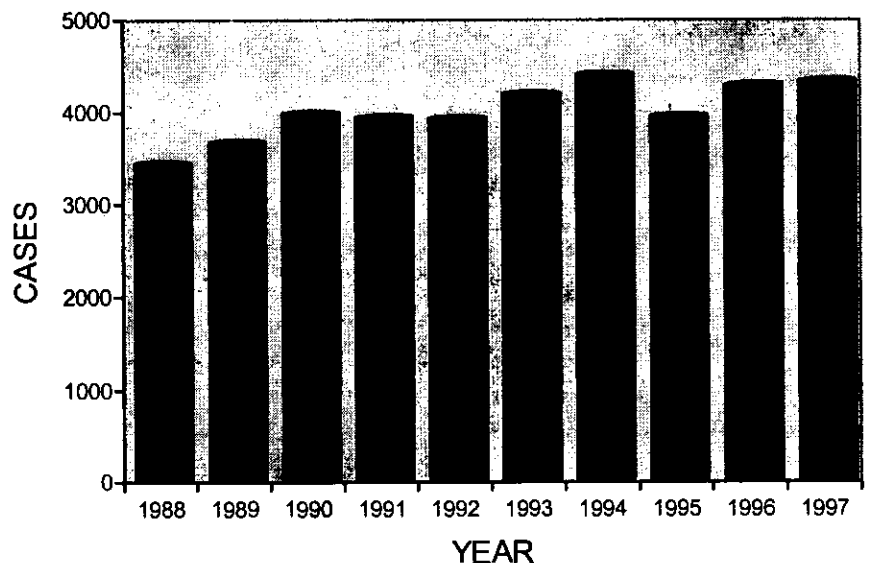
cases seeking Commission's advice, thanks to close monitoring arrangements and streamlining of procedures, it has now become possible for the Commission to tender advice to the Authorities concerned within a period of about three weeks, wherever the references are complete. In addition, the Commission has also been emphasising that the Commissioners of Departmental Inquiry as well as the Inquiry Officers appointed by the Departments/Organisations should plan and adhere to the time schedule set under instructions issued by appropriate organisations duly following principles of natural justice. The broad time-frame for completion of oral inquiries is about six months.

2.5 CASES RECEIVED AND DISPOSED BY THE COMMISSION

NUMBER OF CASES RECEIVED

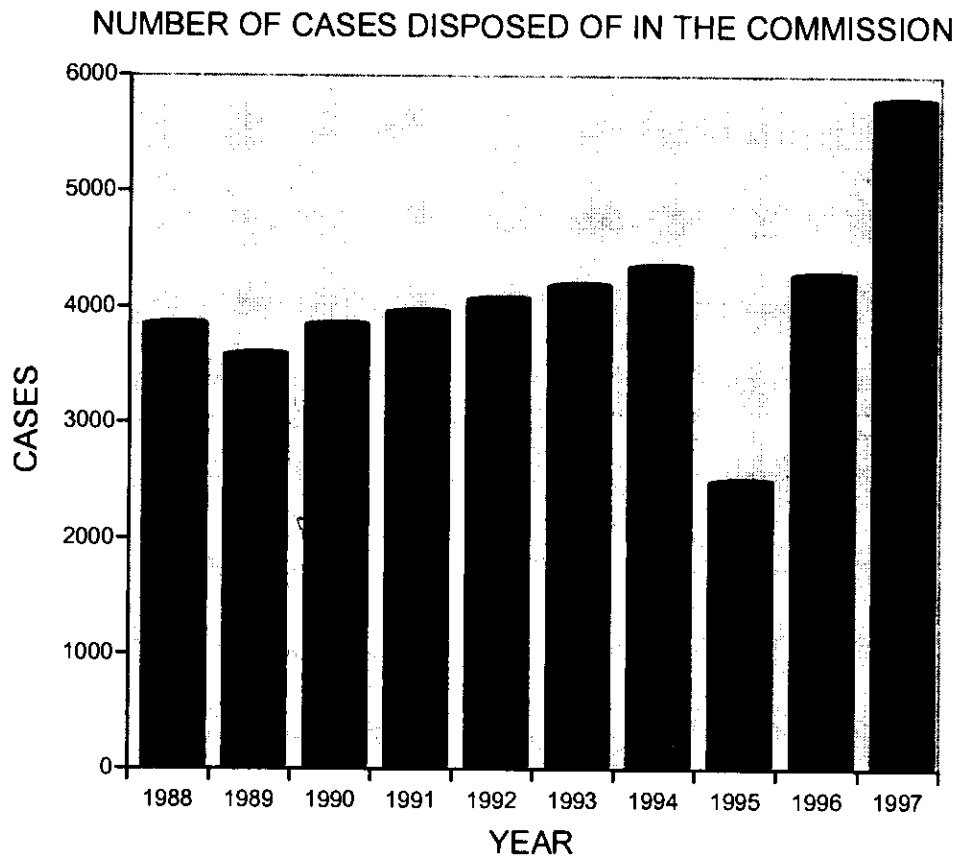
2.5.1 The number of cases received in the Commission during the year was 4,304 as against 4,263 cases received during the preceding year. The diagram below illustrates the point that over the last ten years or so there has been a general increase every year in the number of cases referred to the Commission for advice. In fact, the number of cases received during the year under report confirms the trend of steady increase of cases during the decade.

NUMBER OF CASES RECEIVED IN THE COMMISSION



**NUMBER OF
CASES
DISPOSED**

2.5.2 The Commission had tendered its advice on 4,246 cases during the preceding year. However, the year under report registered a sharp rise as the advice was tendered in 5,747 cases. The number of cases handled annually during the preceding ten years in any case firmly establishes that there has been a steady increase in the volume of the work handled in the Commission. The diagram below illustrates this point.



* The disposal of less number of cases during the year 1995 was due to the fact that the post of CVC remained vacant for over seven months.

2.6 FIRST STAGE ADVICE CASES

2.6.1 The Commission during the year under report tendered its first stage advice on 2817 cases. The nature of advices so tendered is indicated in the Table (Table-1) given below:

TABLE – 1

Nature of advice	On the investigation reports of		Total
	CBI	CVO	
Criminal Proceedings	79	15	94
Major penalty proceedings	182	1025	1207
Minor penalty proceedings	57	261	318
Administrative action, Warning, Caution etc.	104	358	462
Closure	113	623	736
TOTAL	535	2282	2817

NOTE: The Commission did not tender any advice on 41 CBI and 8 CVO Reports as its advice was not necessary.

2.7 SECOND STAGE ADVICE CASES

NATURE OF COMMISSION'S ADVICE

2.7.1 The disposal of cases by the Commission at second stage is reflected in the Table (Table- 2) below:

TABLE – 2

Nature of advice	On the CDI's Reports	On the cases received from CVOs	Total
Imposition of major penalty	347	774	1121
Imposition of minor penalty	61	240	301
Exoneration	70	222	292
Other action	29	138	167
TOTAL	507	1374	1881

NOTE: The Commission did not tender advice on 1 CDI Report and 4 cases received from CVOs.

**BROAD
ANALYSIS**

2.8 FIRST STAGE ADVICE ON INVESTIGATION REPORTS

2.8.1 The following Table (Table-3) gives an analysis of the nature of action advised by the Commission (by way of first stage advice) during the last few years:

TABLE - 3

(A) CBI INVESTIGATION REPORTS

Year	Total advices tendered	Nature of action advised			
		Prosecution	Major penalty proceedings	Minor penalty proceedings	Others
1985	287	31 (10.8)	120 (41.8)	32 (11.2)	104 (36.2)
1990	262	31 (11.8)	116 (44.3)	33 (12.6)	82 (31.3)
1995	190	14 (7.4)	40 (21.1)	28 (14.7)	108 (56.8)
1996	427	76 (17.8)	125 (29.3)	42 (9.8)	184 (43.1)
1997	535	79 (14.8)	182 (34.0)	57 (10.7)	217 (40.5)

(Figures in brackets indicate percentage to respective total advices)

TABLE - 4

(B) CVOs INVESTIGATION REPORTS

Year	Total advices tendered	Nature of action advised			
		Prosecution	Major penalty proceedings	Minor penalty proceedings	Others
1985	1031	3 (0.3)	351 (34.0)	84 (8.2)	593 (57.5)
1990	1736	4 (0.2)	478 (27.5)	194 (11.2)	1060 (61.1)
1995	894	1 (0.1)	309 (34.6)	110 (12.3)	474 (53.0)
1996	2055	8 (0.4)	830 (40.4)	205 (10.0)	1012 (49.2)
1997	2282	15 (0.7)	1025 (44.9)	261 (11.4)	981 (43.0)

(Figures in brackets indicate percentage to respective total advices)

TABLE - 5**(C) COMBINED CBI/CVOs INVESTIGATION REPORTS**

Year	Total advices tendered	Nature of action advised			
		Prosecution	Major penalty proceedings	Minor penalty proceedings	Others
1985	1318	34 (2.6)	471 (35.7)	116 (8.8)	697 (52.9)
1990	1998	35 (1.7)	594 (29.7)	227 (11.4)	1142 (57.2)
1995	1084	15 (1.4)	349 (32.2)	138 (12.7)	582 (53.7)
1996	2482	84 (3.4)	955 (38.5)	247 (9.9)	1196 (48.2)
1997	2817	94 (3.3)	1207 (42.9)	318 (11.3)	1198 (42.5)

(Figures in brackets indicate percentage to respective total advices)

2.8.2 It is obvious from the Tables 3-5 that the Commission continued to receive by far the largest number of cases from the departmental vigilance units. Out of 2817 cases in which the Commission tendered its first stage advice during the year under report, 2282 cases were investigated by the CVOs.

2.9 PUNITIVE ACTION AS SECOND STAGE ADVICE

2.9.1 In advising imposition of penalties or exoneration of charged officials, the Commission keeps in view such factors as gravity of misconduct, nature of evidence and other attending circumstances. The table (Table-6) below indicates the nature of penalties recommended by the Commission over the last few years:

TABLE - 6

**COMMISSION'S RECOMMENDATIONS
AS SECOND STAGE ADVICE**

Year	Imposition of Major Penalty	Imposition of Minor Penalty	Others	Total
1985	291 (57.6)	54 (10.7)	160 (31.7)	505
1990	384 (47.1)	150 (18.4)	281 (34.5)	815
1995	513 (56.6)	137 (15.1)	257 (28.3)	907
1996	659 (57.8)	158 (13.8)	324 (28.4)	1141
1997	1121 (59.6)	301 (16.0)	459 (24.4)	1881

(Figures in brackets indicate percentage to respective total advices)

2.9.2 The following conclusions can be drawn from the data given above:

- * The percentage of cases which ended with imposition of formal punishments, during the year after the formal proceedings, was 76%. In only 24% of the cases no punishments could be imposed.

- ** Most of the cases, in which the Commission had advised initiation of major penalty proceedings, resulted in imposition of such a penalty on the delinquent officers. In terms of percentage, it is about 60%.

2.9.3 Further break-up of the second stage advice figures in the foregoing table is given in the Tables 7 and 8 below:

**(A) SECOND STAGE ADVICE BASED ON
INQUIRY REPORTS OF CDIs**

TABLE - 7

Year	Total advices tendered	Nature of action advised		
		Major Penalty	Minor Penalty	Others
1985	391	246 (62.9)	37 (9.5)	108 (27.6)
1990	531	267 (50.3)	91 (17.1)	173 (32.6)
1995	385	247 (64.2)	56 (14.5)	82 (21.3)
1996	509	343 (67.4)	41 (8.1)	125 (24.5)
1997	507	347 (68.5)	61 (12.0)	99 (19.5)

(Figures in brackets indicate percentage to respective total advices)

**(B) SECOND STAGE ADVICES ON INQUIRY REPORTS
OF INQUIRY OFFICERS OF DEPARTMENTS**

TABLE - 8

Year	Total advices tendered	Nature of action advised		
		Major Penalty	Minor Penalty	Others
1985	114	45 (39.5)	17 (14.9)	52 (45.6)
1990	284	117 (41.2)	59 (20.8)	108 (38.0)
1995	522	266 (51.0)	81 (15.5)	175 (33.5)
1996	632	316 (50.0)	117 (18.5)	199 (31.5)
1997	1374	774 (56.3)	240 (17.5)	360 (26.2)

(Figures in brackets indicate percentage to respective total advices)

2.9.4 The following inferences can be drawn from the data given in Tables 7 and 8:

- * The number of cases in which the oral inquiry ended with advice for imposition of major penalty is higher in CDI inquired cases.
- ** The number of cases in which no penalty action was advised at the end of oral inquiries is higher in departmentally inquired cases.
- *** This is indicative of the need to impart better training skills to departmentally appointed Inquiry Officers and also to prepare charge-sheets properly.

2.10 ACTION TAKEN/PUNISHMENTS IMPOSED ON COMMISSION'S ADVICES

2.10.1 As per the information made available to the Commission, the disciplinary authorities in various organisations issued sanction during 1997 for prosecution of 12 public servants and imposed major penalties in 430 cases and minor penalties in 429 cases after obtaining the advice of the Commission. The Department-wise break-up of such cases is given in ANNEXURE-I. These included a Managing Director of a Nationalised Bank, one Secretary of a Port Trust and one Chief Engineer of a Civic Body.

2.11 IMPOSITION OF PENALTIES OF HIGHER ORDER

2.11.1 During 1997, major penalties of the higher order, namely, dismissal, removal and compulsory retirement from service were imposed on fifty seven (57) officers of various organizations, as per information available with the Commission. The comparative figures are given in the following Table (Table-9):

TABLE - 9

Year	Type of Punishment			Total
	Dismissal	Remova 1	Compulsory Retirement	
1990	19	22	19*	60
1995	28	15	4	47
1996	19	10	8	37
1997	25	17	15	57

* Includes two cases in which services of the officers concerned were terminated.

**PUNISHMENTS
IMPOSED ON
COMMISSION'S
ADVICE**

**PENALTIES
OF HIGHER
ORDER**

2.12 PENDENCY

PENDENCY WITH THE COMMISSION

2.12.1 The following Table (Table-10) indicates the pendency of cases with the Commission at the end of 1997:

TABLE – 10

	Complaints	Cases			
		Inv.Rpts.	Inq.Rpts. & minor penalty cases	Other Rpts./ cases such as reconsideration etc.	Total
Brought forward from previous year	156	1214	591	247	2052
Received during the year	1203	2053	1439	812	4304
Total	1359	3267	2030	1059	6356
Disposed of	1248	2866	1886	995	5747
Pending	111	401	144	64	609

2.12.2 There were 2035, 2052 and 609 cases pending with the Commission at the end of year 1995, 1996 and 1997 respectively. Apart from this pendency of 2052 cases at the end of 1996, the Commission has received 4304 cases afresh during the year under report. Thus out of a total of 6356 cases, during the year the Commission has disposed of 5747 cases thereby registering an increase by 35.4% in the disposal when compared to 1996.

2.12.3 Even out of 609 cases pending at the end of 1997, 338 cases are pending for want of clarifications/comments on the CBI reports from the concerned organisations. In other words, only the remaining 271 cases are actually pending with the Commission.

CHAPTER – 3

EXAMINATION OF CIVIL AND OTHER WORKS BY CHIEF TECHNICAL EXAMINERS' ORGANISATION

INTEGRAL PART OF THE COMMISSION

3.1 The Chief Technical Examiners' Organisation (CTEO) was initially created in 1957 as a distinct wing of the erstwhile Ministry of Works, Housing and Supply for the purpose of conducting a concurrent technical audit of works of the Central Public Works Department and securing economy in expenditure as also better technical and financial control. In 1963, the Committee on Prevention of Corruption (Santhanam Committee) recommended the transfer of this Organisation to the Central Vigilance Commission so that its services could easily be made available to the Central Bureau of Investigation or in inquiries made under the direction of the Central Vigilance Commission. The recommendation was accepted by the Government of India and the Organisation now functions as a technical wing of the Central Vigilance Commission under its administrative control.

JURISDICTION

3.2 The jurisdiction of the Organisation is coextensive with that of the Commission. Its jurisdiction now extends to examination of civil and other works pertaining to all Ministries/Departments of the Government of India including those relating to works executed by Central public sector undertakings, Banks and corporate bodies etc. falling within the jurisdiction of the Commission.

3.2.1 In order to enable the Organisation to select and examine works from the point of view of vigilance, each organisation within the advisory jurisdiction of the Commission is required to furnish returns on quarterly basis in the prescribed format indicating the details of all major works being executed by it. However, for practical considerations, this information is required to be given only in respect of civil works the estimated cost of which exceeds Rs.70 lakhs; electrical works the estimated cost of which exceeds Rs.10 lakhs; and horticulture works costing more than Rs.1 lakh. These returns enable the Organisation to prepare an action plan for conducting inspections of works. The Chief Vigilance Officers (CVOs) are, however, free to recommend, while submitting the returns, examination of a particular work if they suspect any serious irregularity being committed by certain public servants in the execution of such works to the CTEO.

3.3 Over the years, the Organisation has proved to be an important and effective wing of the Commission's set-up in detecting

**INTENSIVE
EXAMINATION
OF WORKS/
INVESTIGATION
IN SELECT
CASES**

malpractices in the award and execution of works and in suggesting remedial measures to prevent recurrence of such instances. The intensive inspection of the works carried out by the Organisation helps in detecting cases of execution of substandard works or acceptance of substandard materials; infructuous, avoidable and/or ostentatious expenditure; and undue favours and over-payments extended to the contractors.

3.3.1 Many organisations do not have the expertise for investigating cases of corruption and malpractices in construction work. In order to bridge this gap, the Commission had decided in 1991 to assign the task of conducting investigations in select cases to the CTEO.

**MAJOR
ACHIEVEMENTS**

3.4 The major achievements of the CTEO during the year 1997 are briefly indicated below:

(a) Creation of an awareness for quality control & adherence to the rules, procedures and economy;

(b) The recovery of over-payments made to the contractors. The Organisation meticulously follows up cases of over payments to contractors either due to collusion with contractors or due to slack supervision. During the year 1997, the over-payments accepted by the concerned organisations as a result of inspections carried out by this organisation amounted to about Rs.452 lakhs.

(c) Improvements in specifications, construction practices and contract conditions etc.; and

(d) Assistance to various organisations in preparation of Codes, Manuals and issue of guidelines and circulars to serve as effective tools for preventive vigilance.

**PERFORMANCE
DURING 1997**

3.5 During the year under report, the number of intensive examinations and investigations carried out by the organisation are as given in the table below:

S.No.	Details of organisations	Orgns.	Number of	
			I.E.Rpts.	Inv.Rpts.
1	Government Departments	8	45	4
2	Banks, Insurance Companies and Financial Institutions	7	9	-
3	Public sector undertakings, autonomous bodies etc.	58	138	3

3.5.1 As a result of these inspections, several major deficiencies in the execution of works were noticed. Some of these are briefly indicated below:

(i) During inspection of Horticulture works of South Eastern Coalfields Ltd. Bilaspur, it was observed that a contract work of Rs.523 lakhs was awarded to Madhya Pradesh Van Nigam. The Madhya Pradesh Van Nigam had been awarded work at exorbitant high rates costing around Rs.217 lakhs extra.

(ii) During inspection of Horticulture Works of Mahanadi Coalfields Ltd., Talcher, work had been awarded at exorbitantly high rates causing excess expenditure of about Rs.22.3 lakhs.

(iii) The work of construction of 6.2 m wide foot over-bridge and booking office at elevated platform of Hazrat-Nizamuddin Railway Station was inspected and it was observed that undue benefit to the tune of Rs.22.16 lakhs was derived by the contractor due to wrong and deficient stipulations/provisions in items related to RCC footings and supply and fabrication of steel work of the bridge.

(iv) In case of construction of staff quarters at IGNOU, New Delhi, excess expenditure of Rs.5.83 lakhs has been incurred by CPWD. The work has been awarded at a higher cost by interpreting the rebate quoted by the contractor in the manner beneficial to the contractor. The work has also been delayed and extension of time has been granted without proper justification causing extra cost due to escalation.

(v) In case of construction of residential complex at Bandra Kurla, Bombay, the Hindustan Petroleum Corporation Ltd. (HPCL) has incurred an extra expenditure of Rs.62.55 lakhs by rejecting the tender received at lower rates in the first call. Similarly, an extra expenditure has been incurred to the extent of Rs.16.86 lakhs in case of Housing Complex at Jaipur.

(vi) Western Coalfields Ltd. have awarded a work of construction of staff quarters at Ballarpur Area after 21 months of receipt of tenders. Even in this delayed period, market rate justification was not prepared and many discrepancies in the agreement remained.

(vii) Mazagon Dock Ltd., while executing the work of residential quarters at Mazagon Dock Complex, Mumbai, substituted external finishing treatment with ROUGH-N-TUFF item incurring an extra expenditure of Rs.31.68 lakhs. The recovery for defective work also amounted to Rs.12 lakhs.

(viii) The Cotton Corporation of India Ltd. awarded the work of Construction of multi-storeyed office Building at CBD Belapur, Navi Mumbai at high rates incurring an extra expenditure of Rs.166 lakhs. Additional work to the extent of Rs.100 lakhs had further been awarded at the higher rates already accepted.

(ix) Konkan Railway Corporation, while executing new broad gauge line work at Roha-Mangalore section, incurred an extra expenditure of Rs.110 lakhs by way of wrong classification of rock and earth filling from outside whereas surplus earth was available with the Konkan Railway.

(x) IFFCO, while executing the work of Naptha Storage Tank at Phulpur, incurred an extra expenditure of Rs.23.85 lakhs by allowing deviations of items advantageous to the contractor.

(xi) Bharat Petroleum Corporation Ltd., while executing the work of Administrative Building, Anna Nagar, Madras, incurred an excess expenditure of Rs.100 lakhs by accepting high rates and executing sub-standard work using less cement and thus reducing the structural strength.

(xii) National Thermal Power Corporation Ltd. (NTPC), while executing the work of Gas based Combined Cycle Power Project at Kawas (Gujarat), incurred an extra expenditure of Rs.600 lakhs by amending contract conditions favourable to the contractor.

(xiii) NTPC, while executing supply and erection of Ash Extracting, Conveyance and Storage Plant package for NCPP Stage-I, Dadri, made amendments in the contract without appropriate direction for cost adjustments. The amount involved in such amendments was about Rs.200 lakhs.

(xiv) In case of Mangalore-Udupi New Broad Gauge Section constructed by Konkan Railway Corporation, extra liability of Rs.25.15 lakhs has been taken by way of paying sales-tax and escalation which were not to be borne by Konkan Railway Corporation.

(xv) The Southern Railway while executing the gauge conversion works from Chennai Beach to Tiruchirapalli-Changalpattu-Villupuram Section incurred loss of Rs.150 lakhs. The contractor was awarded 9 works and mobilisation advance was paid without proper justification. The contractor did not complete the work and advance could not be recovered.

(xvi) India Tourism Development Corporation has incurred an extra expenditure of about Rs.80000 by installing transformer of higher capacity at IITTM, Gwalior.

(xvii) Hindustan Petroleum Corporation Ltd. while executing the work of ventilation system for OMCC, Boiler House, Cracked LPG & Catpoly substations at Refinery at HPCL at Mumbai paid consultancy fee much more than the cost of the work. The consultancy fee payable was more than Rs.11 lakhs against a work of Rs.11.15 lakhs.

(xviii) Life Insurance Corporation of India while executing the work of providing electric service connections of STC Building at Lucknow incurred an extra expenditure of Rs.50000 by installing a higher capacity transformer. In addition, the transformer installed was of cheaper make than the stipulated make.

**NATURE OF
LAPSES
DETECTED**

3.6 The illustrative nature of prima facie lapses/irregularities detected in the execution of works as a result of these inspections is indicated in the statement at ANNEXURE-II. Serious instances of lapses and irregularities noticed in the course of inspections or during the subsequent processing of the inspection reports are referred to the CVOs or the CBI, depending upon the nature and seriousness of the lapse(s) for detailed investigation from vigilance angle. During the year under report, 89 such cases were referred to the CVOs for investigation. An illustrative list of these cases is given in the statement at ANNEXURE-III. Investigation reports received from the CVOs are examined by the Commission in order to tender appropriate advice. A few illustrative examples of the Commission's first stage advice in such cases are given in the statement at ANNEXURE-IV.

**MAJOR
DEFECIENCIES
NOTICED BY CTEO**

3.7 The major deficiencies noticed in taking proper follow up action on the observations made by the CTEO and related areas are briefly indicated below:

I. DELAYED RESPONSE

**TYPICAL
EXAMPLES
OF DELAYED
RESPONSE**

3.7.1 The intensive examination reports forwarded by the CTEO are required to be examined and responded within a period of 60 days. In the past, there had been abnormal delay on the part of many organisations in this respect. However, with vigorous persuasion there has been improvement during the year. The number of reports more than a year to which reply has not been received dropped from 26 to 6 during the year. A statement of reports issued prior to 31.12.1996 to which no reply has been received till 31.12.1997 is given at ANNEXURE-V. The observations made in these reports are given below :-

(a) The work regarding construction of disposable structures of Metro Railway, Calcutta costing around Rs.377 lakhs was inspected in September, 1996. The work was awarded without proper publicity, assessment of market rates and using richer specifications causing an

extra expenditure of Rs.1.72 lakhs. Further, it was found that recovery for use of electricity and water has not been made and certain other payments not admissible were made. Prescribed testing of materials and concrete was also not carried out.

(b) The work regarding provision of token-less block instruments under Northern Railway Moradabad, costing around Rs.17 lakhs, was inspected in February, 1996. During inspection, it was found that agreement was not properly sealed and measurements were not properly recorded. It was also found that angle iron and MS flats were of smaller size than required and they were not properly bunched. Apart from that, iron parts were not properly painted with anti-corrosive primer.

(c) The work regarding provision of second distant signal on Subzimandi Ambala Section (Northern Railway) costing around Rs.241 lakhs was inspected in January, 1996. During inspection, it was found that drainage section was smaller than specified having a financial implication of about Rs.3 lakhs. The tender of L-1 was not accepted causing extra cost of Rs.43 lakhs. The measurements were not properly recorded. In addition, it was found that site records were not maintained properly.

(d) The work regarding approach road connecting Bijwasan installation and BPCL Service Station at NITC, New Delhi was inspected in May, 1990 and serious irregularities were noticed. The important paras were referred to CVO, Airports Authority of India on 18.7.1990 and no reply whatsoever has been received. The investigations were based on a complaint against the Executive Engineer indicating favour to his friend by not following codal procedure and awarding the work at higher rates.

(e) The work regarding development of camping site and Borari Road executed by DDA was inspected in October, 1992 and report was released in two parts. The facts regarding procedural lapses, award of contract at higher rates and other lapses on the part of Chief Engineer/Superintending Engineer/Executive Engineer had been brought out. No reply has been received so far.

(f) The work regarding construction of boundary wall along N.G. Drain executed by Flood Control Department of Delhi Administration costing around Rs.7 lakhs was inspected in November, 1993. No reply has been received in spite of repeated reminders. During inspection, it was found that materials used have not been tested from time to time. The wall was found cracked probably due to inadequate design.

**CASES PENDING
INVESTIGATION**

II. DELAY IN INVESTIGATION

3.7.2 Delays were seen to have occurred in the case of finalisation of paras referred to the Chief Vigilance Officers for vigilance investigation. As on 31.12.97, there were 447 cases pending for investigation out of which 290 cases were pending for more than five years. A list of the organisations with more than ten such pending cases is given in ANNEXURE-VI.

**NON-SUBMISSION
OF PROGRESS
REPORTS**

III. QUARTERLY PROGRESS REPORTS

3.7.3 The Quarterly Progress Reports in regard to civil and other works, prescribed by the Commission, serve as an important input for exercising general check and supervision over the vigilance and anti-corruption work in different organisations. However, these reports are not received regularly from many organisations and some do not send these reports at all. Some of the major organisations which did not send any report during 1997 are listed in ANNEXURE-VII.

**OVER
DEPENDENCE
ON EXTERNAL
AGENCIES**

IV. LACK OF INFRASTRUCTURE

3.7.4 Cases have come to the notice of the CTEO where certain organisations took major construction works without availability of requisite technical establishment. They have depended wholly on private architects/consultants and the contractor engaged for the work exploited the circumstances and provided sub-standard works. The works were not properly checked before making payments resulting in substantial over-payments. In addition, huge claims were made by the contractors which could not be defended properly before arbitrators/courts due to absence of requisite technical support, resulting in corresponding loss to the organisations. It has, therefore, been advised that where requisite engineering infrastructure is not available, major works should be entrusted to Central Government organisations/public sector undertakings authorised to carry out such work.

**IMPROPER
ANALYSIS
OF RATES**

V. LACK OF CONTROL ON WORKS

3.7.5 Many organisations continue to prepare estimates and inviting tenders which are not based on proper Schedule of Rates or Analysis of Rates based on correct market rates. Tenders are accepted without verifying the justified cost as per current market rates. Many times it is stated that tendered amount is within detailed estimate, which itself is not authentic.

**NON-ADHERENCE
TO SPECIFICATIONS**

3.7.6 The tender document may provide for proper specifications, but these are not followed during execution. For the important work of reinforced cement concrete, controlled concrete with weigh

**NEED FOR
PROPER
FOLLOW-UP**

batching and regular testing is specified but volumetric mix is provided at site. Even testing is not carried out properly. For example, three cubes are taken instead of six and testing is not carried out at specified age.

3.8 Based on the Quarterly Progress Reports (QPR) received from about 450 organisations, the CTEO is able to inspect works of about 50 organisations during a year. Thus the Organisation covers a very small area of operation. The CTEO mainly inspects the works with vigilance angle and cannot be a substitute for respective organisations' internal arrangement for quality control and checking from vigilance angle. In a few cases, the CTEO takes up investigations of cases referred by the Commission or some of the organisations themselves. Sometimes, investigations are carried out on the basis of complaints received by the Commission or by the CTEO itself. The complaints received, which are considered of normal occurrence, are referred to CVOs for investigation at their level and final action to be taken.

3.8.1 The CVOs are required to furnish replies and clarifications to the observations made in the intensive-examination reports on the basis of inspections of the works carried out by the CTEO. To meet with the full requirements, it would be necessary that the CVOs exercise independent check on the works executed by their organisations on the same lines on which the CTEO carries out the inspections and brings out the deficiencies. The CVOs are also required to take necessary corrective actions to ensure that lapses and irregularities pointed out in the CTEO's reports do not recur in future. In this manner, the CVOs can derive the maximum benefit from the inspections of CTEO.

3.8.2 The CTEO is being broad-based by drawing officers from different disciplines like Power, Telecommunications and Border Roads organisation etc. This would help in widening the coverage from civil, electrical and horticulture type of works to stores (purchase and inventory control), information technology, telecommunication equipment etc. This would also serve the diversification of the role and the responsibility of the Government departments in an expanding economy.

3.9 PREVENTIVE VIGILANCE

3.9.1 The CTEO has been circulating instances of common irregularities in the execution of works as observed during technical examination of works of different departments/public sector undertakings. Three such circulars have been issued in this year making a total number of thirteen so far.

**COMMON
IRREGULARITIES**

**PARTICIPATION
IN PREVENTIVE
VIGILANCE
COURSES**

3.9.2 The Chief Technical Examiners and Technical Examiners are participating in preventive vigilance courses being organised by various PSUs, CBI and other Government Departments. During 1997, the officers of CTEO delivered lectures in more than 20 courses.

CHAPTER - 4

REVIEW MEETINGS TAKEN BY THE COMMISSION DURING 1997

CHECK AND SUPERVISION OVER VIGILANCE WORK

4.1.1 The Commission exercises a general check and supervision over vigilance and anti-corruption in organisations. This important function is mainly performed through an in-depth scrutiny of the Quarterly Statistical Returns (QSRs) which each organisation is required to furnish to the Commission. These returns indicate in some detail the scale of vigilance activities in these organisations which enable the Commission to monitor the performance of the Chief Vigilance Officers (CVOs) concerned and to suggest measures for corrective action wherever required. These returns being data oriented do not, however, always reflect specific areas of concern peculiar to each organisation. In order to bridge this gap, the Commission holds review meetings on a continuing basis with Chief Executives and CVOs of various organisations. These meetings have proved useful not only in establishing better communication with individual organisations but also in providing opportunities to focus on specific areas of concern to the individual organisation and in formulating priority areas of action.

REVIEW MEETINGS HELD DURING THE YEAR

4.1.2 In addition to the review meetings held by the Central Vigilance Commissioner, the Secretary of the Commission and Branch Officers also hold periodical meetings with CVOs of major departments individually and collectively and with the Central Bureau of Investigation (CBI).

4.1.3 During the year 1997, the Central Vigilance Commissioner held separate review meetings with State Vigilance Commissioners, addressed at the Annual Conference of Chief Vigilance Officers and also held separate review meetings with the CVOs of Public Sector Undertakings and Banks in the Southern sector. The sectors covered are Telecommunications, Defence, Heavy Industry, Port Trusts, Petroleum, and Banks.

4.2 DISCUSSIONS WITH STATE VIGILANCE COMMISSIONERS

SHARING EXPERIENCE WITH STATE VIGILANCE HEADS

4.2.1 There has been growing demand from certain States for sharing their experience with the Commission to lay down certain common indicators and uniformity in approach to tackle the menace of inherent corruption. A conference with Vigilance Heads

of States was convened in September, 1997. It has helped the Commission to have better appreciation of the functioning of the vigilance machinery of various States. Issues pertaining to strengthening and also how the Commission can help the States vigilance machinery were deliberated upon.

4.2.2 The CVC emphasized that the institutional set up of vigilance agencies varies in different states depending on the respective perceptions and historical background. The position obtaining in individual States was discussed in detail. CVC felt that feed back received from the delegates during the course of conference was very useful and hoped would pave the way for further improvements in the system and methods of work and result in the overall effectiveness of the vigilance machinery. He felt that such a conference need to be held at least once a year to sustain the debate on further improvements in the system.

4.3 ANNUAL CONFERENCE OF CHIEF VIGILANCE OFFICERS

4.3.1 The Annual Conference of CVOs was held on the 11th and 12th September, 1997. The main thrust of the Conference was to combat the all pervasive menace of corruption in Government offices and Public Sector Undertakings. Issues relating to speedy disposal of cases, quality of disposal and expeditious completion of inquiries, follow-up and strengthening of the supervisory jurisdiction of the Commission were discussed. A 15-point Agenda for Action was put forth for revamping the vigilance machinery to deal with the problem of graft swiftly and effectively. Details of 15-point agenda have been given in Chapter-1.

4.4 REGIONAL REVIEW/MEET OF CVOs OF SOUTHERN REGION AT BANGALORE

4.4.1 Meetings were held at regional level to facilitate maximum possible participation. In the meeting at Bangalore, representatives of 24 organisations from Public Sector Undertakings, Banks and Port Trusts participated. At the end of the Review, CVC indicated actionable areas which are as follows :

(a) The philosophy in arranging such regional conferences is to share the Commission's concerns and priorities. The routine vigilance activity is as important as thrust in new areas. It is,

**15-POINT AGENDA
FOR ACTION**

**ACTIONABLE
AREAS FOR CVOS**

therefore, essential for vigilance to streamline its structure and data flow to meet the demands of future.

(b) The departmental inquiries need special emphasis for speedy clearance. The units must set for themselves an outer limit of six months for completion of inquiries. The investigations must be swift while at the same time conforming to the principles of natural justice.

(c) Availability of data is the basis for effective vigilance. Therefore, proper data flow is essential. It is important to keep in mind that vigilance is part of overall management function.

(d) A number of irregularities in the past have been attributed to system failure. Vigilance must anticipate and provide for contingencies to take on irregularities rather than blame it on the system failure.

**VIGILANCE AS
PRODUCTIVE
MANAGEMENT
FUNCTION**

4.4.2 An important outcome which emerged from the conference is enhanced awareness about Vigilance being a productive management function and a clarity of its role within the organisation. The feed back is positive and encouraging.

CHAPTER - 5

CASES OF NON-ACCEPTANCE OF COMMISSION'S ADVICE AND OF NON-CONSULTATION WITH COMMISSION

5.1 The Commission's advice in vigilance cases are acted upon by the departments/organisations. In general, the compliance rate is very high when compared to the large number of advices tendered by the Commission. However, there are some rare instances of vigilance cases which were not acted upon by the disciplinary authorities concerned inasmuch as either the advice tendered by the Commission was not accepted or consultation with the Commission was avoided. Such instances nullify to a large extent the objective for which the Commission was set up. During the year under report, there were 11 important cases which are briefly narrated below:

(1) ANDAMAN & NICOBAR ADMINISTRATION

The Commission had advised initiation of major penalty proceedings against an Assistant Secretary (Vig.), Andaman and Nicobar Administration on the allegations that he had wilfully misrepresented the findings of a departmental inquiry. Whereas the Inquiry Officer had held the charges as proved, the said official initiated a proposal stating the contrary and also recommended that the Charged officer may be given promotion to the DANICS. The wrong vigilance clearance given by him resulted in the promotion of the Charged Officer. Subsequently, the Andaman & Nicobar Administration also dropped the disciplinary proceedings initiated against the Assistant Secretary (Vig.) without consulting the Commission.

The explanation of the Andaman & Nicobar Administration for non-consultation with the Commission was that they had requested the Ministry of Home Affairs vide FAX message dated 25.3.1997, to take up the matter with the Commission for second stage advice, recommending dropping of the proceedings against the Assistant Secretary (Vig.). The Andaman & Nicobar Administration further desired that they be communicated the Commission's advice latest by 30.3.1997 as the Assistant Secretary was due for retirement on 31.3.1997. They also said that they had sent reminders to the Ministry of Home Affairs on 4.4.1997 and 16.6.1997 but the decision of the Commission was not communicated to them and the Lt.Governor decided to close the case on 23.6.1997.

The charge on which disciplinary proceedings had been initiated against the Assistant Secretary (Vig.) was very grave. The Commission's advice against the Assistant Secretary (Vig.) was

IRREGULAR
CLOSURE OF
CASE

tendered on 13.10.1994 but the Commission was approached for nomination of a CDI for appointment as Inquiry Officer only in June, 1996. Further, the Inquiry Officer was appointed on 6.2.1997.

The explanation of the Andaman & Nicobar Administration that they made efforts through the Ministry of Home Affairs lacks conviction. For one thing they were aware that disciplinary proceedings were pending and even the preliminary hearing had not been held by that date. The references made to the Ministry of Home Affairs were also never received in the Commission. Since the major penalty proceedings initiated against the Assistant Secretary (Vig.) could have been deemed to have continued as proceedings under the CCS (Pension) Rules, 1972 even after his retirement, there was no justification on the part of Andaman & Nicobar Administration for closing the case against the Assistant Secretary (Vig.).

(2) **BHARAT HEAVY ELECTRICALS LTD. (BHEL)**

**DELAY IN
ISSUANCE
OF CHARGE
SHEET**

In five different cases examined by the Chief Technical Examiner, Commission had advised major penalty proceedings against a General Manager of BHEL. However, action was not being initiated against him by BHEL on the reasoning that the official had joined another Corporation i.e. the Tehri Hydro Development Corporation (THDC). At the same time, the official was retaining his lien with his parent company, BHEL. The Commission considered the matter and advised BHEL on 25.2.1997 to explore the possibility of expeditiously initiating major penalty proceedings against the official. This was necessary so that the proceedings could be completed before the retirement of the official. Further, in view of the paucity of time, BHEL was advised to issue a consolidated charge-sheet to the official and complete the same before his retirement on 24.6.1997 as BHEL's disciplinary rules did not provide continuance of departmental proceedings after the retirement of the officials.

BHEL, however, took almost three months in issuing the charge-sheet to the official and inquiry proceedings could not be completed by 24.6.1997 when he superannuated. The delayed issue of charge-sheet by BHEL Management is the cause of the infructuous proceedings and the reason why the Commission's advice could not be implemented. BHEL has contended that they were not at fault as they had to take legal advice and this delayed the issue of charge-sheet to the official. The fact remains that due to delay in issuing the charge-sheet, the errant public servant was able to go scot-free, thus, defeating the purpose of justice.

**DELIBERATE
DELAY/INACTION
HELPS
DELINQUENT
ESCAPE PENALTY**

(3) CENTRAL BOARD OF EXCISE & CUSTOMS

In April, 1994, the Commission received an anonymous complaint alleging dropping of duty demand of Rs.5 lakhs by Assistant Collector of one Central Excise Division, which was short-levied because of non-filing of MODVAT declaration by one party. This complaint was sent to Central Board of Excise & Customs (CBEC) in June, 1994 for an investigation and report. CBEC forwarded the investigation report which revealed that the party had not filed MODVAT declaration as per Rule 15G by the prescribed date, but on detection, the party submitted the same by way of ante-dating it. This ante-dated declaration of the party was entertained by the divisional office by interpolating receipt register. Since the misconduct of the officials was bordering on conspiracy, the Commission advised initiation of major penalty proceedings against the Assistant Collector and three subordinate officials vide its advice dated 2.2.1995. CBEC under the reference dated 28.11.1997 intimated that whereas the charge-sheet to the three junior officials was issued on 19.5.1995, the same could not be issued to the Assistant Collector due to over-sight with the result that the case against him has become time-barred for departmental action (the alleged transaction pertained to 25.10.1993 and it was time-barred for action by 24.10.1997). The Assistant Collector was instrumental in dropping major portion of duty demand of Rs.5 lakhs, which was found to be a calculated attempt. Thus a major misconduct went unpunished.

The Commission has found that the plea of the department is untenable and from the facts and circumstances of the case, it was apparent that the delay/inaction on the part of the department was deliberate to allow the corrupt official retire without any penal action.

(4) CENTRAL BOARD OF EXCISE & CUSTOMS

**DELINQUENT
ALLOWED TO
GO UNPUNISHED**

Central Board of Excise & Customs (CBEC) detected a case of surreptitious removal and substitution of goods from bonded warehouse by a party in which the duty evaded was to the tune of Rs.59 lakhs and the interest accrued thereon was of the order of Rs.9.87 lakhs. The modus operandi adopted by the party were to substitute originally bonded materials with materials of similar properties; removal of the bonded materials from the drums and keeping the drums in their proper places and removal of the part materials from the drums by either tampering with the seals or by substituting the original seals with same type of seals etc. It was established prima facie that the party was successful in making a duplicate key of the bonded warehouse. Looking at the utter carelessness and apparent connivance of the bond officers with the party, the Commission, while advising initiation of major penalty proceedings against the bond officers, also advised initiation of

minor penalty proceedings against the Assistant Collector of the division. Later, the Commission on reconsideration, advised on 30.9.1994, for imposition of the penalty of 'Censure' on the Assistant Collector.

The Department, however, passed final order on 16.10.1997, exonerating the Assistant Collector.

(5) DEPARTMENT OF AGRICULTURE AND COOPERATION

**DRAWAL OF
TA/DA AT
HIGHER
RATES**

The Commission had received a source information to the effect that a very senior officer in the Department of Agriculture and Cooperation, had at various points of time held additional charge of the posts of heads of certain PSUs/autonomous bodies under the Ministry of Agriculture and in the latter capacity had undertaken tours abroad and claimed TA/DA at higher rates applicable to the employees of the organisations concerned.

The Commission requested the Department to look into the allegations and send a factual report to the Commission. On receipt of the report from the Department, the Commission observed that it was apparent that the officer had drawn cash and daily allowances in respect of foreign tours undertaken between 1993 and 1995 while holding additional charge of certain PSUs/autonomous bodies, at higher rates applicable to regular employees of PSUs. Government's instructions on the subject, however, clearly stipulate that in such cases Government servants are eligible to draw cash and daily allowances only at the rates applicable to Govt. servants. The orders handing additional charge of these posts to this official did not give any specific relaxation of the existing instructions in favour of the officer. The officer apparently drew higher cash and daily allowances than admissible and in the process secured undue advantage, which amounted to misusing the official position. Accordingly, a prima facie case relating to violation of Govt. rules, abuse of official position for securing pecuniary gain and improper conduct existed. The Commission advised the Department that apart from making necessary recovery of the excess allowances drawn, it was a fit case for initiating minor penalty proceedings under the All India Services (Conduct) Rules.

In response thereto, the Department of Personnel & Training were of the view that the Competent Authority had held that there was no evidence to suggest malafides on the part of the official. A view was, therefore, taken that excess payment may be recovered from the officer, after giving a show cause notice. The question of initiating disciplinary proceedings would arise only if the officer failed to comply with the directions of repayment.

The Commission is, however, of the view that cases of such a nature adversely reflect on the integrity of the official, who is expected to set an example and abide by the Government's instructions. This was pointed out to the Department of Personnel and Training; however, the stand taken by them was contrary to the advice given by the Commission.

(6) **MINISTRY OF PETROLEUM & NATURAL GAS**

**DELAYED
PROCESSING
HELPS
DELINQUENT
TO RETIRE
WITHOUT
PUNISHMENT**

In a case investigated by Central Bureau of Investigation (CBI), a Director (Marketing) of Indian Oil Corporation was involved in alleged irregularities which caused a net loss of Rs.53 lakhs in a year to the Indian Oil Corporation Ltd. in the transportation of LPG cylinders.

The Commission after considering CBI's report in the matter advised initiation of major penalty proceedings against Director (Marketing). However, on the request of Ministry of Petroleum and Natural Gas, the Commission in September, 1993 advised initiation of minor penalty proceedings against the said officer. The Ministry issued the charge-sheet and the concerned officer submitted his defence statement on 23.6.1994. However, before the retirement of the officer on 31.7.1994, the Ministry could not complete the proceedings against him on the plea that the disciplinary file in question was kept by the Minister's Office and was returned only on 26.7.1996 without having taken a decision in the matter. Thus, since the case was not monitored by the Vigilance Branch of the Ministry, no action could be taken against the public servant as post-retirement action was not possible in this case.

(7) **MINISTRY OF PETROLEUM & NATURAL GAS**

**WILFUL INACTION
AND INEPT
HANDLING OF
CASE**

The CBI had investigated a case of abuse of authority by some officials of the Indian Oil Corporation who had, in October, 1983, made excess payment to transporters who were handling LPG Cylinders. The Commission in agreement with the CBI advised the Ministry of Petroleum and Natural Gas and the Indian Oil Corporation to initiate major penalty proceedings against the suspected public servants. However, the Indian Oil Corporation did not take timely action against one Chief Finance Manager and issued charge-sheet to him only on 21.3.1995, when the officer was due to retire on 31.3.1995. Further, the disciplinary authority did not take timely action and imposed the penalty of "Censure" on him against the advice of the Commission. Further, the Indian Oil Corporation diluted the proceedings in respect of two Plant Managers as they issued minor penalty charge-sheets against the tendered advice for major penalty proceedings. Further, though the Commission had nominated a Commissioner for Departmental Inquiries as Inquiry Officer in the case, the Indian Oil Corporation spent about three years without

issuing his appointment orders and then sought permission for engaging a departmental Inquiry Officer. Although, the Commission had agreed to the request of the Indian Oil Corporation for departmental Inquiry Officer, the Ministry again approached the Commission for departmental Inquiry Officer in their cases. This sort of wilful inaction by Indian Oil Corporation and inept handling of cases by the Ministry of Petroleum and Natural Gas reflects adversely on the vigilance set-ups of both the organisations.

(8) **MINISTRY OF RAILWAYS**

**DEVIATION OF
COMMISSION'S
ADVICE AND
ISSUE OF
BELATED
CHARGE
SHEET**

In October, 1991, the Commission advised, inter alia, major penalty proceedings against an officer of the Railway Electrification Organisation, Allahabad for the serious irregularities (including manipulation of records) allegedly committed by him in the course of processing of a promotion case. The Department (Railway Board) kept pending the matter for a long time and then approached the Commission in August, 1993 requesting for a reconsideration of its advice. The Commission, however, found no merit in the Department's reference and hence its earlier advice was reiterated. Subsequently, the Commission had once again reiterated its advice in October, 1993 rejecting yet another proposal of the Department for a reconsideration of the same.

Deviating from the Commission's advice, the Disciplinary Authority, however, issued only a minor penalty charge-sheet to the official: and that too belatedly. In fact, it was only in November, 1996 that the case had been referred back to the Commission (by the Railway Board) pointing out this unilateral action on the part of the Disciplinary Authority and suggesting imposition of stiff minor penalty on the official. Taking into account the vintage of the case and the fact that the officer was nearing superannuation, the Commission agreed to the said proposal and the Department was so advised in March, 1997. Ultimately, the Department awarded a penalty of reduction in pay by one stage for a period of 45 days to the official. Thus, on account of non-acceptance of (or deviation from) the Commission's initial advice, coupled with delay and/or inaction on the part of the Department in taking follow-up action, an official who was found prima facie guilty of serious misconduct meriting a major penalty was eventually let off with a token penalty of reduction in pay by one stage for 45 days.

(9) **NATIONAL SAVINGS ORGANISATION (NSO)**

**COMMISSION
NOT APPROACHED
FOR APPOINTMENT
OF CDI AND WAS
NOT CONSULTED FOR
ADVICE**

In May, 1990, CBI registered a case under section 120-B read with 420 of IPC and Sect.5 of PC Act involving fraudulent claim of agents' commission by way of connivance between NSO agents and post office staff and causing loss of nearly Rs.6.5 lakhs. In their detailed investigation report submitted in December, 1992, CBI found

that the entire fraud was organised by one agent, (who was earlier working in another organisation) by way of showing fake business. The agent concerned, in connivance with some postal employees, used to submit commission bills in post offices in respect of the fake transactions duly supported by certificates from Post Offices. The Post Office staff was so careless that they did not even retain a copy of the schedules prepared for the bills and in some cases postal assistants were found to have given certificates of transactions as genuine, though no such deposits were ever made. In some cases, the genuine transactions were inflated by way of corrections/over-writings. The agent would deposit the certificates and schedules in another Post Office, get it processed from there and used to take payments. CBI investigation established that one postal employee was in conspiracy with the agents in the bogus transactions and fake payments and the agency recommended his prosecution along with the agents. Regarding other staff of Postal Department and National Savings Organisation, CBI established their utter carelessness in handling/processing the bills and making payments. CBI recommended major/minor penalty proceedings against them. The Commission, in December, 1992, advised inter-alia, initiation of prosecution proceedings against the particular postal employee who conspired with the agents and major penalty proceedings against all other Postal/NSO employees.

In March, 1997, the Commission received final orders of the Disciplinary Authority in respect of NSO employees who were proceeded for major penalty. The Disciplinary Authority has exonerated all the officials, in agreement with the findings of the Inquiry Officer (appointed by the Department).

The Department was required to have sought Commission's advice for nomination of a CDI and also to consult the Commission on the reports of the Inquiry Officer. Strangely, the Department kept the Commission in dark about the stage of the proceedings. By not seeking Commission's advice at appropriate stages, the Department has flouted the norms of consultation with the Commission. Evidently this was designed to allow the erring officials go unpunished.

(10) **NATIONAL TEXTILES CORPORATION LTD.**

In September 1996, the Commission had advised major penalty proceedings against an Assistant Manger of the National Textiles Corporation (NTC). The allegation against him was that he favoured a private party, causing huge loss to the NTC. A request for reconsideration of advice was considered by the Commission who reiterated its earlier advice on 18.2.1997. However, the Ministry of Textiles and the NTC allowed the said Assistant Manager to leave the organisation on 16.3.1997 under voluntary retirement scheme. No action was taken against him and thus the Commission's advice was not implemented.

**VOLUNTARY
RETIREMENT
GRANTED TO
AVOID PENALTY**

(11) **DEVELOPMENT COMMISSIONER (SMALL SCALE INDUSTRIES)**

**CASE NOT
REFERRED
TO DOPT**

A Deputy Director in the Small Industries Service Institute, Hyderabad, was issued major penalty charge-sheet for issuing in favour of a private firm a Consumption Certificate for which he was not competent. He also tampered with the entry regarding the quantity of consumption of leather from 39 DM to 29 DM in the office copy of the certificate.

During the course of the oral inquiry of the charges, one was held proved and the other was not proved. While tendering second stage advice, the Commission disagreed with the Inquiry Officer's findings that one of the charges was not proved and advised imposition of a suitable major penalty. The basis for this disagreement was that during the enquiry the Charged Officer did not produce any evidence in support of the manner in which he had worked out the consumption.

However, the Office of the Development Commissioner, Small Scale Industries, who was the disciplinary authority, dropped the proceedings against the officer after taking into account the UPSC's advice although all the points mentioned by the Union Public Service Commission had been considered by the Commission in its second stage advice. Moreover, as per the Department of Personnel and Training's instructions on the subject, the matter was required to be referred to that department by the Office of Development Commissioner, Small Scale Industries as a case of disagreement between the Union Public Service Commission and the Central Vigilance Commission. But the disciplinary authority chose to drop the proceedings, disagreeing with the advice of the Commission.

CHAPTER - 6

DELAYS AND OTHER DEFECIENCIES IN VIGILANCE MATTERS

DELAY IN FINALISATION OF DISCIPLINARY PROCEEDINGS HAMPER JUSTICE

6.1 Laws of Natural Justice demands that disciplinary proceedings are finalised in an expeditious manner. The delay in completion of proceedings invariably hampers the efforts to curb malpractices and mete out justice. It may, on the one hand, cause undue harassment to the officials who at the end of the proceedings are found to have been innocent of the charges framed against them and, on the other hand, it enables the guilty officers to evade punitive action for long periods of time. The delay in handling disciplinary cases has been on several occasions adversely viewed by the Courts also. There have in fact been instances where the proceedings initiated against the delinquent were quashed solely on the ground that there was inordinate delay in handling the disciplinary action. The Commission, therefore, considers it imperative that instances of suspect malpractices are followed up vigorously by the administrative authorities so that all the delinquents can be identified and proceeded against without delay. It is equally important that the formal proceedings once instituted are completed within the time frame laid down by the Government so that timely action can be taken against the delinquent. However, during the year under report, the Commission noticed that the delay in processing vigilance cases at various stages of investigation and inquiry is rather wide spread and a large number of organisations were not able to adhere to the normal time schedule prescribed for processing the disciplinary cases.

6.2 DELAY IN INVESTIGATION OF COMPLAINTS

DELAY IN INVESTIGATION LEADS TO LOSS OF VALUABLE EVIDENCE

The administrative authorities are required to complete investigation into a complaint normally within a period of three months. In case of Central Bureau of Investigation (CBI), the expected period for completion of an investigation is six months. However, the Commission has noticed that at the end of 1997 investigation reports were awaited in respect of as many as 1355 complaints forwarded to departmental vigilance units. Of these, 844 complaints (nearly 62.28%) were pending investigation for more than three years and 248 complaints (nearly 18.30%) for periods ranging between one and three years. The organisation-wise break-up of this pendency is given in ANNEXURE-VIII. Similarly, out of 9 complaints pending with the CBI for investigation and report, 4 complaints were pending for a period of more than three years. The Commission views with concern such inordinate delay in investigation of complaints. The failure to take timely action in investigating cases of misconduct often results in destruction of valuable evidence and sometimes even in loss of

documents. This eventually facilitates officers to escape consequences of their misconduct.

6.3 DELAY IN HOLDING ORAL INQUIRY

TIME-FRAME FOR HOLDING ORAL ENQUIRY

6.3.1 In cases where the Commission had advised initiation of departmental proceedings against an erring official on the basis of preliminary investigation report, the disciplinary authority is required to issue a charge sheet to the delinquent within one month of the receipt of the Commission's advice. The charged officer (CO) in turn is given normally a period of ten days to submit his statement of defence denying or admitting the charge(s). If the CO in his written statement of defence does not admit the charge(s) and the proceedings have been initiated for imposition of a major penalty, the matter can be decided by the disciplinary authority only after holding an oral inquiry for which purpose he is required to appoint an Inquiry Officer (IO). The Commission while advising initiation of major penalty proceedings in suitable cases, normally advises the disciplinary authority whether to approach the Commission for nomination of one of its CDIs to hold the oral inquiry or whether the department can appoint its own officer as IO. Keeping in view the time frame prescribed for issuing of a charge sheet and obtaining written statement of defence from the CO, it should be possible for the disciplinary authority to make his reference to the Commission within two months of the receipt of the Commission's advice for initiation of major penalty proceedings.

DELAY IN APPROACHING COMMISSION FOR NOMINATION OF CDI

6.3.2 The Commission, however, notices that there are instances of delay in approaching the Commission for nomination of an IO. There were 157 cases at the end of the year under report in which the Commission having advised initiation of major penalty proceedings had also advised the department concerned to approach the Commission for nomination of a CDI as Inquiry Officer. But no further action could be taken in respect of these cases in the absence of any response from the department concerned. The organisation-wise break up of these cases is given **ANNEXURE - IX**.

DELAY IN APPOINTMENT OF CDI NOMINATED BY COMMISSION

6.3.3 There were another 51 cases which were more than three months old and in which the disciplinary authorities had not issued orders appointing the CDI nominated by the Commission as Inquiry Officers. Of these, 11 cases were more than one year old. The organisation-wise break-up of these cases of delay in appointment of CDIs is given in **ANNEXURE-X**. The IO appointed by the disciplinary authority to conduct the oral inquiry in a particular case is required to be furnished with the related documents (photocopy of the charge sheet, reply of the charged officer, order of appointment of the Presenting Officer and the listed documents/witnesses, etc.) to enable him to hold the inquiry. These documents are required to be made available to the IO

immediately on his appointment as the IO. However, at the end of the year under report, there is no case pending for more than three months, in which the Disciplinary Authorities had not furnished the relevant documents to the CDIs appointed as Inquiry Officers.

6.4 DELAY IN IMPLEMENTATION OF COMMISSION'S ADVICE

**LARGE NUMBER
OF ADVICES
PENDING
IMPLEMENTATION**

The Commission notes with concern that the disciplinary authorities in many cases have not been prompt in implementing the advice tendered by the Commission. There were at the end of the year under report as many as 1975 cases pending for over six months for implementation of the first stage advice and 1202 cases pending for over six months for implementation of the second stage advice. The organisation-wise break-up of these cases is given in ANNEXURE-XI. The Commission is of the considered view that delay in implementing its advice defeats the very purpose of effective follow up on the acts of omission and commission on the part of erring officials and, therefore, needs to be avoided at all costs.

6.5 ILLUSTRATIVE CASES OF DELAY, DEFICIENT INVESTIGATION AND RELATED MATTERS

1. CENTRAL BOARD OF DIRECT TAXES

In this case, one Assistant Commissioner of Income Tax, while working as ITO during 1984-85 was alleged to have shown leniency/favouritism to an assessee (who, incidentally, was the sister of a senior Income Tax Officer), by accepting the assessee's returns for Assessment Year 1984-85 for a total income of Rs.1,21,533 only, as against an income of Rs.10,27,552 assessed in the previous year by his predecessor. The Department informed the Commission in February, 1993, that the officer had been issued a memo in March, 1992 regarding the alleged irregularities in the assessment. Later, in January, 1995, the Department came back to the Commission proposing closure of the case against the Assistant Commissioner of Income Tax. Perusal of the records pertaining to Assessment Year 83-84 revealed that the assessment had been completed by the predecessor ITO, after detailed investigation, under section 143 (3)/ 143 (2)(b) of the Income Tax Act, on a protective basis, at a total income of Rs.10,27,552. Later, the assessee filed the returns for 1984-85 under "Amnesty Scheme". The SPS ignoring the procedure, accepted the returned income at Rs.1.21 lakhs, after processing the same in a summary manner under section 143(1), overlooking some crucial aspects of the case pointed out in the proceedings of the previous Assessment Year. Though the additions made by the predecessor ITO could not be sustained during review before Income Tax Appellate Tribunal, yet, the conduct/act of the ITO in accepting the return was not

wholly judicious. The Commission, therefore, advised in March, 1995 at least minor penalty action was called for against him.

A charge-sheet was accordingly served on the officer on 22/31.5.1995. The Department, however, did not follow up the matter and ultimately, the officer retired from service on 31.12.1996. The Department passed an order on 14.3.1997 conveying "Government's displeasure" to the officer.

The Department explained by saying that the delay was mainly on account of non-receipt of the officer's reply to the charge-sheet, despite reminders.

This explanation of the Department is not tenable. A specified time-limit is laid down in CCS (CCA) Rules for submission of the defence reply, and if the Charged Officer failed to submit his reply within the said time-limit, the Department were at liberty to proceed against in the matter ex-parte; and the Department was under no obligation to wait indefinitely for the officer's reply. What more, the Commission had also explained this to the Department in its advice dated 2.3.1994. Still, the Department did not evince sufficient interest, and waited for 18 months for the Charged Officer's reply.

Thus, the inference is irresistible that the delay in processing/finalising the case was deliberate with a view to enabling the officer to escape punishment.

2. CENTRAL BOARD OF EXCISE & CUSTOMS

In May, 1993, the Commission received a complaint alleging massive evasion of excise duty by a Company by way of mis-declaration of finished goods in connivance with excise staff. It was alleged that the party was actually manufacturing and selling the polyester viscose yarn, but paying duty on 100% viscose yarn. The Commission forwarded this complaint in July, 1993 to the Department for investigation and factual report on the allegations.

The Department, after a cursory investigation came up in January, 1995 stating that the substance of the allegation against the party is correct and during the period 1.3.1992 to 27.2.1993, the party had cheated excise duty worth Rs.52.52 lakhs. In fact the preventive staff had conducted the search and detected the fact of duty evasion. Simultaneously the Department claimed that there is no lapse of connivance on the part of the Excise Range Officials as the party was functioning under Self-Removal Procedure. The Department was of the view that the allegations against the staff deserve to be closed.

The Commission found it plausible that the party had continuously mis-declared the goods with impunity, samples of

which are collected for checking chemical composition by the Range staff who monitor the activities. Since the position was contradictory, the Department was asked to investigate the matter further.

In April, 1995, the Department responded stating that altogether 18 samples were collected by the Range Superintendent and the Inspector during the period 1.3.1992 to 27.2.1993, but the chemical tests of the samples found to tally with the declaration furnished by the party. They also contended that the unit was audited by the Internal Audit and CERA during the period, but no discrepancy was ever detected.

The Commission found that the initial investigation, which revealed misdeclaration and evasion of duty worth Rs.52.52 lakhs, contradicts the stand of the Department in-as-much as all the samples found correct as per declaration. The Commission, therefore, asked the Department to investigate this issue further to book the defaulting Range staff. In November, 1997, the Department replied that the records of the case are not readily available with the Commissionerate as they have been submitted to CEGAT in connection with the appeal filed by the party for Department's duty demand of Rs.52.52 lakhs. They only suggested to initiate major penalty proceedings against the Sector Officer, but no action against any other staff. Thus, despite persistent effort from the Commission, the Department did not investigate the crucial issues prolonging since 1993, and majority of the Range staff were allowed to go scot-free.

3. DELHI DEVELOPMENT AUTHORITY

As many as 11 cases were received in the Commission against a senior official of the Horticulture Department of Delhi Development Authority (DDA), just one month before his retirement. It was observed that some of the cases emanated from complaints which were received in 1991-92. Some of the issues highlighted in the complaints related to serious financial irregularities, i.e. sanctioning of works much beyond delegated financial powers without any justification. However, DDA took four to five years to complete the investigation on these complaints. Ultimately, when investigations on these cases were completed in 1997, DDA initiated major penalty proceedings against the officer just before his retirement. Due to undue delay in investigation, not only the whole purpose of investigation was defeated but also the necessary preventive measures could not be taken in time to curb the malpractices prevalent in sanctioning of contracts/work in Delhi Development Authority.

4. DELHI DEVELOPMENT AUTHORITY

In 1993, an Inquiry Committee was constituted by Delhi Development Authority (DDA) to do technical audit of the works executed in Rohini Project, Delhi. The Inquiry Committee submitted its report on 5.8.1994 after inspecting 78 works. The lapses noticed in such cases mainly pertained to award of work at higher rates, execution of works without obtaining approval of the competent authority, deviations in works beyond the permissible limit, sub-standard execution of work and non-maintenance of measurement books.

The extent/nature of irregularities pointed out by the Committee indicates that matter was serious in nature but timely action was not taken by DDA to fix responsibility in the cases. Only few cases were referred to the Commission in September/October, 1997 when one Executive Engineer responsible for some of the lapses was on the verge of retirement. Some of the officials had already resigned/retired from service and no action was possible against them as the lapses were more than four years old.

Thus, instead of acting upon the recommendations of the Rohini Inquiry Committee, matters were allowed to be dragged, thereby defeating the very purpose for which it was constituted.

5. DELHI VIDYUT BOARD :

During 1997, the Commission received 67 cases from Delhi Vidyut Board (DVB) in which the inquiry proceedings had been conducted by departmental Inquiry Officers. These cases were generally technical in nature in which charges related to irregularities in the sanction of electric connections and in taking meter readings, non-submission of reports, non-maintenance of registers and misappropriation of stores materials etc. Out of these, in as many as 32 cases, the charges were held not proved by the Inquiry Officer on various grounds. A general examination of these cases revealed that the charged officials had been exonerated by the Inquiry Officer for untenable reasons. While in some cases proper appreciation of evidence was not done, in some cases the oral and documentary evidence adduced during inquiry were ignored and the charges were held as not proved.

However, when these cases were examined in the Commission, it was observed that sufficient oral and documentary evidence existed on record to substantiate the charges. The Commission's advice, in all these cases, was accepted by the Disciplinary Authority and major penalties imposed. It clearly indicated that the Inquiry Officers' findings were not free from bias.

It is, therefore, felt that the disciplinary authorities need to take due care while appointing Inquiry Officers.

6. GOVERNMENT OF N.C.T. DELHI

This case speaks about government indifference in taking action against the charged officers who went unpunished and superannuated after facing the charges for about 20 years. The line of facts of the case are as follows:-

During 1975-77, the Proprietor of a business firm applied to the Industries Department of the Delhi Administration for an essentiality certificate to enable the firm to obtain an import licence for certain items. One Circle Inspector of the Industries Department submitted a note saying that he had verified the supply orders for the machinery purchased by the firm. On the basis of his verification report, the essentiality certificate was issued in favour of the firm. The import items allowed were meant only for captive consumption by the firm and the licensee was required to maintain proper books of accounts relating to the procurement and utilisation of the imported goods. During an investigation conducted by the Licensing Authority, it was found that the licence was issued to a ghost unit. The Controller of Imports and Exports then referred the matter to the CBI for further investigation. During its investigation, the CBI found that the firm imported items on 18 import licences and sold the goods in the open market at premium rates. It was also found that no factory ever existed at the site mentioned by the firm and no machinery had ever been purchased. The supply orders for the purchase of the machinery, submitted by the firm were forged. In connivance with the officials of the local office of the Industry department, a fraud was being perpetrated.

CBI concluded investigation and submitted its report to the Home Secretary of the Government of National Capital Territory, Delhi (GNCTD) in 1978. CBI proposed prosecution of 3 private persons and the concerned Circle Inspector of Industries Department. Further, suitable disciplinary action against the Joint Director (Industry), Assistant Director (Industry) and two Inspectors was also recommended. However, no action was taken by the GNCTD against the errant officials despite clear cut recommendations of the CBI in the case. CBI again sent a reminder in the case to the GNCTD in 1996 and the case was thereafter referred to the Commission in July, 1997. By this time, two main accused in the case had already retired from the service in the year 1984 and 1987 after getting all their due promotions. Action against them has, now, become time-barred.

Thus, failure to take action by the concerned Department for the last 20 years allowed the guilty officials to go scot-free.

7. **GOVERNMENT OF N.C.T. DELHI**

A compliant was received in the Commission against a Superintending Engineer and Chief Engineer of the Flood Control Department of the Government of National Capital Territory, Delhi, which was forwarded for investigation and report on 6.9.1989. The allegations made in the complaint were:

- (a) The rates adopted in the work of desilting of Trunk Drain No.1 in Shahdara, were very high;
- (b) Favours were bestowed on a contractor in the matter of work on the left forward band in Division No.IV of Flood Control Department; and
- (c) Full payment was released to the contractor even before the work was completed.

The Department's investigation report in the case was received only on 11.10.1995 in which it was stated that the allegations could not be substantiated. However, on a perusal of the report, the Commission observed that out of the three allegations, the AC Branch, Delhi Administration's report in respect of allegations (b) and (c) were not convincing. The issue mentioned in allegation at (b) was also examined by the Chief Technical Examiner. It was revealed that the justification rate had been prepared incorrectly with the result that the justified cost was boosted up in order to justify the high rated tender. Regarding allegation (c), the Commission observed that since full payment was made to the contractor even before completion of work, favour was shown to the contractor. The Department was accordingly requested to examine these allegations afresh on 16.11.1995.

Subsequently, after a gap of 18 months, the Department intimated that both the officials had retired from service. Since the events pertain to 1989, the case has become time barred and no disciplinary action is possible now against the delinquent officials.

The manner in which the entire case was handled left an indelible impression that there was a deliberate attempt on the part of some officials not to put up relevant facts before the Commission. Although a report has been sought from the Government of National Capital Territory, Delhi on 10.6.1997 asking them to fix responsibility for this delay in investigating the case, nothing has been heard so far from the Department.

8. MINISTRY OF POWER

The Joint-Parliamentary Committee (JPC) that looked into the security scam had observed serious irregularities in the issue of Capital Bonds and their private placement by the Power Finance Corporation, Delhi, in 1992. The approximate loss to the Corporation as a result of the transaction was Rs.9 crores. The Commission examined this matter further and consequently on 12.3.1996 advised the Ministry of Power to initiate disciplinary action against a former Chairman and Managing Director of the Power Finance Corporation. It was specifically pointed out to the Ministry that the case against the Chairman & Managing Director would become time-barred unless immediate action was initiated.

Despite this, the Ministry of Power showed no urgency in implementing the Commission's advice and chose to call for the comments of the Power Finance Corporation which was quite unnecessary at that belated stage when the case had already been examined in detail and all the necessary information and comments of the Chairman, Power Finance Corporation were already available with the Ministry in their files.

Later, from the perusal of Ministry's file, it was seen that the Commission's advice dated 12.3.1996 was not processed with a sense of immediacy by various officials of the Ministry of Power. Though the case was becoming time-barred on 27.3.1996, the Ministry decided on 26.3.1996 to call for the comments of the Power Finance Corporation. As a result, the case against suspected public servant became time-barred. Had the Ministry moved quickly to implement the Commission's advice it should have been possible to institute disciplinary proceedings against the official.

9. MINISTRY OF RAILWAYS

Based on an anonymous complaint alleging some serious irregularities in the matter of processing, execution and acceptance of some contract works in Vadodara Division, a preventive check was conducted by the Western Railway Vigilance. The check revealed some serious irregularities/lapses in respect of 3(three) tenders and the related contract works. In respect of the contract for constructions of CC apron, it was revealed that the work was awarded at a cost of Rs.26.14 lakhs as against the estimated cost of Rs.10 lakhs. It was found that in respect of certain NS items, the rates recommended and accepted were unreasonably high, in comparison to the last accepted rate. Even in respect of one item, the rate accepted was nearly 3 (three) times higher and in respect of another item, the rate accepted was nearly 7 to 8 times higher than

prevalent market rate. It was established during investigation that the rate-analyses prepared in this case for TC proceedings were patently erroneous and apparently motivated to accept unreasonably high rates quoted by the contractor.

In respect of the second tender for painting work, the total cost recommended and accepted was of the order of Rs.3.97 lakhs, as against the estimated cost of Rs.1.5 lakhs. It was established during investigation that the main item of work in this case, i.e. cost of paint and quality of painting, was compared with the last accepted rate for a superior quality paint and painting work. It was also found that this comparison of the quoted rate was done with a superior quality item, only to justify the exorbitant rates received from the contractor.

In respect of the third contract for electro-logging of the tube well and cement grouting, it was established that the work was completed much earlier to the actual tendering process and award of the work and that the measurements entered in the records for completion of work, were fictitious.

Railway Board approached the Commission on 7.9.94, recommending pension-cut proceedings against the Sr.DEN (who acted as the Convenor Member of the TC) and 2 (two) IOWs, who were found responsible, prima-facie, for entering false entries in the MB and completing the work before it was awarded. Considering the seriousness of the allegations and that the Railway had suffered substantial loss, the Commission tendered its advice on 15.9.94, in agreement with Railway Board.

It was reported to the Commission in December'96 that the case against both the IOWs had already got time-barred by the time Railway Board received Commission's advice (the transaction pertained to the period January to July'90). In respect of the Sr.DEN, it was intimated that though Commission's advice was received in time, the Zonal Railway did not initiate action for issuing charge-sheet with the result that action against him was time-barred on 3.4.95. Railway Board explained that the official responsible for the delay, i.e. one Vigilance Inspector, was not aware about the rules for which the charge-sheet could not be served.

The Commission observed from the chronology of events that this case was investigated by the Zonal Railway some time in June'92, but the case was finally referred to Railway Board by the Zonal Railway, complete in all respects in July'93, and Railway Board approached the Commission for its advice on 7.9.94. The Commission had promptly tendered its advice on 15.9.94. Thus, there has been complete inertia on the part of the Zonal Railway and the Railway Board in realising that both the IOWs were retired

and that the action against them would be time-barred. In case of the Sr.DEN, the Commission observed that the delay in action was apparently motivated as the Commission had disagreed with the recommendation of the Zonal Railway. Commission's advice as communicated to the Zonal Railway through speed-post on 19.9.94 for issuing charge-sheet to the Sr.DEN, but in-action finally led the prime-accused, go unpunished.

10. **NATIONAL INDUSTRIAL DEVELOPMENT CORPN.**

In a case in which the Chief Technical Examiner of the Commission had pointed out serious irregularities in the work of 1000 KVA Diesel Generating set with oil storage for Hindustan Cables Ltd., Naini, the Commission on 1.8.1994 advised initiation of major penalty proceedings against a General Manager of the National Industrial Development Corporation (NIDC). NIDC took almost three years before taking a decision to impose a minor penalty of censure, that too without consulting the Commission as per the prescribed procedure. It is thus clear that not only the NIDC substantially deviated from the Commission's advice for major penalty action against the officer where serious allegations were noticed against him but also it failed to consult the Commission before imposing a minor penalty of censure after considerable delay.

11. **NEW INDIA ASSURANCE CO.LTD.**

In a complaint received by the Commission it was alleged that serious irregularities were committed by certain officials of the New India Assurance Co. Ltd. in the matter of disposal of the salvages of two accidented vehicles. The Commission referred the matter, in February, 1994, to the Chief Vigilance Officer of the Company for necessary investigations. The CVO furnished a report in the matter in April, 1994: but the same was found to be wanting in many respects. Accordingly, the Commission wrote back to the CVO in May, 1994 requesting for proper scrutiny of the claims and furnishing a detailed report thereafter. The Company furnished yet another report in March, 1995. On perusal of this report, it was observed that the loss that has accrued to the company in the matter of disposal of the salvages was mainly on account of the failure of the concerned authorities in ensuring timely disposal of the material. The Commission, therefore, again wrote back to the CVO in April, 1996 requesting him to examine the matter afresh with a view to fixing responsibility for the said lapse. Unfortunately, there was no response from the company, despite repeated reminders, and it was only as late as in December, 1997 that the company came up again. According to the Company there was nothing irregular in the matter of disposal of the salvages in question: and hence the question of fixation of responsibility etc. did not arise.

From a perusal of the reports furnished by the Company from time-to-time, it has been observed by the Commission that the above stand did not follow logically from the facts and circumstances of the case: and, further, that the case has not been examined fully/properly with reference to the suspicious features which were apparent at the face of it. For example :

- (i) Both the vehicles were owned by the same party/insured.
- (ii) The Surveyor deputed to assess the salvage-value was the same in both instances.
- (iii) Assessments of salvage values were grossly high-pitched in both cases.
- (iv) The party which reportedly offered Rs.15 lakhs for the salvage of one vehicle made it a "conditional offer" by making it valid for one month only. This was unusual.
- (v) The above offer was apparently missing from the Surveyor's Report.
- (vi) It was also intriguing to note that the party concerned was not contacted/approached for negotiations when the maximum offer received for the salvage, during public auction, was Rs.5 lakhs only.
- (vii) Though ultimately the Company managed to get Rs.8.25 lakhs for the salvage, the name/identity of the purchaser has not been disclosed.

The Company had, however, totally ignored these suggestive and tell-tale evidences and had merely gone by the "position" as was available at the surface. In other words, no attempt whatsoever seems to have been made by the Company to piece together such circumstantial evidences and cause proper and detailed investigations into the case with a view to ascertaining the truth of the matter.

However, the incident was already too old and the Commission felt that there was no chance of getting at the truth of the matter at this distant point of time. Hence the Commission was constrained to treat the case as closed. This is thus, a case which has been badly delayed by the Company on the one hand, and poorly investigated, on the other.

CHAPTER - 7

CHIEF VIGILANCE OFFICERS

KEY VIGILANCE FUNCTIONARY

7.1 ROLE OF CHIEF VIGILANCE OFFICERS

The Central Vigilance Commission is a lean and thin organisation and functions through the Chief Vigilance Officers (CVOs) within each Ministry/Department/Organisation and the vigilance units constitute an important feature of the scheme for ensuring probity and integrity in public administration. These vigilance units are headed by CVOs and the Commission considers them as an extension of its own set-up for the purpose of exercising check and supervision of vigilance and anti-corruption work. Their importance is particularly underlined by the fact that nearly 75% of the cases referred to the Commission for advice are those investigated by the CVOs. A CVO is, therefore, an important field functionary in the vigilance set-up. Though the responsibility for the maintenance of efficiency and integrity amongst public servants rests with the Head of the Department/Chief Executive of the organisation concerned, the CVO provides expert assistance in advising him in this important field. The CVO is required to handle all vigilance matters concerning his organisation.

7.2 SELECTION AND APPOINTMENT OF CHIEF VIGILANCE OFFICERS

CONSULTATION WITH CVC

7.2.1 All departments/organisations to which the advisory jurisdiction of the Commission extends are required to appoint an officer not below the rank of Deputy Secretary to the Government of India or equivalent as CVO after obtaining prior approval of the Commission. The only exception is that the administrative authorities can make short term arrangements on their own for a period not exceeding three months. For this ad-hoc arrangements, the organisations are, however, required to give an intimation to the effect to the Commission. However, no person whose appointment as a CVO is objected by the Commission can be so appointed. The CVO once appointed cannot be changed before the expiry of his tenure, except on administrative grounds like transfer, promotion etc., and under explicit approval of the Commission.

7.2.2 The CVO in an organisation discharges the onerous responsibility of maintaining probity and integrity in his organisation. The Commission, therefore, considers it important

that the CVO should not only be objective and impartial in his dealings but should also be seen to be so. In this context, the Commission endeavours to select only those officers for this assignment who have an unblemished record of service.

7.2.3 The Commission during the year under report considered the suitability of 340 officers recommended by the administrative authorities for appointment to the post of CVO in different organisations.

7.3 GUIDELINES FOR APPOINTMENT OF CHIEF VIGILANCE OFFICERS

FULL-TIME AND PART- TIME CVOs

7.3.1 A sizeable number of organisations particularly in the public sector have created full-time posts of CVOs so that the person appointed is in a position to give his undivided attention to supervising the vigilance and anti-corruption work in the organisation. However, a large number of organisations including the Ministries and Departments of the Government of India have not created such full-time posts. The practice in their case is to assign the additional charge of the functions of a CVO to an officer holding another appointment. The Commission, however, in such cases ensures that the charge of CVO is assigned to an officer who is not, to the extent possible, handling matters sensitive from vigilance point of view and is senior enough in rank to be able to report directly to the Chief Executive of the organisation concerned. The Commission would prefer the CVO in an organisation not to be associated with decision making processes in respect of matters on which he may have himself to sit over in judgement at a later date. The Commission has been of the view that if any additional charge is to be assigned to a CVO, it should ideally relate to "Audit" and "Inspection" which constitute an important input to vigilance activity. On the other hand, the combining of "vigilance" and "security" functions, except in hotel industry, is not considered desirable. The "security" functions being equally demanding, it is not possible for the same officer to give his undiluted attention to the supervision of vigilance matters.

7.3.2 The Ministry of Power had entrusted the charge of the post of CVO of the Ministry to some other Joint Secretary from the existing incumbent (JS level officer) without obtaining prior approval of the Commission. The Commission advised the Ministry of Power that it is not appropriate to change the CVO without prior approval of the Commission. Thereafter, the Ministry forwarded a panel of five officers for appointment of a new CVO of the Ministry.

**IMPORTANT
CRITERIA**

7.3.3 As indicated earlier the main objective is to ensure that an officer working as a CVO in an organisation is in a position to handle the matters objectively and impartially. The following main criteria have been evolved to ensure this:

- (a) The CVO in an organisation should be, as far as possible, from outside the organisation in which he is to be appointed so as to inspire confidence in his impartiality without being encumbered on account of past association;
- (b) Once an officer has worked as CVO in an organisation, he should not be allowed to go back as CVO to the same organisation again; and
- (c) An officer appointed from outside as CVO shall not be absorbed in the same organisation on expiry or in continuation of his tenure as CVO in that organisation.

7.4 TENURE FOR APPOINTMENT OF CVO

**TENURE
GUIDELINES**

7.4.1 The guidelines evolved by the Government for appointment of CVOs is as follows at present :-

- (a) The full-time CVOs appointed from outside on deputation basis in public sector undertakings have been uniformly allowed a tenure of five years irrespective of the grade or the service to which the officers belongs;
- (b) The tenure of the officers appointed as CVOs in public sector banks has been laid down to be three years extendable by another two years with the approval of the Commission; and
- (c) The normal tenure in respect of officers appointed as CVOs from within an organisation has also been prescribed to be three years extendable by another two years with the specific approval of the Commission.

**SHORTER TENURE
FOR EFFECTIVENS**

7.4.2 The tenure of a CVO on a deputation to a public sector undertaking on full time basis has been engaging the attention of the Commission. The present arrangement is a fixed tenure of five years to attract suitable officers. A CVO appointed in an organisation is to be allowed a reasonable tenure particularly when he is appointed from outside the organisation to understand the peculiarities of the operations. The job of the CVO being very sensitive, it is also to be ensured that he functions in an

independent and objective manner. At the same time, the tenure should neither be too long nor too short. The Commission has, therefore, proposed to the Government that a shortened tenure of three years extendable up to five years based on review of performance as presently existing in the Banking and Insurance Sector would be a better proposition.

7.5 ASSESSMENT OF WORK OF CHIEF VIGILANCE OFFICERS

REVISED PROCEDURE OF RECORDING ASSESSMENT

7.5.1 The Commission has been empowered to assess the work of CVOs working full time as well as CVOs working part time in various organisations and record such assessment in their confidential character rolls. The practice earlier followed was to record such assessment on a separate sheet which was later added to the confidential character roll of the officer concerned. A review of this practice indicated that it did not enable the Commission to assess the work of a CVO in its total perspective. In order to streamline the procedures it was decided by the Government that the annual confidential reports in respect of Chief Vigilance Officers in public sector banks as also of officers of All India Services/Central Services working as CVOs in public sector undertakings/organisations whether on full-time or part-time basis shall be initiated by the Chief Executive concerned, reviewed at an appropriate level in the administrative Ministry/Department and forwarded to the Central Vigilance Commissioner for his final observations as the Accepting Authority. The revised procedure has enabled the Commission to have a direct appreciation of the performance of a CVO and to record such assessment on the body of the annual confidential report itself. This also inspires confidence in the CVOs that their efforts to combat corrupt and improper practices are properly appreciated.

DELAY IN FORWARDING ACRs

7.5.2 The Commission also observes that the Annual Confidential Reports (ACRs) of the CVOs which are required to be recorded by the Central Vigilance Commissioner as Accepting Authority are not being furnished in time and are being delayed due to which the career prospects of these officers are hampered.

7.5.3 The Department of Personnel & Training vide its OM No.321/46/94-AVD.III dated 20.5.96 has laid down the time schedule by which the ACRs of officers are to be completed. This has been reiterated to the Reporting Officers for strict adherence to the time schedule so that there is no delay in the completion of ACRs of CVOs. The Commission has also evolved a computer based Reminder Generation System by which the

concerned officers are regularly reminded to expedite completion of ACRs of the CVO.

7.5.4 To enable the Commission to have a proper appreciation of the performance over the year by the CVOs, the Commission obtains from each of the CVOs a detailed note highlighting their performance during the year with special reference to (a) measures taken to strengthen the preventive vigilance; (b) steps taken to activate the vigilance machinery; (c) conducting of periodic inspections of the corruption-prone areas; and (d) expediting completion of preliminary investigations/oral inquiries. The CVOs were also required to forward along with the said note an Action Plan prepared by them for implementation in the ensuing year. The purpose of this exercise is not only to ensure that a correct assessment of the performance of the CVOs is made but also to give an opportunity to the Commission to suggest in time the areas requiring greater thrust so as to enhance the quality and effectiveness of the vigilance work in each organisation. The "performance" reports shall also serve as a supplement to data-based quarterly statistical reports and enable the CVOs to highlight more specifically the qualitative improvement that has been brought out in creating a corruption-free climate in the organisation concerned.

7.6 DELAY IN APPOINTMENT OF CHIEF VIGILANCE OFFICERS

7.6.1 The CVO is the functionary assigned the task of dealing with all vigilance matters in an organisation. The Commission, therefore, considers it necessary that these posts wherever vacant are filled up expeditiously so that vigilance work in the organisations does not suffer. As a result of the persistent efforts made by the Commission, 121 vacant posts were filled up during the year under report. These include Hindustan Copper Ltd., Hindustan Petroleum Corporation Ltd., National Aluminium Co. Ltd., Metallurgical Engineering Consultants (India) Ltd., Cochin Refineries Ltd., Hotel Corporation of India Ltd., MSTC Ltd., Bengal Immunity Ltd., Delhi Transport Corporation Ltd., UCO Bank where the post of CVO had been lying vacant for more than one year. However, in several organisations, the administrative authorities could not fill up these vacancies. These include organisations like Cement Corporation of India Ltd, Heavy Engineering Corporation Ltd., Cotton Corporation of India Ltd., Northern Coalfields Ltd., Jute Corporation of India Ltd., Kudremukh Iron Ore Co. Ltd., Steel Authority of India Ltd. etc.

PERFORMANCE REPORT AND ACTION PLAN FOR QUALITATIVE ASSESSMENT

LARGE NUMBER OF POSTS OF CVOs VACANT

where the post of CVO has been lying vacant for more than one year.

INCENTIVES FOR CVOs

7.6.2 The vigilance set up in most of the Public Sector Undertakings are skeletal and out of the sanctioned posts, approximately 25% remain vacant at any given point of time and takes considerable long time to fill them up. One of the important factors due to which the posts of CVOs and lower vigilance functionaries in PSUs are not filled up is the onerous nature of the job. The posts need to be made more attractive and less risk-prone by granting monetary and non-monetary incentives to the officers. In order to address this problem, the Commission has made the following suggestions to the Government for consideration.

- (a) The officers selected as CVOs in PSUs may be given a grade higher than in their parent grade as in the case of Banks and Insurance Companies.
- (b) Protecting the perquisites available in the parent organisations, since these vary widely inter se organisations.
- (c) Protect the promotional prospects of the vigilance staff by ensuring that they cannot be superseded in the normal course, making a stint in vigilance work at some point in their career essential or preferred qualifications to carry a suitable weightage in promotions to posts above certain levels.
- (d) On reversion to the parent cadre, plan for postings so as to avoid chances of victimisation.
- (e) Ensuring free flow of vigilance sensitive information to the CVOs duly streamlining the reporting channels.

7.7 TRAINING

BETTER TRAINING FACILITIES REQUIRED

7.7.1 The Commission attaches considerable importance for imparting proper training to the CVOs of the organisations. The Commission itself organises training courses for CVOs. These training courses are normally conducted on quarterly basis for the newly appointed CVOs in order to acquaint them with the procedures, practices and techniques in the field of vigilance administration. One such training course during 1997 was conducted in which 24 CVOs participated.

7.7.2 The training for other vigilance personnel like Investigating officers, Presenting officers and Inquiry officers is normally

arranged by the concerned organisations. However, the Commission provides guidance for the proper organisation of these courses by suggesting suitable curriculum, names of speakers and provision of faculty from the Commission. The officers of the Commission also delivered 83 talks during this period at vigilance courses conducted by different organisations.

7.8 STATISTICAL RETURNS

7.8.1 In order to exercise general check and supervision over the vigilance work in the departments, the Commission calls for Quarterly Statistical Returns (QSRs) from all departments. The QSRs form an integral part of the vigilance and provide first hand information about the progress of the vigilance agency of an organisation, are required to be furnished by the CVOs in the prescribed format so as to reach the Commission by the 15th day of the month following the relevant quarter. The Commission, however, observed that a large number of departments either furnished these returns after considerable delay or in respect of some quarters only or in some extreme cases the reports were not furnished at all. The statement at ANNEXURE-XII contains an illustrative list of organisations from which no QSR was received during the year under report.

7.8.2 The nature of information contained in these QSRs indicate the scale of vigilance activities in the organisation and the nature of functioning of the CVOs in the matter of investigation of allegations and advising the further course of action to the Government. These QSRs, being of statistical nature, often lack the incisiveness of information required for vigilance and anti-corruption matters. The Commission, therefore, also calls for additional information from all public sector undertakings by way of relevant data to supplement qualitatively the information on complaints received, cases under investigation, pending departmental proceedings and final orders issued on the outcome of departmental proceedings in respect of officials of E-6 grade and above. The Commission is confident that it should be possible to establish the vigilance profile of senior level officials of PSUs. This is a valuable input to the Commission in processing proposals for scrutiny of antecedents of candidates considered for different board-level/higher board-level appointments in PSUs.

7.9 PERFORMANCE OF CVOs

7.9.1 The performance of the CVOs as reported by them is given in ANNEXURE-XIII. The following table indicates the number

**NEED FOR
TIMELY
SUBMISSION
OF RETURNS**

**INCISIVE
INFORMATION**

**CONSIDERABLE
PENDENCY**

of those cases dealt with by the CVOs in which the Commission's advice was not necessary and which ended in formal punishments during the last ten years.

SL. NO.	YEAR	MAJOR PENALTY	MINOR PENALTY	TOTAL
1	1988	2910	4487	7397
2	1989	2534	4896	7430
3	1990	2606	5641	8247
4	1991	2507	5585	8092
5	1992	2629	5436	8065
6	1993	3168	5790	8958
7	1994	2808	5711	8519
8	1995	3232	6198	9430
9	1996	3044	6109	9153
10	1997	3423	7183	10606

NOTE: This information is based on the quarterly returns submitted by the organisations and, therefore, does not include the information pertaining to those organisations whose returns were not received or contained discrepancies which were not reconciled.

7.9.2 The pendency with the CVOs as on 31.12.1997 has been analysed in ANNEXURE-XIV. The Commission observes that:

(a) In the Banking Sector, the number of cases involving category "A" officers pending completion of oral inquiry has slightly increased from 518 at the end of 1996 to 557 in 1997.

(b) In the Banking Sector, the number of cases pending for more than three months, in respect of category "A" officers, for action after proceedings in the year under report has increased to 178 from 133 at the end of 1996.

(c) There is a significant improvement in the pendency for completion of oral inquiry/decision on inquiry report in respect of category "B" officials in the Ministry of Railways. The total number of pending cases was 4251 during 1996 and the same had come down to 3755 during 1997.

7.9.3 In the Regional Review Meeting CVC has emphasised the need for speedy clearance of departmental inquiries. The CVC stated that the units must set for themselves an outer limit of six months for completion of departmental inquiries. The investigations must be swift while at the same time conforming to the principles of natural justice.

CHAPTER - 8

PROCEDURES/SYSTEMS IMPROVEMENT SUGGESTED BY THE COMMISSION

8.1 In many a case various organisations have explained irregularities due to systems failure. The Commission have also observed that in many cases proper procedure/system was not adhered to. If the same were followed many irregularities could have been avoided. In a number of cases, the Commission had advised the organisations to streamline their systems/procedures and follow it up. Some illustrative cases are narrated below:-

1. MINISTRY OF COMMERCE

The Commission has observed that para 21 of the Export and Import Policy appears to confer extensive powers on the Director General of Foreign Trade (DGFT) to effect amendments to licences on receipt of a request for relaxation on the grounds of genuine hardship or adverse impact on the trade. On an application made to him, the DGFT may allow "such relief as may be necessary". He may also pass such orders or grant such relaxation as he might deem fit or proper. His powers do not seem to be fettered or circumscribed by the satisfaction of any specific condition/precedent other than the hardship of the applicant or adverse impact on trade. This power is at best subject to a review under Section 16 of the Foreign Trade Development and Regulation Act, 1992.

The procedure in vogue, however, does not appear to reflect a well established system of reporting whereby such amendments/relaxations are reported to the Ministry with a view to enabling the latter to review such cases. The Commission has pointed out that a belated review might not serve any purpose. It, therefore, advised the Ministry of Commerce to evolve system and procedures whereby the relaxations and amendments get reported to the Ministry periodically and are reviewed at the appropriate level for ascertaining whether there has been any deviations which would warrant a review under Section 16 *ibid*. Action taken by the Ministry of Commerce in this regard, however, is yet awaited.

2. DELHI DEVELOPMENT AUTHORITY :

(a) Land Branch of DDA holds 'General draw' and 'Mini draw' for allotment of plots and flats to the applicants. It was observed that Mini draws were held more frequently and general draws were held after a long gap. In most cases, Mini draws were held only for one applicant. Further, these applicants were allotted plots/flats in the areas where they were not entitled. Thus, undue favours were

extended to the selected individuals. To curb this malpractice, DDA was advised to examine the feasibility of doing away with the 'mini draw' system and ensure that General draws were held at regular intervals after giving due publicity in national dailies.

(b) Due to non-availability of records, particularly, relating to execution of sub-standard works responsibility for various lapses could not be fixed. DDA was advised to review the existing record management system and issue necessary instructions on the subject.

3. GOVT. OF N.C.T., DELHI

(a) There have been complaints regarding malpractices/malfunctioning of Employment Exchanges in Delhi causing dissatisfaction among the general public. At present, records are maintained manually and due to increase in the number of registrants, it has become more and more difficult to maintain the records properly. Some officials are exploiting the situation due to improper record management. GNCTD was advised to computerise the records of Employment Exchanges to overcome the above problem. It will enable them to give quick response to the user departments.

(b) Directorate of Education of GNCTD makes recruitment of teachers on regular basis. The selection is done on the basis of 'Points' given to the candidates for his/her educational qualification. Despite simplification of the procedures, malpractices still continue in the recruitment as number of applicants is very large. There have been complaints where wrong marking was done in a number of cases to favour the selected few and names of some candidates were not considered at all. To overcome this problem, GNCTD was advised to computerise the selection process of teachers.

4. DELHI VIDYUT BOARD

DVB gives electricity connection keeping in view the land-use plan for the area. As per the extant instructions domestic connections (below 11 KW load) in a building are to be energised from a single phase by a loop system. However, it is noticed that in many cases domestic connections in the same building were energised by the DVB zonal staff from 3 different phases by using a cable of 4x25 mm on the pretext of balancing the load with the result domestic connections were misused for industrial purpose. This was in violation of the land-use plan and also caused financial loss to the public exchequer. To overcome this problem, DVB was advised to examine the feasibility of using cable of 3x25 mm for energisation of domestic connections in residential areas. Further, in unplanned residential colonies, the electrification may be done by using 2 phases only.

5. MINISTRY OF RAILWAYS

The procedure adopted in inviting, processing and evaluating tenders adopted in Govt., is based, by and large, on the pattern fixed by CPWD. The Railways, however, have certain distinct features vis-à-vis the system generally followed in other major Departments/CPWD. The Commission have been observing that the procedures adopted in the Railways has had some loopholes which could be exploited by dishonest elements to their advantage and against the interests of the Department. These deficiencies normally occur at certain activity stages e.g. the practice of calling single tender on the ground of urgency, pre-qualification process, justification of the bid price etc. The deficiencies in the system as noted were discussed by the Commission with the Railway Board and consequently, the Ministry revised some of the existing provisions/procedures vide their circular dated 17.09.97.

The Commission made a study of the revised guidelines and after careful evaluation, the following suggestions/recommendations/improvement in the system have been suggested:-

- (i) Laying down clear eligibility criteria for contractors in the NIT itself with a view to (a) avoiding arbitrariness in the matter of 'judging' the eligibility factor subsequently and (b) ensuring elimination of non-serious bidders;
- (ii) Dispensing with the practice of awarding works by the "single-tender" method (which is peculiar to the Railways which literally tantamount to awarding work without call of tenders) and resorting, instead, to short-term limited tenders confined to local contractors;
- (iii) A review of the "two bid system" (involving separate technical bid and financial bid for the same work) with a view to avoiding aberrations and distortions noticed in the matter of deciding eligibility criteria;
- (iv) Ensuring that "negotiations" with contracts should be resorted to only if it is inescapable – and not as a rule/routine;
- (v) Also, when negotiations are held, all eligible bidders should be called;
- (vi) Reasonability of rates should be worked out in advance on the basis of relevant indices. The practice of assessing reasonability after tenders are received and opened is prone to manoeuvrings and it should, therefore, be dispensed with;

- (vii) There should be a minimum of one or two days gap (instead of just 4 hours only, as of now) between cut-off time of sale of tender-papers and opening of tenders;
- (viii) When tenders are invited on turn-key basis, it is preferable to invite tenders by two bid system; and
- (ix) In the testing of building material, the stipulation of concrete mix design should be limited in the cases where design mix is required for using higher design mix values.

6. **DEPARTMENT OF TELECOMMUNICATIONS**

In the past, Department of Telecommunications used to carry out cable laying work through departmental labour. With the expansion of net work, the work is now executed through contractors. The Manual provisions do not appear to have been modified resulting in different practices/procedures in various zones. In some places, Measurement Books (M.B.) are used for recording measurements while in other places registers/loose sheets are used. The bills of the contractor indicating the quantity and rates are verified by the JTO/AE and the DE checks quantity with the M.B./Register. The amount is worked out by the Accounts Branch and passed by the TDM/GMTD. In some cases, there are over-payments, because of manipulations of the quantity in the Accounts Branch.

To avoid such manipulation and over-payment, the Commission has advised DOT to issue instructions/modify the Manual to incorporate:-

- (a) recording measurement in the M.B.;
- (b) recording quantity in words also;
- (c) recording abstract of cost along with details of recoveries in the M.B.; and
- (d) attestation of cuttings etc. by the bill initiating officer.

7. **MINISTRY OF WATER RESOURCES**

The Ministry of Water Resources had referred a case relating to irregularities in the maintenance of Cash Book and other records relating to financial transactions. The case involved embezzlement of cash by a Cashier, West Central Regional CGWB, Ahmedabad. The case was initially detected during a physical check by Regional Office and found Rs.318/- in excess of the balance shown in the cash book. The cashier could not reconcile

the discrepancy and subsequently the Office Superintendent was asked to reconcile the entries. Subsequently, a shortage of Rs.4,495/- was detected. The Cashier admitted the discrepancies claiming that they were due to over sight and offered to deposit the amount found short. Investigation in this regard revealed that a large number of transactions were due to mistakes committed by the cashier by not following the prescribed procedures. These primarily related to drawing of pay and allowances and disbursing them to the concerned officials. The amount actually embezzled and found short was to the tune of Rs.8,231/- The Cashier was primarily responsible for all the irregularities but the DDOs also failed to properly supervise the work of the cashier.

The frequent mistakes committed and embezzlement of the amounts was further facilitated because DDOs were changed 34 times during June, 92 to Jan.95 i.e. 31 months. A number of DDOs functioned for only about a week and no DDO functioned for more than 2 and half months at a time. It was pointed out that the practice of assigning the job to a technical/scientific officer for short spells, in addition to their technical assignments, should be discouraged, especially when the scientific officers were not conversant with financial matters. The situations only helped the cashier to take advantage due to the frequent change of DDOs and their not being conversant with the procedures. Entries were manipulated and made in the Cash Book and other records were got signed by the DDOs. The Ministry of Water Resources was advised to initiate RDA against the Cashier and to issue instructions to the CGWB not to change DDOs frequently as a step in the direction of systemic reform.

8. INDIAN AIRLINES

The Indian Airlines brought to the notice of the Commission certain irregularities in the issue and utilisation of aircraft spare parts and other consumable items from the air lines stores. It was suspected that the aircraft spare parts and other consumable materials were being pilfered from the Airlines stores and unauthorisedly supplied to Air Tax operators by the Air-lines' own staff members who were in league with their ex-employees re-employed by Air Taxi Operators.

The Commission advised the CVO, Indian Airlines to make a detailed study of the matter which was serious and fix the responsibility for the lapses on the part of concerned officials. Accordingly, with a view to plug loopholes, a study was carried out by the Vigilance Unit of the Indian Airlines, of the systems/procedure followed by the Engineering/Stores Department in the matter of procurement and utilisation of spare parts/materials for use on Air-crafts.

The study disclosed that the laid down systems/procedures in respect of issuance/consumption of the spare parts/materials were not being followed with the result that the possibility of pilferage of those items could not be ruled out. During the course of study it was observed that there was no monitoring in the major maintenance hangar with regard to the quantities of spare parts actually drawn and utilised on the aircraft. Also, no proper account was maintained of other consumable items like oils, grease, adhesive tapes etc. Even the requisition slips/books were handled very casually and sometimes, spare parts were issued by the Stores Department without proper requisitions. Surprise checks of certain items at random in the different stores at I.G.I. Airport, New Delhi had revealed glaring discrepancies. This clearly showed that there was no proper system of accounting and the matter was basically a case of systems failure. Accordingly, with a view to plug the loopholes, the Engineering and Stores Department of the Indian Airlines issued the following revised guidelines/instructions to regulate the issuance/utilisation of aircraft spare parts and other consumable items:-

- (a) Proper handling, accounting and safe custody of requisition books as envisaged in the Stores Manual.
- (b) Proper handling/taking over of requisition books at the time of change of each shift.
- (c) The Stores Department under no circumstances should issue any spare part or consumable item without proper requisition from the Engineering Department.
- (d) Requisitions issued by the Workshops and consequent consumption of spare parts/consumable items should be closely monitored by the PPC to ensure that there are no unnecessary issuance of materials. It may also be ensured that material not used is returned to the Stores.
- (e) The Stores Discrepancy Adjustment Committee (SDAC) before approving the adjustment of shortages/excesses should invariably look into the reasons for discrepancies and wherever necessary, carry out/recommend thorough probe.

9. **BANK OF BARODA**

During the year 1989-90, one individual opened NRE account in a number of Indian Commercial Banks and foreign Banks with the objective of wrongfully converting Indian rupees into foreign currency and remitting them for credit to their accounts in Middle-East Countries. The modus operandi adopted was to present SB cheque for collection at the Banks where he was maintaining NRE accounts. With a view to circumventing the RBI

guidelines and preventing suspicions, he fraudulently affixed a rubber stamp bearing legend "NRE" on the SB cheques. When the cheques were presented through clearing, the drawee banks paid the cheques and the amount was resultantly credited in the lodger's account. Subsequently, Indian rupees were converted into foreign currency and remitted abroad.

The investigation carried out by the CBI did not find any malafide on the part of the concerned Banks' officers and ultimately suitable action was taken against all concerned for their negligence. The attempt of the fraudsters could have been frustrated had the Banks evolved a proper system to segregate ordinary SB accounts from NRE accounts. Banks were accordingly, advised by the Commission and Bank of Baroda has confirmed having taken remedial steps to guard against the recurrence of similar frauds. The branches of Bank of Baroda were accordingly advised to open NRE accounts with serial numbers different from their ordinary SB accounts. This improved system will help the Bank's functionaries to ensure that domestic funds are not credited to the NRE accounts for their repatriation abroad.

10. **DEPARTMENT OF TELECOMMUNICATIONS**

In a disciplinary case referred to the Commission by the Department of Telecommunications, the irregularities related to purchase of a number of computers at the cost of Rs.50 lakhs during February/March, 1996. Open tenders were not invited for the supply of the computers even though the amount involved was quite large and instead the stores were procured through limited tenders. Only 8 days time was given for admission of the limited tenders against the mandatory requirement of 21 days and the tender process was completed within 30 days. The accused officers justified their action in the purchase of the computers, stating that only limited and reliable parties were available for the supply of this sophisticated equipment and that it became necessary to reduce the period for submission of the limited tenders because of urgency and shortage of time available before the close of financial year after which the funds would lapse.

Computers have become an important tool for day to day functioning of organisations both at the operational as well as policy-making levels. The Commission, therefore, felt that it would be in the overall interest of the Government to identify the agencies through which various departments may procure computers at rates approved by the DGS&D or any other authorised nodal agency, instead of leaving decision making in this regard, largely decentralised as at present. The DOT has been advised accordingly.

ANNEXURES

ANNEXURE - 1
(Para 2.10.1)

**ORGANISATION-WISE DETAILS OF PUNISHMENTS IMPOSED DURING 1997 IN
RESPECT OF CASES WHERE COMMISSION'S ADVICE WAS OBTAINED**

SL. NO.	NAME OF ORGANISATION	PROSECUTION	MAJOR PENALTY	MINOR PENALTY	ADMINISTRATIVE ACTION
1	ALLAHABAD BANK	0	2	4	0
2	ANDHRA BANK	0	2	0	0
3	BANK OF BARODA	0	10	3	2
4	BANK OF INDIA	0	15	5	2
5	BANK OF MAHARASHTRA	0	3	1	0
6	BUREAU OF INDIAN STANDARDS	0	0	5	0
7	C.& A.G. OF INDIA	0	2	0	0
8	C.S.I.R.	0	0	3	0
9	CALCUTTA PORT TRUST	0	1	0	1
10	CANARA BANK	0	10	3	1
11	CENTRAL BANK	0	8	3	0
12	CENTRAL BOARD OF EXCISE & CUSTOMS	1	18	5	14
13	CENTRAL PUBLIC WORKS DEPARTMENT	0	1	2	11
14	CENTRAL WAREHOUSING CORPORATION	0	4	3	1
15	CORPORATION BANK	0	0	1	0
16	D/O COMPANY AFFAIRS	1	1	0	0
17	D/O CULTURE	0	0	0	1
18	D/O EDUCATION	0	0	2	0
19	D/O INDUSTRIAL POLICY & PROMOTION.	0	1	0	0
20	D/O PERSONNEL & TRAINING	8	0	0	0
21	D/O POSTS	0	1	3	0
22	D/O SPACE	0	2	0	0
23	D/O SUPPLY	0	1	8	0
24	D/O TELECOMMUNICATIONS	0	8	8	4
25	DAMAN & DIU ADMN.	0	0	11	0
26	DAMODAR VALLEY CORPORATION	0	1	0	0
27	DELHI DEVELOPMENT AUTHORITY	0	0	1	32
28	DELHI STATE MINERAL DEV. CORPN.	1	0	0	0
29	DELHI TRANSPORT CORPORATION	0	0	1	1
30	DELHI VIDYUT BOARD	0	0	5	1
31	DENA BANK	0	1	1	0
32	GOVT. OF NCT DELHI	0	5	4	1
33	INDIA TOURISM DEV. CORPORATION	0	0	1	1
34	INDIAN OVERSEAS BANK	0	2	0	0
35	KENDRIYA VIDYALAYA SANGATHAN	0	3	0	0
36	LIFE INSURANCE CORPORATION	0	0	3	0
37	M/O COAL	0	1	0	0
38	M/O COMMERCE	0	3	6	2
39	M/O DEFENCE	0	8	6	0

SL. NO.	NAME OF ORGANISATION	PROSECUTION	MAJOR PENALTY	MINOR PENALTY	ADMINISTRATIVE ACTION
40	M/O HEALTH & FAMILY WELFARE	0	2	1	0
41	M/O INFORMATION & BROADCASTING	0	3	1	2
42	M/O LABOUR	0	0	0	2
43	M/O MINES	0	1	4	0
44	M/O PETROLEUM & NATURAL GAS	0	0	0	1
45	M/O RAILWAYS	0	100	176	147
46	M/O SCIENCE & TECHNOLOGY	0	3	3	2
47	M/O STEEL	0	1	0	0
48	M/O URBAN AFFAIRS & EMPLOYMENT	0	2	2	3
49	MUMBAI PORT TRUST	0	1	0	0
50	MUNICIPAL CORPN.OF DELHI	0	3	2	1
51	NATIONAL BUILDING CONST.CORPN.	0	4	0	1
52	NATIONAL COOP.CONSUMERS FEDER. LTD.	0	4	0	3
53	NEW DELHI MUNICIPAL COUNCIL	0	7	7	1
54	NEW INDIA ASSURANCE CO. LTD.	0	0	2	0
55	ORIENTAL INSURANCE CO. LTD.	0	1	0	0
56	PUNJAB & SIND BANK	0	1	1	0
57	PUNJAB NATIONAL BANK	0	49	26	2
58	RESERVE BANK OF INDIA	0	6	0	2
59	STATE BANK OF BIKANER & JAIPUR	0	1	4	0
60	STATE BANK OF HYDERABAD	0	2	2	0
61	STATE BANK OF INDIA	0	67	72	66
62	STATE BANK OF MYSORE	0	1	0	0
63	STATE BANK OF PATIALA	0	2	0	0
64	STATE BANK OF SAURASHTRA	0	1	1	0
65	STATE BANK OF TRAVANCORE	1	0	8	1
66	SYNDICATE BANK	0	37	11	3
67	UNION BANK OF INDIA	0	6	3	0
68	UNITED BANK OF INDIA	0	3	0	0
69	UNITED INDIA INSURANCE CO. LTD.	0	1	1	4
70	VIJAYA BANK	0	7	1	0
71	VISAKHAPATNAM PORT TRUST	0	0	3	1
	TOTAL	12	430	429	317

ANNEXURE – II
(PARA 3.6)

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

A. GOVERNMENT DEPARTMENTS

A.1 CENTRAL PUBLIC WORKS DEPARTMENT

A.1.1 Construction of multistoreyed Intelligence Bureau Complex building at Sardar Patel Marg, New Delhi (SH: Main office bldg. Part- I :

Specification of chempest & acrylic based water proofing treatment were not appended in agreement. Normal R.C.C. Beam & Slab item executed against coffers specified in agreement. Pre-cast coffers work and welded joints were not having proper workmanship.

A.1.2 Construction of Indira Gandhi Mint township at Sector –23, Noida, Ghaziabad, SH:-Construction of 96 staff quarters :

Work was awarded before getting approval from local bodies, corrections in tender were not attested, rates were not given in words, sample unit was not adequate, some overpayments/temporary overpayments were made. Plastering was done without hacking, floor traps were not conforming to I.S. requirements.

A.1.3 Construction of 66 Nos. Type II, 30 Nos. Type IV and 20 Nos Type V Qtrs. at Indira Gandhi National Open University, Maidan Garhi, New Delhi.

Work has been awarded to lowest tenderer by allowing him to increase tendered cost by Rs.5,83,286.00. Manufactures specifications have not been made part of agreement. Development work was lagging. Extra payment of Rs. 1,97,492.00 has been made for using PPS bricks instead of modular bricks.

A.1.4 Construction of Hostel Building for Videsh Sanchar Nigam Limited at Dighi Distt. Pune.

The detailed estimate has been inflated which is clear from the tendered cost being 10% below. Site records have not been identified and account not maintained.

A.1.5 Construction of 262 Nos. family quarters for CRPF at Telegaon, Pune.

The deviation in quantities were beyond permissible limit. Excess cement has been used and certain site records have not been maintained and certain deficiencies in execution of work were noticed.

A.1.6 Construction of various buildings at T.T.T.I. Bhopal including water supply, sanitary installation and development works.

Tender document without filling in requisite information were issued to the contractor by Executive Engineer, salt peter action on plaster apart from rough surface of plaster was observed.

A.1.7 Construction of Jawahar Navodaya Vidyalaya at Palus Distt. Sangli. SH: Construction of 3 nos. Dormitories with each 2 nos. Warden's residence including water supply, sanitary installation and drainage.

Work has been splitted in smaller components but rates of accepted tenders varied in a considerable range. Economy was anticipated if composite tender would have been invited.

A.1.8 Construction of laboratory-cum-office Building for All India Soil Land Use Survey (AIS & LUS) at Baishnabghata Patuli at Calcutta. SH: Superstructure.

Preliminary estimate was not prepared properly. Services of consultant were availed without justification.

A.1.9 In the work of construction of Residential accommodation for C.R.P.F. at Salt Lake Sector IV/V Calcutta Phase – I SH: Construction of 72 type –II Quarters.

Exterior grade MDF board shutters in exposed surface were provided in violation of departmental instructions.

A.1.10 Costly ceiling with coffers has been provided without much of advantage. Huge deviations in quantities indicate poor estimation.

A.1.11 Construction of office cum laboratory building for Geological Survey of India at Mangalore. SH: Superstructure including internal water supply & Sanitary installation.

Execution of work has been delayed due to delay in issue of structural drawings. The supervision of work was not effective since many defects have been observed.

A.1.12 Construction of General Pool Residential Accommodation at Hosur-Sarjapur Road(505 Quarters) Bangalore.

The tender documents were not issued as per approved notice inviting tender (NIT). The workmanship was poor indicating laxity in supervision.

A.2 DEPARTMENT OF ATOMIC ENERGY

A.2.1 Electrical works for NFATCC Labs and Ancillary Building at Pune.

Specific criteria for selection of tenderers i.e. works completed, turnover, have not been indicated. The Low Tension Panels accepted were not fulfilling specified conditions. Earth was not laid as per I.S. Specifications.

A.3 DEPARTMENT OF SCIENCE & TECHNOLOGY

A.3.1 Construction of Housing complex consisting of 81 Nos. Qtrs. including services for National Centre for Medium Range Weather Forecast(NCMRWF) at Institutional Area NOIDA.

NIDC were appointed as consultants on turnkey basis by the Department. The work was awarded without preparing proper market rate justification. Agreement provisions in respect of insurance were not complied with. Large scale deviations/substitution in quantities of various agreement items indicate poor estimation.

A.4 DEPARTMENT OF SPACE

A.4.1 Supply, installation, Testing and Commissioning of Equipment for making low temperature rooms in NFATCC labs and Animal House at University Campus, Ganeshkhind, PUNE.

Work was awarded to third lowest who was Rs.4 lakhs higher. Temporary overpayment of Rs.0.99 lakhs was made to the contractor by wrong sanction of the substituted item statement.

A.4.2 Construction of additional staff quarters for "C" type 64 nos. Scooter parking sheds and amenity building for Space Application Centre (Civil and Internal Public Health Works) at Vejalpur, Bopal Road, Ahmedabad.

Second lowest tenderer was recommended instead of first lowest without any effort to bring down rates to the level of first lowest, causing extra expenditure of Rs. 4.26 lakhs. The mix of concrete was left vague since both volumetric mix and controlled concrete was specified. No specifications have been indicated for sand for brick work, plastering etc.

A.4.3 High Tension Power Supply System and substation for Laboratory for Electro-Optic System (LEOS) main building Phase-I works at Peenya, Bangalore.

The eligibility criteria of contractors was not fixed before issue of tenders. Detailed measurements have not been recorded and no test check carried out by senior officers.

A.5 DEPARTMENT OF TELECOMMUNICATIONS

A.5.1 Supply, installation, testing and commissioning of 2x100 KVA Diesel Engine Alternator sets for MEM Exchange at Killlegal (Mysore District).

Original equipment manufacturers of Diesel Engine Alternator Set locally based at Bangalore were not informed and publicity through press was inadequate. Log book of engines were not maintained resulting in unbalanced running of engines.

A.5.2 In case of MAX-I building ATTUR extra-work of Rs.41.27 lakhs has been awarded without proper competition. The agreement was having deficiencies and material account at site was not maintained properly.

A.6 GOVERNMENT OF NCT OF DELHI- IRRIGATION & FLOOD CONTROL

A.6.1 Rining of trunk-drain No.1 between RD5260M to RD5675M including construction of bed cuenette and excavation of drain up to its design section

Extension of time was communicated by the Executive Engineer without getting approved of competent authority, theoretical consumption statement not attached with bills.

A.7 MINISTRY OF ENVIRONMENT & FORESTS

A.7.1 Construction of Laboratory and workshop for Forest Research Laboratory (FRL), Bangalore. SH: Sub-station Equipment and Workshop wiring

Costly minimum oil circuit breakers were provided without justification and High Tension Panel with aluminium bus bars was accepted instead of copper bus bars.

A.8 SOUTH CENTRAL RAILWAY

A.8.1 Proposed construction of new building for passenger reservation system.

There has been large scale changes in the scope of work. Cost of work increased from Rs.47.9 lakhs to Rs.93.6 lakhs. Justification based on prevailing market rates have not been prepared. Work has been delayed considerably.

B. BANKS AND FINANCIAL INSTITUTIONS

B.1 BANK OF INDIA

B.1.1 Automation/renovation of Parliament Street Branch.

The bank had appointed an architect arbitrarily i.e. without proper publicity, competition etc. The civil works were awarded without preparing proper market rate justification. Undue benefit was extended to contractor by paying secured advance for a

particular material which was not to be used for this work. Agreement provisions towards insurance were not complied with.

B.2 NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

B.2.1 The construction management consultant has been appointed without any such provision in R.B.I. guidelines. The second lowest bidder has been appointed as consultant at a higher cost of Rs.16 lakhs without adequate justification.

B.3 PUNJAB NATIONAL BANK

B.3.1 Electrical works of PNB Building for Printing and Stationary Department at C-13, Sector-1, Noida.

Excessive lighting load was taken into consideration in the design of the estimate. Overpayments had been released/made. Earthing has not been provided as per specifications. Low Tension Panels has been accepted with a number of deficiencies and without fulfilling the design criteria.

B.4 RESERVE BANK OF INDIA

B.4.1 Construction of proposed office building at plot no.3 Sector-10, CBD Belapur, Navi Mumbai.

The selection of consultants were made in arbitrary manner. Deviations in quantities of many agreement items indicate poor estimation by the consultants appointed by R.B.I. Number of deficiencies were observed in the work mainly in items of Dholpur stone cladding, pre-cast RCC Mridul tiles etc.

B.5 STATE BANK OF INDIA

B.5.1 Construction of 175 Nos. Officers flats in Sector 42-C at Chandigarh-Electrical installation.

The contractor has been paid Rs.19.04 lakhs and contract closed without proper justification. The work was not test checked.

B.5.2 Internal & external electrification work for the residential flats at Binnyston Garden, Bangalore.

The earthing of feeder pillars and internal wiring was not done properly. The number of points provided in many conduits was more than permissible. Non-standard sizes of wires also adopted.

B.6 STATE BANK OF INDORE

B.6.1 Prescribed procedure for appointment of Architect was not followed. Market rates justification was not prepared to asses reasonability of tendered rates. Many items of work executed were under specifications.

B.7 LIFE INSURANCE CORPORATION

B.7.1 Construction of Divisional office-III, Janakpuri, New Delhi.

The estimates were not prepared properly and a gap of 21 months has been kept in date of issue and opening of tenders. The work has not been checked properly and many defects and over-measurements noticed.

B.7.2 Providing Electric Service Connections of Staff Training College Building (LIC) at Lucknow.

The contractor has been selected arbitrarily. 250 KVA transformer was procured, whereas 125 KVA transformer would have been adequate. Cheaper make of the transformer was accepted without ascertaining that transformer is of copper wound type. Earthing sets were not provided as per I.S. specifications.

C.1 AIRPORTS AUTHORITY OF INDIA

C.1.1 Shifting of CCR Hall and Power House at Mumbai Airport – Provision of 2 Nos. 350 KV DG Sets.

The notice inviting tender (NIT) was not prepared properly and tender assessment was defective. Routine tests have not been carried out on Diesel Generation Set.

C.2 BHARAT ALUMINIUM COMPANY LIMITED

C.2.1 35000 tree plantation, maintenance and erection of fencing around plantation area in BALCO, Korba.

The work of 35000 tree plantations was awarded at tendered amount of Rs.82 lakhs without specifying detailed specifications leaving scope for plantation of low cost species.

C.3 BHARAT DYNAMICS LIMITED

C.3.1 Construction of Design, Engineering and Electronics Centre at BDL Kanchanbagh, Hyderabad.

Certain items like Aluminium windows, flooring, shutters etc., has not been executed as per agreement but paid as agreement.

C.4 BHARAT HEAVY ELECTRICALS LIMITED

C.4.1 Construction of building and other facility for ROD Plant 39 nos. of capacities 300 cums, 150 cums. 100,50,20 & 10 cums at various places in Ramnad Distt. (T.N.)

The work was awarded without following any procedure. Recovery details of mobilisation advance of Rs.450 lakhs could not be supplied.

C.5 BHARAT PETROLEUM CORPORATION LIMITED

C.5.1 Design, supply installation & commissioning of automatic BCF Halon-1211 Fire Protection Systems for New C.R.U. at B.P.C.L., Mumbai.

Detailed estimate had not been prepared as per B.P.C.L. guidelines. Limited tenders had been called without justification. Measurements have not been recorded while making payments.

C.6 CALCUTTA PORT TRUST

C.6.1 Augmentation of electric power supply at Taratolla Colony Ph.II for C.P.T. Calcutta.

Press notice issued for pre-qualification of tenderers was defective. The dismantled materials were not properly accounted. Electrical panels were not as per agreement item.

**C.7 CHANDIGARH ADMINISTRATION
(CHANDIGARH HOUSING BOARD)**

C.7.1 Construction of 16/32 Nos. Type IV houses at PGI Chandigarh.

The publicity of the tender was not in order. Tender was accepted without market rate justification. Lot of defects were observed in the work. Number of procedural deficiencies were observed in pre-tender activities.

C.8 DELHI DEVELOPMENT AUTHORITY

C.8.1 Development of 128.99 hectares of land in the west of Rohini Ph.III. SH: Construction of peripheral storm water pipe drain in Sector-22 (Revised Balance Work)

Excess expenditure to the extent of Rs.75 lakhs has been incurred due to wrong design. The specifications were revised during execution causing heavy deviations. Although for the remaining work, tenders were invited but work was awarded to the original contractor who had not even tendered.

C.8.2 Construction of 312 SFS houses (146 Cat.III & 166 Cat.II), 312 SIG, 78 Car Garages including internal development of land in Sector-I, Pocket-I, Group-I, Dwarka, Ph.I. SH: Construction of 136 SFS houses (66 Cat.III, 70 Cat.II) Sector-I. Pkt.I, Group-I, Dwarka, Ph.I

Proper quality primer has not been used. The grill design found deficient and flooring work was poor. Many other workmanship defects were observed.

C.8.3 Construction 100 SFS houses (49 Cat.III & 51 Cat.II) and 100 Scooter Garages, 25 Car Garages i/c internal development of land Sector-22, Dwarka, Ph.I, Group-I

Commencement of work was delayed by nine months due to incorrect layout. Secured advance on breakable item was paid without required insurance covers. Certain discrepancies in execution of work were observed.

C.8.4 Construction of 384 (4 storeyed)LIG Houses including water supply and sanitary installation in Group-II, Ph.II, Dwarka

The tender in third call has been accepted at Rs.365.49 lakhs against lowest tender in first call at Rs.348.82 lakhs thus causing loss to the organisation. Site records have not been maintained as per requirements. Certain discrepancies were observed during execution and payment.

C.8.5 Construction of 164 SFS (84 Cat.II & 84 Cat.III) and 123 Scooter Garages including providing cast in situ under reamed piles foundations and internal development at land at Sector-9, Dwarka

Long time was taken in processing the tenders which resulted into escalation payment. Tenders were invited without finalisation of design and drawings. Sample unit was not constructed. Certain extra item paid were inadmissible. Cement register not maintained properly. No action was taken for the materials which failed in tests.

C.9 DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

C.9.1 Construction of Multi-purpose Community Centre at Bakkarwala, Delhi.

The structural consultants were appointed arbitrarily. The tendered cost deviated to almost double without obtaining prior approval of competent authority. Few infructuous extra items were sanctioned. Lot of defects were observed in the work.

C.10 FOOD CORPORATION OF INDIA

C.10.1 Providing internal electrical installation & fans in Hostel and Institute Building & P/I manually operated electric fire alarm system in Hostel Building at Central Training Institute, Gurgaon

Full payment against supply of materials has been made in contravention of the terms of contract.

C.10.2 Construction of multi-storied district office complex for Food Corporation of India at Sanjay Place, Agra

Deficiencies were observed in planning specifications for water proofing, etc. Partition walls were not in line with the beams. Arbitration clause was incorrect. Number of tests conducted were on lower side.

C.11 GAS AUTHORITY OF INDIA

C.11.1 Electrical substation and related work for PARC Building at G.T.I. at NOIDA (U.P.)

Non-eligible contractors have been issued tenders. The reasonability of tenders has not been assessed. Measurements have not been recorded.

C.11.2 Construction of Plastic Application Research Centre at NOIDA.

The agreement with consultant was deficient. Proper estimates were not prepared. No market rate justification was prepared.

C.11.3 Construction of Guest House-cum-Residential Complex at Bandra-Kurla, Mumbai.

The detailed estimate was sanctioned even before sanction of the project. Market rate justification was not prepared. Agreement with consultant & contractor had many discrepancies, test-check of measurements not performed. Extra-items executed & paid without getting proper sanction. Secured advance given without insurance cover, temporary overpayments/overpayments made.

C.12 HINDUSTAN PETROLEUM CORPORATION

C.12.1 Ventilation system for OMCC, Boiler House, Cracked LPG & Catpoly substation at Refinery at H.P.C.L. at Mumbai.

The consultant did not prepare the drawings and designs before preparation of the detailed estimate. The consultation fee is more than the cost of the work. Measurements have not been recorded. Materials have been accepted other than the specified. No amount has been recovered for delay in completion of work. Income Tax has not been deducted from the bill.

C.12.2 Lighting system revamp Vaccum Place Still and NMP-I Unit Areas of Lube Refinery HPCL at Mumbai.

No market rate justification was prepared to ascertain the reasonability of rates. Measurements have not been recorded. Excessive Mobilisation Advance has been paid. The supervision and maintenance of Accounts has been lagging.

C.12.3 Construction of Housing Complex at Malviya Nagar, Jaipur.

Tenders in first call were rejected and work was awarded at higher cost of Rs.16 lakhs. Market rate justification was not prepared. Site records were not maintained properly. Number of tests conducted was on lower side. Unstipulated item of steel was supplied. Cement was stacked in open area. There were many defects in the work executed.

C.12.4 Construction of Guest House-cum-Residential Complex at Bandra-Kurla, MUMBAI.

Tenders invited in the first call were rejected on flimsy ground and work was awarded in the second call to the same party at a higher cost of Rs.62.55 lakhs. A number of discrepancies were observed in agreement. A number of discrepancies were observed in bills and execution of work.

C.13 HINDUSTAN ORGANIC CHEMICALS LIMITED

C.13.1 Civil & structural work of construction of plant, technical services, R&D, Q&C building and utility block & Allied works for polyurethane system house project at Rasayani.

Detailed estimate and notice inviting tender has not been prepared and approved by the competent authority. Tender issued to non-eligible contractor and have been accepted at very high rates. There were discrepancies in agreement items. Consultant appointed without proper publicity.

C.14 HINDUSTAN STEEL WORKS CONSTRUCTION LTD.

C.14.1 Civil, architectural, structural steel and sheeting works of 1x20 MW co-generation plant at Indian Oil Corporation Ltd. (IOCL), Mathura.

The tender was accepted without preparing market rate justification. The insurance policy was not obtained from the contractor as per terms and conditions of the agreement. Mandatory tests on material have not been carried out.

C.15 IBP CO. LTD.

C.15.1 Civil/Structural works at Rewari Depot.

The insurance policies required as per terms of the contract have not been obtained from the contractor. Mandatory tests have not been carried out as per specifications.

C.16 INDIAN FARMERS FERTILIZERS CO-OPERATIVE LTD.(IFFCO)

C.16.1 Civil & structural work for construction of Urea Silo at Phulpur (U.P.)

Contractors were short listed arbitrarily. Reasonability of rates was not assessed. There has been abnormal deviation in quantities theoretical consumption of cement was not prepared. Measurements were not test checked. Site records were not properly maintained. Log book for road roller has not been maintained.

C.16.2 Civil & structural work for Naptha storage tank at Phulpur Expansion Project.

Contractors were short listed arbitrarily. Reasonability of rates was not checked. Although tender rates were increased on account of urgency involving additional cost of Rs.13.67 lakhs but work has not been completed on the target date. Cement register

was prepared by contractor in place of IFFCO. Undue benefit of Rs.23.85 lakhs was given to contractor by large scale deviation in quantity of fine sand and coarse sand. Serious defects were noticed in execution like hollow joints in brick work and mortar not attaining required strength.

C.16.3 Construction of 8 nos. "C" type and 20 nos. "D" type quarters for C.I.S.F. at Phulpur.

Restricted tenders were invited without proper justification. Market rate justification was not prepared to assess reasonability of rates, site records were not properly maintained. There has been large scale deviation. Test check not exercised.

C.16.4 Extension of staff quarters 'A & B' type in IFFCO Colony, Sector-17, Gurgaon.

Detailed market rate justification was not prepared to assess reasonability of tendered rates. Abnormally high rated and low rated items were not identified to keep control on the variation of quantities of these items during execution. Tender opening formalities were not completed while opening tenders. Secured advance has been paid for inadmissible item. Theoretical consumption statement of materials were not appended with the bill, certain site records were not mentioned. Certain discrepancies came to notice during execution.

C.17 INDIAN INSTITUTE OF SCIENCE(IISc)

C.17.1 Construction of hostel block and studio apartment in IISc. Campus, Bangalore.

The Bank guarantee has been accepted from a non-scheduled bank. Abnormally high and low rated items have not been identified. Extra items have been paid without proper sanction. Many defects have been noticed in execution of work.

C.18 INDIAN OIL CORPORATION (IOC)

C.18.1 Construction of office building, amenity block, enclosure wall, fire break wall etc. at IOC at Vashi Navi Mumbai.

Detailed estimate was prepared by taking higher rates. Abnormally high rates were allowed for items of contract. Selection of consultants was done on arbitrary basis and higher fee @ 5% was allowed. Lot of defects were noticed in the work.

C.18.2 Fabrication of mild steel CR & FR tanks by hydraulic jacking method including supply and fixing all appurtenances, testing and calibrations at Hazira terminal.

Estimated cost of Rs.150.00 lakhs was increased to Rs.166.03 lakhs before award of work to justify lowest bid. Lowest bid was accepted without market rate justification. Insurance policy as per contract was not obtained from contractor. Test checks was not conducted by the superior officers. Measurements of works were not recorded properly. Lot of defects were noticed in the work.

C.18.3 Supply, execution, testing and commissioning of HVAC installation for office Complex, NOIDA.

Specifications of non-chemical water softening plant were not clearly specified. The earth strips were found hanging without supports. The agreement stipulations for payment of levies and taxes were not clear and tests on Air-conditioning Plant not carried out.

C.18.4 Interior furniture and internal electrical works (Part-A) for office complex at NOIDA.

Wiring carried out at the time of construction work was abandoned and huge infructuous expenditure incurred. The contractor has been overpaid by change in rates and not making cost adjustments for using existing switch boxes etc. The wiring has been done haphazardly endangering safety of building.

C.19 INDIAN PETROCHEMICALS CORPORATION LIMITED (I.P.C.L.)

C.19.1 Construction of warehouses, control room sub-station building at H.D.P.E. Project at Gandhar project, Dahej.

Detailed estimate and notice inviting tender has not been prepared and approved by the competent authority. Pre-qualification of contractors has not been made as per rules. Reasonability of rates have not been assessed while accepting the tenders. Work has been abnormally delayed. Condition regarding insurance has not been fulfilled. Site records has not been maintained properly. Test checks has not been exercised. Strength of concrete was found on lower side which is a serious matter.

C.19.2 Construction of "B"-I type houses (108 Units) at MGCC Township Phase III, Nagothane, Distt. Raigad.

Abnormally high rated and low rated items not identified, detailed estimate & notice inviting tender not approved by competent authority. Provision of controlled mix design has been stipulated but not used at site. Construction management was entrusted to M/s MECON. No specific contract format was available site records have not been maintained. Measurements were not taken side by side. Many discrepancies were observed during site inspection.

C.20 JAWAHARLAL NEHRU PORT TRUST (JNPT)

C.20.1 Construction of Accommodation for senior officers at J.N.P.T. Township at Navi Mumbai.

Tenders had to be called a number of times resulting into loss of time and increase in cost. Proper market rate justification has not been prepared. Certain contractual obligations were not fulfilled. Secured advance for perishable items has been paid without insurance cover. Amount has been withheld without assigning reason. Proper site records have not been maintained.

C.21 IRCON INTERNATIONAL LTD.

C.21.1 Supply, installation, testing & commissioning of Low Tension/High Tension cables including transformer and switch gear for ASR Building, Glide Path Localizer Building for Airports Authority of India (NAD) at Bombay.

The bill of quantities & notice inviting tender was not properly prepared. Test check was not carried out during execution of work.

C.22 INDIA TOURISM DEVELOPMENT CORPORATION (ITDC)

C.22.1 Setting up of Indian Institute of Tourism & Travel Management at Gwalior (Civil Plumbing & Furnishing Work)

Proper procedure was not adopted for appointment of Architect and scope of work to be carried out was not well defined. A number of discrepancies were observed in agreement. Abnormally high rated and low rated items were not identified, overpayments were made, guarantee bonds for specialised items were not obtained, secured advance paid without insurance cover.

C.22.2 Setting up of Indian Institute of Tourism & Travel Management, Gwalior

The work has been rescinded without assigning reason for rescinding the contract and no action has been taken to recover the amount of cost and risk. A higher capacity transformer has been designed without proper justification. Risk Insurance Policy has not been submitted. Performance Guarantee has not been obtained. The extra items, submitted items and deviations in quantities have not been approved by the competent authority.

C.23 KONKAN RAILWAY CORPORATION

C.23.1 Mangalore – Udupi New Broad Gauge Railway Line Construction of New Station Building at Udupi

Cement and steel was issued free of cost but theoretical consumption statement for these materials, was not shown. Mobilisation advance was paid in one instalment instead of the stipulated two instalments. Many defects in execution were noticed.

C.23.2 Mangalore – Udupi New Broad Gauge Railway Line – Design and Construction of four new major bridges- substructure for two tracks and superstructure for single track

The reasonability of tender rates was not ascertained before award of work. Lowest tender was rejected without proper justification. Escalation was paid on higher side. Excess steel was issued free of cost. Full recovery has not been made for structural steel issued. Rails have not been returned by Contractor. Final bill is in minus to the extent of

Rs.6.19 lakhs. Agreement conditions have been violated and even modified without justification.

C.24 LUBRIZOL INDIA LIMITED

C.24.1 Construction of staff quarters at Vashi, Navi Mumbai

Market rates justification has not been prepared to assess reasonability of rates. Interest free mobilisation advance has been allowed. Site records have not been maintained as per requirements.

C.25 MAHANAGAR TELEPHONE NIGAM LIMITED (M.T.N.L.)

C.25.1 Supply, installation, testing and commissioning of 2x2000 KVA transformer Sub-station at Cuffe Parade, Mumbai

Discount of 1% given by the tenderer while submitting bid and accepted by Department was not taken into account while settling payment to contractor, resulting in overpayment of Rs.1,26,715. Cost reduction offered by the firm for supplying deviated specification material was not taken into account while settling bill, causing overpayment of Rs.20,000. The work contract tax was not deducted at source as required. The tests on major equipment were not witnessed by a representative of the Department.

C.26 MAZAGON DOCK LIMITED

C.26.1 Construction of residential quarters GR+18 floors for essential staff at Mumbai.

A substituted item 'Ruff-N-Tuff' has been provided as external finish of the building at an excessive cost of Rs.31.68 lakhs. Escalation has been paid on higher side. Recovery for electrical power consumed by the contractor has been made on lower side. Recovery for defective works has been made to the extent of Rs.82,889 against a recommendation of Rs.12 lakhs by a committee putting Mazagon Dock Ltd. to a loss of Rs.11,17,111. No action taken for sub standard work although a sum of Rs.27 lakhs paid at the time of finalisation of bill. An amount of Rs.6 lakhs has been paid towards interest for delayed payments of escalation. Many deficiencies were observed during site inspection.

C.27 METRO RAILWAYS - CALCUTTA

C.27.1 Re-construction of building at premises no. 191 C.R. Avenue, Calcutta.

Limited tenders were invited for this work and thus open competition was reduced. Estimated cost and market rate justification were inflated to accommodate the tenderer. Completion period was kept on a much lower side. Higher rates were received due to wrong stipulation of completion period. Cube tests for concrete were not carried out properly.

C.27.2 Reconstruction of building in contract section 3-B, at Belgachia.

The reconstruction work of the private building which were damaged/dismantled during construction of Metro Railway, by cut and cover method were taken up. The work has been taken up without entering into agreement with individual owner/tenant. It may lead to serious legal and financial implications. Richer specifications have been adopted for reconstruction of buildings. The work was awarded on single tender basis and thus avoiding competition.

C.28 MMTC LTD.

C.28.1 In the work of "Construction of office building for MMTC Limited at Bandra Kurla Complex, unnecessary richer specifications costing Rs.226 lakhs were provided. The escalation amount had been paid without properly interpreting the clause. The Insurance cover had not been taken.

C.29 MORMUGAO PORT TRUST

C.29.1 Design, Manufacture, Supply, Erection & Commissioning of 1 No. Tonne capacity incinerator at M.P.T. Goa

No specific manual is being followed. Measurements for works are not being recorded. Temporary overpayments were made to the contractor. Insurance cover and guarantee letters are not being asked from the contractors.

C.29.2 Procurement of 8 Nos. 3T Capacity Fork Lifts of 'Voltas' make model DV-30-AT-PD-T by M.P.T. Goa

Supplies had been delayed but no liquidated damages levied. No history sheet and log books for fuel consumption maintained, as such no control over break downs and consumption of fuel/lubricating oil exercised.

**C.30 MUNICIPAL CORPORATION OF DELHI
(DELHI WATER SUPPLY & SEWAGE DISPOSAL UNDERTAKING)**

C.30.1 In the work of "Construction of 16 M.G.D. Sewage Treatment Plant at Okhla", pertaining to Delhi Water Supply and Sewage Disposal Undertaking, the consultancy works of similar nature were awarded to different agencies at different rates during the same period thereby incurring extra expenditure of Rs.23 lakhs. The main contract was not awarded to the lowest and eventually awarded to the fifth lowest at an additional expenditure of Rs.187 lakhs.

C.31 NATIONAL BUILDING CONSTRUCTION CORPORATION

C.31.1 Construction of Telephone Exchange Building at Sector-III, Rohini, Delhi

Quotations were collected by hand without any press-notice. Work orders were not finalised but payment was made. No measurements were recorded for the work carried out by labour supplied through work-orders. Supply of cement was received at

different rates on the same date. Financial terms of the work-orders were changed to the benefit of supplier.

C.31.2 Execution of work of Interior decoration and furnishings of HRD and ESI building of B.H.E.L. at Sector-16-A, NOIDA

Letters of intent were issued without mentioning the rates. Rates are based on cost plus method and there was neither finality nor competition of rates. Cost of total work of Rs.68 lakhs was divided into various agencies. An unreasonably high limit of minimum one work costing Rs.100 lakhs was laid down thereby reducing competition. Contractors were deleted and added arbitrarily. No agreement with any agency was made available. Site records and test results were not maintained. Payments has been made at part rates without finalisation of agreement rates.

C.31.3 Balance construction, repair, rectification of civil works of HRD and ESI building of BHEL at Sector-16A, Noida

i) The expenditure incurred on labour is quite high and the same has not been checked and compared with theoretical requirement.

ii) Nomenclature of items was incomplete, balance work to be executed has not been properly identified. Recoveries of water and power used have not been made. Smaller size stones used in flooring. Required test check has not been exercised.

iii) There has been abnormal deviation while taking supplies due to the reason that theoretical quantities were not worked out. No tests have been carried out. Third class bricks taken in supply could not be used. 40mm & 20 mm stone aggregate was paid at same rates.

iv) Work carried out before issue of work order. Payments made were not as per work executed.

C.32 NATIONAL DAIRY DEVELOPMENT BOARD

C.32.1 Expansion of cattle fee plant at Rajankunte, Bangalore

The tenders were accepted without preparing market rate justification. The consultants were appointed arbitrarily without resorting to competitive bidding or selective bidding. The insurance policies as per terms of the contract were not obtained from contractor. Surface drainage system provided was faulty. Some mandatory tests were not carried out.

C.32.2 Internal electrification work of housing Guest House & other building of Phase-II at HSAD, Bhopal

Materials of makes other than first preference makes of approved list were permitted causing undue advantage to the contractor. Earth wires in switch-boards were not connected and loose wires were left in cable trenches. The pole boxes were of faulty design.

C.32.3 Human Rabbies Vaccine Project at Ootacamund

The tenders were accepted without preparing market rate justification. The consultants were appointed without resorting to competitive or selective bidding. Undue benefit was extended to architect by marking certain payments without fulfilling the obligations by architects. Large deviations in quantities indicate poor estimation. Certain mandatory tests have not been carried out.

C.33 NATIONAL PROJECTS CONSTRUCTION CORPN.LTD. (NPCC)

C.33.1 Construction of dust proof Phytotron building at Indian Agriculture Research Institute (IARI), Pusa

The tenders were accepted without preparing market rate justifications. There were huge deviations in quantities of certain items of work indicating poor estimation. The insurance policies as per terms of contract were not obtained from contractor. The workmanship of stone grit plaster, cement concrete pavement, glazed tiles dado etc. was poor.

C.33.2 SITC of 625 KVA D.G.Set for Phytotron Building Complex at I.A.R.I., Pusa, New Delhi

The work has been awarded without proper market rates justification and competitive bidding. Inadequate anti-vibration pads were provided.

C.33.3 Internal and External electrification work for dust proof Air-conditioning Phytotron Building Complex

The tender was issued to a bidder who was not eligible. The measurements have not been test-checked and work has not been executed as per agreement item.

C.34 NEW DELHI MUNICIPAL COUNCIL (NDMC)

C.34.1 Construction of Type II & Type III Flats at Sector XI, Rohini, Delhi

Tenders for a work costing Rs.762 lakhs were invited on percentage rate basis. Eligibility criteria for contractors was not stated properly in press notice.

C.35 NUCLEAR POWER CORPORATION

C.35.1 Construction of Central Industrial Security Force Barracks and Mess block at Kaiga Township, Mallapur.

Corporation has not prepared its schedules. Agreement has not been properly sealed. Recoveries for power consumed was on lower side. Many defects have been noticed in execution of work.

C.35.2 Construction of operation and maintenance of warehouse at Kaiga plant site

No market rate justification was prepared before acceptance of Tender. Acrylic emulsion has been provided on walls and oil bound distemper on ceiling incurring extra cost of Rs.2.60 lakhs. Recovery made for electricity is on lower side and site records were not maintained. Many defects in execution of work and short comings in measurements have been noticed.

C.36 POST GRADUATE INSTITUTE OF MEDICAL EDUCATION AND RESEARCH, CHANDIGARH

C.36.1 Construction of new OPD Block in PGI, Chandigarh

The architect consultant has been appointed arbitrarily at higher fee. No market rates justification has been prepared and abnormally high and low rated items identified. High cost epoxy paint has been stipulated without proper specifications. The Structural design has been carried out in a way that extra cost of Rs.25 lakhs would be incurred. Execution of work had many defects.

C.37 RAIL INDIA TECHNICAL AND ECONOMIC SERVICES (RITES)

C.37.1 Supply of C.S.T.-9 Sleepers for expansion of Marshalling Yard for Kothagudem Thermal Power Station at Paloncha (A.P.)

Notice inviting tender was not approved before call of tenders, tender sale register was not maintained and tenders were sold without verification of eligibility. Market rate justification was not prepared. Site records were not maintained properly.

C.38 SOUTHEASTERN COALFIELDS LIMITED

C.38.1 In the work of "Construction of residential quarters 48 Nos. "A" type and 10 Nos. "D" type for M.S. Hospital of S.E.C.L. Lingiadih, Bilaspur", it was observed that Press Notice was not properly drafted. No market rate justification was prepared. Time taken to process the tender was too much which ultimately resulted in avoidable escalation payments. Quarters were completed but the Hospital Building, for the staff of which these quarters were constructed, were nowhere near completion.

C.38.2 In the inspection for the work of "Construction of Multi Speciality Hospital Building of SECL at Bilaspur", it was noticed that cost exceeded sanctioned estimate. The work has been awarded at higher rates and payments were made without following terms of agreement.

C.39 TEHRI HYDRO DEVELOPMENT CORPORATION LTD.

C.39.1 Construction of 72 Nos. Type II Qrs. at THDC, Rishikesh

Detailed estimate was found with numerous discrepancies. Quantities and items were changed after receipt of price bids in first call. Tenders in the first call were rejected without assigning proper reasons. Contract stipulations for water and power supply

were ambiguous. The contractor was paid in full rates for incomplete items. Insurance clause was not followed. Mandatory tests of different materials were not carried out. A number of defects in the work were noticed. The supervision of work was poor.

C.40 TELECOMMUNICATION CONSULTANTS INDIA LIMITED (TCIL)

C.40.1 SITC of Sub-station equipment for V.S.N.L. Wireless Complex at Greater Kailash-II, New Delhi

The tenders were not invited in a proper manner and advance payment was not properly adjusted.

C.41 VIDESH SANCHAR NIGAM LIMITED (VSNL)

C.41.1 SITC of A.C. & Ventilation system of Videsh Sanchar Bhawan at Ultadanga, Calcutta

Major equipment were not tested for their performance conforming to required standards. G.I. sheets of Class VI which are with inferior zinc coating than best available Class IV were accepted.

C.42 WESTERN COALFIELDS LIMITED

C.42.1 Construction of 88 Nos. Double storied miners Qrs., 40 'B' & 12 'C' type Quarters for New Dhoptala at Sasti & 19 'C' Type for Sasti open cast mine of Ballarpur Area

Volumetric mix was used against design mix specified. Percentage rate tenders were invited instead of item rate tenders and abnormal period of 21 months was taken to accept tenders. Market rate justification was not prepared. Many discrepancies were observed in agreement, bill and execution of work.

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 ALL INDIA RADIO (A.I.R.)

A.1.1 Construction of Doordarshan Bhawan at Mandi House

Inadmissible payment of Rs.5.21 lakhs made for earth work, concrete and RCC items in or under water.

A.2 CENTRAL PUBLIC WORKS DEPARTMENT (C.P.W.D.)

A.2.1 Construction of 66 type III, 30 Nos. Type IV and 20 Nos. Type V Qrts. At Indira Gandhi National Open University, Maidan Garhi, New Delhi

Chief Engineer ignored the interpretation of Executive Engineer in respect of rebates offered by contractor resulting into a loss of Rs.5,83,286. Extension of time case had been sanctioned without adequate justification.

A.2.2 Construction of New Extension of Supreme Court Part-II Stone Work

Overpayment of Rs.39.63 lakhs have been brought out due to computation errors, wrong mode of measurements and sanction of high rates for extra-items apart from huge deviation in quantities of abnormally high rated items.

A.2.3 Construction of GSI office building at Jaipur

Due to delay in awarding the work, the Government has been put to loss of Rs.12,33,924. Substantial deviations in abnormally high rated items were allowed indicating undue favour to the contractor. The substandard items of work were accepted without affecting cost adjustment.

A.2.4 Providing security fencing along Indo-Pak border in Rajasthan Sector (SH: supply of galvanised punched type coil)

Galvanised punched type concertine coils were procured through call of tenders, although the same were available on DGS&D rate contract, thus violating the laid down norms. Local purchase of barbed wire was allowed thus compromising with quality.

A.2.5 Providing security fencing along Indo-Pak border under NPAP in Rajasthan sector (SH: Supply of galvanised barbed wire)

The barbed wire of proper specified quality was not procured. The samples of same had failed when tested in different labs. This indicates no proper control over quality of wire was exercised.

**A.3 GOVERNMENT OF N.C.T., DELHI
(PUBLIC WORKS DEPARTMENT (PWD))**

A.3.1 100 bedded hospital at Jahangirpuri (Balance work)

Market Rates Justification has been changed to manipulate accepted rates. Recovery of Rs.86 lakhs outstanding from the original contractor. Cube test results were doubtful since 28 days strength was less than 7 days strength.

A.3.2 Construction of 100 bedded hospital at Jahangirpuri, Delhi (SH: Construction of kitchen, store, ward & laundry block including internal sewerage, sanitary, water supply installations and drainage up to 1st Manhole)

Many items of work have been executed with inferior quality of materials and workmanship for which even cost adjustment was not made. Samples of materials failed in testing. Over payments were made to contractor by way of over measurements of certain items.

A.3.3 Construction of Govt. Hr. Secondary School for 960 students including water supply and sanitary installations at Mangolpuri "K" Block, Delhi

Number of items executed were of substandard quality and even cost adjustments have not been made thereby extending undue favour to contractor. The tender processing file, a very important document was not available on record indicating slackness in maintaining important office records.

A.4 RAILWAYS

A.4.1 In the work of "earth work in filling in formation construction of Bridge No.32, 1x4.5m each including its protection work etc. in Zone No.E-6A in Jammu-Udhampur Rail Link Project", a deduction of 2400 cum in filling was made instead of 17,971 cum. resulting into over measurement and overpayment of Rs.2.8 lakhs. Recovery for excess issue of steel reinforcement has not been made from the contractor extending undue favour to him.

A.4.2 For the work "Supplying and stacking of 50,000 cum stone ballast 50mm gauge at Bhagwansar", Sales Tax was recoverable @ 2.5% of contract value from the contractor in terms of agreement but not deducted in order to extend undue favour of Rs.2.5 lakhs.

A.4.3 In the work of construction of combined examination pit and washing floor for six broad gauge washing lines including extension of bridge No.15 located at Pragati

Maidan and Hazrat Nizamuddin Railway Station and drawing work etc., substandard concrete work was accepted without price adjustment and ascertaining structural stability. Substandard GI pipes were also accepted without price adjustment from the contractor extending undue financial benefit to contractor.

A.4.4 In the work of "Construction of tunnel No.1 & 2 and cut and cover and earth work in formation in cutting at approaches and miscellaneous works on Jammu-Udhampur Rail Line", higher lead has been considered for transportation of soil in cutting and filling in spite of specific provision given in agreement for consideration of leads resulting into an overpayment of Rs.80,000. Earth work in excavation having quantity of 4164 cum has been paid under non-schedule item which was not to be paid as per special condition of contract resulting into overpayment of Rs.1.25 lakhs. Overpayment of Rs.39,080 was made on account of binding wire for reinforcement which was not payable as per terms of contract. Heavy deviation was done for the items for which contractor has quoted abnormal high rates resulting into undue financial benefit to contractor.

A.4.5 **Balance Work of supplying and stacking at site 18599 cum stone ballast (hard stone) from Km 17/0 to 30/0Km between Palam and Gurgaon station in connection with broad gauge of second DLI-RE station**

Balance work was got executed at higher rates at the risk and cost of original contractor. The amount of Rs.71 lakhs was not yet recovered from original contractor indicating lack of efforts to recover public money.

B. BANKS, INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS

B.1 INDIAN BANK

B.1.1 For the "purchase of 30 flats Block A and 30 flats Block B at 14, Salimpore, Calcutta", Rs.7 lakhs had been paid to the developer due to not clarifying the ambiguity in the offer regarding roof rights. No cost adjustment had been made from the builder in lieu of not providing water softening plant, mirror, soap box, towel stand, medicine box in the building as per the agreement. Septic tank was constructed by the builder instead of sewer line connection. No cost adjustment had been made on this account. Builder had provided one tube well instead of two and no cost adjustment has been made. The bank had to incur extra expenditure for taking increased power connection which has not been recovered from the builder.

B.1.2 For "purchase of 50 flats at Puranchand Nahar Avenue, Calcutta", the bank had lost Rs.17.12 lakhs due to cottah less land and further suffered loss of Rs.7.31 lakhs due to decrease in number of flats and plinth area. A loss of Rs.60 lakhs plus interest was caused due to over measurements since no recovery could be made.

B.1.3 During purchase of 6 Nos. Residential flats at No.58/6, Prince Anwarshal Road, Lake Garden, Calcutta, overpayment of Rs.1.14 lakhs was made to the builder by over-measurement.

B.2 VIJAYA BANK

B.2.1 Construction of multi -storeyed building at L.H.H. Road, Mangalore

The work of the fire fighting for which contractor had quoted Rs.1,51,670 was got executed through some other agency at a cost of Rs.5,42,347, thus resulting into a loss of Rs.3.9 lakhs.

C PUBLIC SECTOR UNDERTAKINGS & AUTONOMOUS BODIES

C.1 AIRPORTS AUTHORITY OF INDIA

C.1.1 Special repairs to main runway 10/28 and other operational pavement at IGI Airport

The market rate justification was inflated by considering various non admissible factors. Undue benefit was thus extended by allowing higher tendered rates.

C.2 BHARAT HEAVY ELECTRICALS LIMITED (B.H.E.L.)

C.2.1 Aluminium Curtain walls for Human Resources Development and Engineering Services Institute in B.H.E.L. Complex at Sector 16A Noida (U.P.)

Short listing of contractors was done arbitrarily. Proper competition in tenders was not generated. Work had been arbitrarily split into two parts after calling a combined tender and the major part of work awarded to M/s Crystal Corporation who was other than the lowest, causing a loss of Rs.5.5 lakhs to BHEL. Consultant advice for re-tender and splitting was ignored.

C.2.2 Construction of multi-storeyed building for Human Resource Development Institute & Engineering Services Institute in BHEL Complex at Sector-16A, Noida

Request of the contractor to change the mode of deposition of security from Demand Draft to Bank Guarantee of half value and for the remaining from recovery from running account Bills to Bank Guarantee was agreed putting BHEL to risk and loss. Later the Bank Guarantee was not en-cashed as the contractor got stay order from the court depriving the BHEL of the amount of Rs.9.05 lakhs which could have been utilised for meeting the extra expenditure incurred for execution of balance work at the risk and the cost of the contractor.

C.3 BHARAT PETROLEUM CORPORATION LIMITED (BPCL)

C.3.1 Construction of Admn. Building at Anna Nagar Madras

No market rate analysis was carried out to ascertain reasonability of tendered rates. As a results of it, the rates at which the work was awarded was nearly 30% higher than the corresponding rates at which similar work was carried out by CPWD. If the amount of cement and steel is subtracted from gross tendered amount, the net amount in case of

BPCL is 93% higher than the net amount in case of CPWD. The excess expenditure involved is of the order of Rs.101 lakhs in a work of Rs.437 lakhs. Substandard work has been executed using less quantity of cement which is likely to effect the structural strength and life span of building. Undue financial benefit has been extended to the contractor due to less cement used than required.

C.3.2 Construction of residential flats at Jabalpur

Competition has been restricted by not making publicity through press advertisement. Agencies have been pre-qualified in an arbitrary manner. The work has been awarded at unreasonably high tendered rates without ascertaining reasonability with reference to prevailing market rates. The tendered rates of Aluminium windows was excessive at Rs.2723/sqm resulting into loss of 5.85 lakhs. The steel doors accepted were made of M. S. Sheets and angles of thickness and size less than required and brass hinges were not used and no cost adjustment was made for substandard work. Substandard quality local steel was used. Strength of RCC was found poor.

C.4 CALCUTTA PORT TRUST

C.4.1 Construction of 80 type "A" and 48 type "B" Qrs. At Port area for Calcutta Port Trust

Substandard cast iron rain water soil pipe were used. G.I. pipe was also not tested before use.

C.5 CENTRAL INLAND WATER TRANSPORT CORPORATION LTD. (CIWTC)

C.5.1 For the "Construction of Dry Dock No.3 & 4 and other related works at Rajabagan Dockyard", second lowest tenderer was awarded the work ignoring first lowest resulting into a loss of several lakhs to the corporation. An amount of Rs.60 lakhs was paid to the contractor against site installation charges. Recovery of this advance including interest has not been effected from the contractor putting CIWTC into loss. Substandard concrete has been accepted without price adjustment.

C.6 COTTON CORPORATION OF INDIA

C.6.1 Construction of multi-storeyed office building for C.C.I. at CBD Belapur, Navi Mumbai (Civil Structure work Phase-I)

Pre-qualification of contractors done was not fair. Estimate was inflated from 330 lakhs to 430 lakhs within a period of 2 months without any basis. High tender rates of a private firm have been accepted ignoring M/s Bridge & Roof Ltd. a Govt. Of India undertaking at a higher cost of Rs.160 lakhs. The additional work of Rs.100 lakhs was awarded to the same contractor at high rates without ascertaining reasonability or calling fresh tenders.

C.7 DAMODAR VALLEY CORPORATION (DVC)

C.7.1 Construction of 276 blocks GMT type Qrs. I/c land development, external sanitation, external water supply, road and internal electrification of Bokaro Thermal Power Station, Bokaro

The tender was accepted at very high rate at 79.5% above the estimate cost plus escalation which is evident from the fact that contractor agreed to execute the work almost 3 years after submission of his tender.

C.8 DELHI DEVELOPMENT AUTHORITY (DDA)

C.8.1 Construction of 176 MIG Houses (N.P.) at East of Loni Road including internal development of land

The delay in completion of work more than three years caused heavy burden to D.D.A. on account of payment due to escalation in prices under clause 10 c.c. of the Agreement.

C.9 ENGINEERS INDIA LIMITED (EIL)

C.9.1 The work Site grading, Roads, Culverts, Retaining wall for SRU Cochin (Balance work) was awarded at very high rates without ascertaining reasonability of tendered rates based on prevailing market rates of labour and material, resulting into admitted loss of Rs.15 lakhs. The derivation of rate for extra item has been made on the basis of very high quoted rates of previous years resulting into a loss of more than Rs.12 lakhs to Cochin Refineries Limited.

C.10 GAS AUTHORITY OF INDIA LIMITED (GAIL)

C.10.1 Construction of Gas Training Institute and Hostel Block at Noida

Market rate justification was not prepared and tender was accepted at high rates.

C.11 HINDUSTAN PETROLEUM CORPORATION LIMITED (HPCL)

C.11.1 Construction of tank 1331 at Lube refinery of H.P.C.L.

Out of 22 tenders sold only 2 tenders were received. In spite of poor response tenders were not re-invited. No efforts were made to examine the reasonability of tendered rates. Estimates rates were very high and were not based on any standard schedule of rates. Detailed estimate has been prepared with incomplete nomenclature, lump sum quantities, excessive rates and lump sum provision for major items instead of working out detailed measurements putting corporation for a loss due to awarding work at high rates.

C.12 INDIAN FARMERS FERTILIZERS COOPERATIVE LTD.

C.12.1 Construction of pipe and cable rack, D.G. and Air Compressor building, D.M. plant and other Misc. works at Anola Expansion project

Unauthorised overpayment and undue benefit of Rs.46,760 up to second running account bill which might have been more in subsequent bills was extended to the contractor making double payment of the same element under different agreement items.

C.12.2 Civil and structural work for Amonia Plant, Group-B at Anola Bareilly (U.P.)

Substandard pre-cast terrazo tiles made by local manufacturer instead of ISI approved were used without mandatory tests which subsequently failed in wear and mortar used were poor thus extended undue benefit to the contractor.

C.12.3 Civil & structural work for bagging plant, transfer houses and product handling system

Recovery for element of de-watering component of stacking, disposing and spreading running into lakhs of rupees was not effected thus extending undue financial benefit to the contractor.

C.12.4 Civil & structural works for Naptha storage tank Phulpur Expansion project

IFFCO suffered a loss of Rs.58.37 lakhs by acceptance of tender for this work with excessive tendered rates with reference to prevailing market rates. Further undue benefit to the extent of Rs.23.85 lakhs was extended to contractor by allowing use of 12895 cum of fine sand instead of coarse sand as per agreement provision.

C.13 IRCON INTERNATIONAL LTD.

C.13.1 Construction of sub-structure of Bridge No.5 & 21 on McCluskiefganj Piperwar Railway siding.

M.S. lining left permanently in Pile foundation resulting in avoidable expenditure.

C.14 KONKAN RAILWAY CORPORATION LTD. (KRCL)

C.14.1 Construction of Roha-Mangalore new broad gauge railway line-major bridges-3 bridges across rivers Terrikhol, Chapora and Assonora

An amount of Rs.2,22,204.85 was to be forfeited from available security deposit of contractor on account of contract as agreed by NTPC which has not been recovered. Recovery amounting to Rs.34,156/- on account of risk and cost was to be made from the contractor which has not been made since last eight years. Loss of Rs.2.30 lakhs has been caused by working out lesser liquidated damages.

C.14.2 For the work of Mangalore-Udupi New Broad Gauge Line Design and Construction of 4 New major bridges Rs.50 lakhs was paid to the contractor for site installation which was not payable. The condition regarding reimbursement of Sales Tax was accepted by KRCL and liability of Rs.6.60 lakhs was accepted. Escalation on installation charges has been paid which was not payable. Panel rate recovery for issue of excess cement of Rs.59772 has not been made. Special condition was accepted, without approval of tender accepting authority, after award of work resulting into a loss of Rs.18.55 lakhs, substandard work was accepted even without price adjustment from the contractor.

C.14.3 For the work of Mangalore-Udupi New Broad Gauge Line Construction of New Station Building at Udupi, extension of time was granted to the contractor without recovery of liquidated damages. Liquidated damages were recovered only after pointing out regarding recovery by Chief Technical Examiner's Organisation.

C.15 **MORMUGAO PORT TRUST**

C.15.1 **Construction of 2 Nos. warehouse at the Port of Mormugao Goa, Part-I Construction of a warehouse in lieu of old sheds superstructure**

Visaka make asbestos cement sheets have been used on roofing instead of specifically stipulated make of Everest or equivalent without considering and making available to show that Visaka make asbestos cement sheets used are equivalent to Everest make in quality, strength, durability and market rate etc. No recovery on this account has been effected in spite of pointing out the same. Further no recovery for using less number of J-hooks than required as per CPWD specifications and for other discrepancies/pointed out has been made putting trust to loss.

C.16 **MUNICIPAL CORPORATION OF DELHI**

C.16.1 **Strengthening and improvement of roads under E.E.(Project)South Zone**

Reply to pending paras of serious nature were not given even in 5 years. The paras related to payments by not adopting proper mode of measurements, non submission of cash vouchers of bitumen, deviations in work, test results not in conformity to standard limits etc.

C.16.2 **Construction of office building at Sector-IX, R.K.Puram.**

The contractor was unduly benefited by not recovering the amount due from him for substandard work. Deviations in items were allowed without approval of competent authority. Extended period of contract was not regularised. Superintending Engineer did not conduct the checking of work, as directed by the Commission.

C.16.3 **Improvement to Mandi road from Meharuali-Gurgaon Road to village Mandi**

Scope of work was not decided meticulously which resulted in delay in completion of work. Invalid contract was accepted by the Executive Engineer. Cash vouchers of bitumen were not available. Un-authenticated measurement book were used for recording measurements.

C.16.4 Construction of drainage system of Okhla Industrial Estate Phase II, Part V (Sh: Drainage work)

The work awarded with stipulated period of completion as 5 months after 16 months of call of tenders. Over payment was made to contractor in cutting of asphaltic roads. Hard rock of 10966.80 cum qty. was not utilised but disposed away thereby causing huge loss to the Corporation.

C.16.5 Construction of 96 Nos. type "D" staff quarters at Seelampur (B/W)

Irregularity in market rate justification was observed. Detailed checking of the work was not done by concerned officers. Number of defects were noticed for which no action was taken by the Corporation. Reply of the pending paras was delayed for more than 2 years.

C.17 NATIONAL DAIRY DEVELOPMENT BOARD

C.17.1 Internal electrification work of High Security Animal Disease Laboratory & Service Godown Building at Bhopal (Phase-I)

The work has been awarded without proper assessment of rates and adequate competition. Secured advance of Rs.5.07 lakhs and had been paid without justification and many defects in wiring were noticed.

C.18 NATIONAL HYDRO-ELECTRIC POWER CORPN. LTD.

C.18.1 Construction of barrage, head regulator and appurtenant work at Tanakpur

The work was awarded to M/s T.R. Gupta & Co. on ad-hoc basis. Due to incorrect drafting of contract, Corporation was put to loss of Rs. 28.71 lakhs approximately. Stone was issued free of cost to the contractor. The contractor was over paid for de-watering. Reply of many paras of serious nature was not given by N.H.P.C.

C.19 NATIONAL THERMAL POWER CORPORATION LIMITED

C.19.1 For construction of 60 Nos. 'B' type quarters at Unchahar, the structure has been raised over substandard concrete.

C.20. OIL AND NATURAL GAS CORPORATION (ONGC)

C.20.1 Construction of compound wall at Ravva on shore facilities at Sursaniyanam (Ph.I)

Boundary wall was not planned along the outer periphery of the land but it was on inner side, on all four sides indicating poor planning. The money withheld towards rectification of defective work in running account bills of the contractor was released without getting the defects rectified by contractor. Subsequently ONGC had to incur infructuous expenditure of Rs.10 lakhs approximately.

C.21 POWER GRID CORPORATION OF INDIA LTD.

C.21.1 For the work "Construction of Roads, Drains and Sewerage system, water supply and External Electrification at Agra sub-station" measurements of earth work in excavation taken more than that actually executed resulting into over measurement and overpayment of Rs.1.42 lakhs to the contractor.

C.21.2 For the work of "Construction of boundary wall at 400 KV sub-station Ballabgarh (Haryana)", Rs.2.33 lakhs to be forfeited from available security deposit of contractor, due to rescission of contract have not been recovered. No recovery was made from the contractor on account of risk and cost amount putting the corporation to loss of Rs.34,156. Liquidated damages were calculated to Rs.2.70 lakhs instead of Rs.5.02 lakhs putting the corporation into loss of Rs.2.30 lakhs.

C.22 RAIL INDIA TECHNICAL & ECONOMIC SERVICES LTD. (RITES)

C.22.1 The work "Construction of multistoreyed quarters 28 units "B" type and 14 units "D" type at RITES colony, Wazirpur, Delhi" was awarded to the fifth lowest tenderer rejecting all lowest tenderers on flimsy grounds causing a loss of Rs.2.00 lakhs. The work has been delayed and contract terminated without levy of compensation. Subsequently contract has been revoked and sub-standard work has been accepted thus extending undue favour to the contractor.

C.22.2 Similarly the work of "Construction of multi-storeyed quarters 14 units D type at RITES colony, Wazirpur, New Delhi, was awarded to the third lowest tenderer putting RITES into a loss of Rs.1.89 lakhs. Substandard work has been accepted favouring the contractor.

C.23 TELECOMMUNICATION CONSULTANTS INDIA LTD.

C.23.1 For the work "Construction of Telecommunication cable duct work between Sanjay Place Telephone Exchange and Tax building at Agra". The cement concrete used was much poorer than required as per specification. Substandard work has been accepted without any price adjustment in spite of test results of substandard cement concrete were communicated. Substandard galvanised M.S. channel has been accepted without cost adjustment.

ANNEXURE - IV
(Para 3.6)

**ILLUSTRATIVE EXAMPLES OF COMMISSION'S FIRST STAGE ADVICE
ON CTEO'S INSPECTION REPORTS**

1. RESERVE BANK OF INDIA

**Supply, installation & commissioning of air-conditioning in RBI Building,
New Delhi**

The work of supervision, measurements and authorization of payments was entrusted to the consultant. During inspection over-measurement of certain items was noticed. The material recovered on dismantling was not properly accounted and for the use of old materials proper cost adjustment was not made. For these lapses, Commission advised major penalty proceedings against the Chief Engineer.

2. OIL AND NATURAL GAS CORPN./ENGINEERS INDIA LTD.

Construction of raw water/fire water reservoir at CPF Gandhar Project

The examination of work revealed irregularities like less thickness of the components and sub-standard execution of work. Commission advised minor penalty proceedings against the officials responsible for the lapse.

3. OIL AND NATURAL GAS CORPORATION

Construction of Transit Hostel Building at Ankleshwar.

During examination of the work, certain irregularities have been observed and Commission advised minor penalty proceedings against the Assistant Engineer (Civil).

4. OIL AND NATURAL GAS CORPORATION

**Purchase of spares of engines by Material Management Department of
ONGC Sibsagar (Assam)**

In case of purchase of stores, serious irregularities were noticed and the Commission advised major penalty proceedings against General Manager, Chief Store Keeper and Chief Engineer.

5. DELHI DEVELOPMENT AUTHORITY (DDA)

During inspection of the construction of staff quarters for DDA, it was found that sub-standard shutters have been used. The shutters were required to be replaced. But after long time DDA officials sanctioned Reduced Item Statement and expressed difficulty in replacement of the shutters. Considering that sub-standard work had been accepted, Commission advised major penalty proceedings against Superintending Engineer, Executive Engineer, Assistant Engineer, and Junior Engineers.

6. DELHI DEVELOPMENT AUTHORITY (DDA)

The work regarding construction of houses and services scheme at Mangolpuri was inspected and quality of work was found very poor. The materials accepted were not tested and no recovery had been effected. The Commission advised recordable warning to Executive Engineer and Assistant Engineers concerned.

7. DELHI DEVELOPMENT AUTHORITY (DDA)

During examination of one of the works of DDA, 800 bags of cement were found to be not accounted and thus misappropriated. In addition, sub-standard work was also found to be executed. The Commission advised major penalty proceedings against the Assistant Engineer and the Junior Engineer. Recordable warning for sub-standard work was advised against the Executive Engineer.

8. DELHI DEVELOPMENT AUTHORITY (DDA)

Development of site land at Rohini, Phase-I up to Madhuban Chowk.

In one of the works inspected it was found that water used was not tested and concrete mix was poor. The concrete cover was also not adequate resulting into damage to the structural members. The Commission advised major penalty proceedings against Executive Engineer and Junior Engineer.

9. DELHI DEVELOPMENT AUTHORITY (DDA)

Construction of 288 MIG Dwelling Units in Rohini.

The work was not carried out as per specifications. A huge recovery of Rs. 1.75 lakhs had to be made for sub-standard items. The Commission advised minor penalty proceedings against Executive Engineer and others. It was further observed that the Superintending Engineers in charge of the work did not inspect the works and Commission advised major penalty proceedings against the Superintending Engineers.

10. DELHI DEVELOPMENT AUTHORITY (DDA)

Construction of 204 LIG Houses at Shalimar Bagh (Paschim) Block "B", Pocket-R, Delhi

In one of the cases of DDA it was found that over-payments were made to the contractor since bills were not test checked properly. A recovery of about Rs. 1.33 lakhs was made for defective works but same was restored by the Arbitrator. The Commission advised major penalty proceedings against Executive Engineer, Assistant Engineer and Junior Engineer.

11. DELHI DEVELOPMENT AUTHORITY (DDA)

Construction of 88 LIG & 144 MIG Houses at Shalimar Bagh, Block "A" Pocket -CII, Delhi

Substandard work was executed and recoveries had to be made. The Commission advised minor penalty proceedings against Superintending Engineer, Executive Engineer and others.

12. AIRPORTS AUTHORITY OF INDIA (AAI)

Construction of 45 Nos. Type "A" , 10 Nos. Type "B", 7 Nos. Type "C" and 2 Nos. Type "D" residential quarters at Delhi Airport

It was found that quality of the work was sub-standard and there was a delay in settlement of the Reduced Rate Statement and recovery of dues. During arbitration counter claims were not identified timely. For these lapses, Commission advised major penalty proceedings against the Executive Engineer, Assistant Engineer and Junior Engineer.

13. AIRPORTS AUTHORITY OF INDIA (AAI)

Construction of Operational Complex for National Airports Division at Safdarjung Airport, New Delhi

During examination of the above work, it was found that Architect/Consultant had not been properly appointed. Abnormally high rates have been allowed resulting into excess expenditure. The execution of the work was not properly carried out and excess payment of Rs. 12.49 lakhs was detected. The Commission advised major penalty proceedings against the CMD, Members of the Board, Chief Engineer and others.

14. CALCUTTA PORT TRUST

Electrification of 48 units of "A" type quarters at Chiranjibpur, Haldia Dock Complex, Haldia

During examination of this work, sub-standard conduits were found used. Recovery of Rs.1.65 lakhs was made. There were other sub-standard items accepted. Commission advised major penalty proceedings against the Manager concerned.

15. GOVERNMENT OF NCT DELHI (P.W.D.)

Widening of Road No. 29 from 2 lanes to 4 lanes from Rohtak Road to Road No.28

In the above noted work, an important line was missing in the contract which resulted into contractual implications. Commission advised issue of caution memo to Executive Engineer (Civil).

16. UCO BANK

Purchase of unit no. 5 and 2nd floor of Baldev Plaza Complex by UCO Bank at Jaipur

While purchasing office space, it was seen that care was not taken to verify the approval of plans and loan was sanctioned to the builder for a building under construction which was not being constructed as per approved bye-laws and sanctioned plans. The Commission advised major penalty proceedings against the erring officials.

17. DEPARTMENT OF TELECOMMUNICATIONS

Execution of electrical works in Telephone Exchange Building at Chandigarh

During examination of the work, it was found that payment had been made against the items which have neither been executed nor were required to be executed. Over-payment of Rs.85,000/- was detected. The Commission advised major penalty proceedings against Superintending Engineer and others.

18. HINDUSTAN CABLES LTD (HCL)

Internal and external electrification of H.C.L. (FOP) (NAINI)

During examination of the work it was found that officials concerned have paid rates higher than the rates accepted by the competent authority and thus resulting into over-payment. The Commission advised minor penalty proceedings against the Project Engineer.

19. HINDUSTAN PHOTO FILMS MANUFACTURING CO. LTD. (HPF)

Construction of building for polyester based X-ray project including R&D coater building at Ootacamund

During examination of this work it was found that proper analysis of rates was not prepared and thus Tender Valuation Committee was misled in accepting higher rates. The Commission advised major penalty proceedings against eleven officers responsible for the lapse.

20. INDIAN TELEPHONE INDUSTRIES LTD. (ITI)

Design, manufacture, erection, testing and commissioning of A.C. Works in ESS at Raebareli

During inspection of the work it was found that a loss of Rs.7.42 lakhs was caused due to less deduction of contract tax. The Commission advised minor penalty proceedings against the Chief Manager.

21. NATIONAL THERMAL POWER CORPN. LTD. (NTPC)

Providing street light on the approach road at NTPC Township, Dadri, Gaziabad

Substandard work has been executed and recoveries were not made. The Commission recommended penalty higher than censure against the officials involved.

22. NATIONAL BUILDINGS CONSTRUCTION CORPN. (NBCC)

Procurement of 2 nos. 160 KVA DG Sets for real estate works plot No.15, Bhikaji Cama Place, New Delhi

Action to forfeit the earnest money was not taken and undue benefit of Rs.75,400/- was extended to the contractor causing equivalent loss to NBCC. The Commission advised minor penalty proceedings against Deputy Project Manager, Resident Engineer and others.

23. NATIONAL BUILDINGS CONSTRUCTION CORPN. (NBCC)

Flooring and cladding works at Railway Station, Vashi, New Mumbai

The pre-qualification of the contractors was not carried out properly. The mobilisation advance was also paid in violation of the agreement. The Bank Guarantee obtained could not be encashed because of shortcoming. The Commission advised major penalty proceedings against Chief Engineer, Chief Project Manager and Deputy Project Manager.

24. NATIONAL BUILDINGS CONSTRUCTION CORPN. (NBCC)

Construction of Railway Station-cum-Commercial Complex (Super Structure) at Vashi

The pre-qualification was not properly carried out. The tender was accepted at much higher cost. The electricity and water charges along with security deposit were not recovered fully. The Commission advised major penalty proceedings against Chief Engineer and Chief Project Manager.

25. POWER GRID CORPN. OF INDIA LTD.(PGCIL)

Air conditioning and ventilated package for Maler Kotla Sub-Station

Proper estimate was not prepared and care was not taken at the time of acceptance of the tender with the result that excess expenditure of Rs.5 lakhs and to be incurred. The Commission advised major penalty proceedings against Deputy General Manager, Senior Manager and Managers for this lapse.

26. INDIAN BANK

Purchase of 30 flats Block "A" and 30 flats Block "B" at 14, Salimpore, Calcutta

During examination of the flats it was observed that specifications to be followed during construction had not been adhered to. Over-payment had to be subsequently adjusted. The Commission advised minor penalty proceedings against General Manager and others.

27. VISAKHAPATNAM PORT TURST

Procurement of High Tension Cables

Cables have been procured without testing. The Commission advised major penalty proceedings against the Chief Mechanical Engineer.

28. DEPARTMENT OF SPACE

Supplying, installation, testing and Commissioning of 180 KVA Set for National Forest Data Management Systems at Dehradun

During inspection it was found that proper market rate analysis had not been carried out and work was awarded at higher rates. The Commission advised major penalty proceedings against the officials responsible for the lapse.

29. DAMODAR VALLEY CORPORATION

Internal electrification work of residential accommodation at Majia Thermal Power Project

Measurements were not properly recorded and test checked, with the result that an over-payment of Rs.1.3 lakhs was detected. The Commission advised major penalty proceedings against the officials responsible for the lapse.

30. AIRPORTS AUTHORITY OF INDIA

Consultancy services for construction of International Terminal Building at Ahmedabad Airport

The consultancy work was awarded considering a building of smaller size whereas a bigger building was constructed and thus very high consultancy fee had to be paid. The Commission advised major penalty proceedings against the Superintending Engineer and others.

31. AIRPORTS AUTHORITY OF INDIA

Special repairs to main runway 10/28 and other operational pavements at IGI Airport, New Delhi

Limited tenders were invited from small number of firms and thus high rates were paid. The Commission advised major penalty proceedings against Director (Operations) and General Manager(F&A) along with Superintending Engineer and Executive Engineer.

32. DEPARTMENT OF TELECOMMUNICATIONS

Providing, installing, testing and commissioning of Automatic Fire Detection and Alarm System for Stored Programme Controlled DOT Exchange at Nakodar

A complaint regarding manipulation in the rates was received and investigated. It was found that rates were changed while processing the tenders and work was awarded to the second lowest tenderer at higher rates. The Commission advised major penalty proceedings against the Executive Engineer and others.

33. ALL INDIA RADIO (AIR)

Providing and installation of fire alarm system and Public Address System at Akashvani Bhavan, New Delhi

Sub-standard fire detectors were used and recovery was not made for a long time. Similarly, defective smoke detectors were allowed to be used thus extending undue benefit to the contractor.

The Commission advised major penalty proceedings against Superintending Engineer, Executive Engineer and others.

ANNEXURE – V
(Para 3.7.1)

**DETAILS OF REPORTS ISSUED UPTO 31.12.96 ON WHICH REPLIES ARE
AWAITED FOR A YEAR OR MORE AS ON 31.12.97**

SLNO.	ORGANISATION	DATE OF ISSUE OF REPORT
1.	AIRPORTS AUTHORITY OF INDIA(IAD)	18.7.90
2.	DELHI DEVELOPMENT AUTHORITY	15.6.93
3.	GOVT. OF NCT DELHI (IRRIGATION & FLOOD CONTROL)	22.12.93
4.	METRO RAILWAY – CALCUTTA	25.10.96
5.	NORTHERN RAILWAYS	19.4.96 19.4.96

ANNEXURE-VI
(Para 3.7.2)

**LIST OF ORGANISATIONS WHICH HAVE TEN OR MORE VIGILANCE
CASES PENDING FOR INVESTIGATION**

S.NO.	NAME OF ORGANISATION	NUMBER OF PENDING CASES
1.	AIRPORTS AUTHORITY OF INDIA (IAD)	25
2.	CENTRAL PUBLIC WORKS DEPARTMENT	41
3.	DELHI DEVELOPMENT AUTHORITY	50
4.	DELHI WATER SUPPLY & SEWAGE DISPOSAL UNDERTAKING (MCD)	10
5.	DEPTT. OF TELECOMMUNICATIONS	15
6.	GOVT. OF NCT DELHI (FLOOD CONTROL DIVISION)	10
7.	MINISTRY OF INFORMATION & BROADCASTING	12
8.	MINISTRY OF RAILWAYS	10
9.	MUNICIPAL CORPORATION OF DELHI	20
10.	NATIONAL THERMAL POWER CORPORATION	13
11.	NEW DELHI MUNICIPAL COUNCIL	10

ANNEXURE –VII

(Para 3.7.3)

**LIST OF SOME MAJOR ORGANISATIONS WHICH DID NOT SEND ANY
QUARTERLY PROGRESS REPORTS DURING 1997.**

S.NO	NAME OF ORGANISATION
1.	ALLAHABAD BANK
2.	BETWA RIVER BOARD
3.	BENARAS HINDU UNIVERSITY
4.	CENTRAL PUBLIC WORKS DEPARTMENT - CE (SZ-III)
5.	DAMAN & DIU ADMINISTRATION
6.	DELHI VIDYUT BOARD
7.	INDIAN INSTITUTE OF TECHNOLOGY, MADRAS
8.	INDIAN INSTITUTE OF TECHNOLOGY, MUMBAI
9.	INDIAN BANK
10.	INDIAN COUNCIL OF AGRICULTURAL RESEARCH
11.	KENDRIYA VIDYALAYA SANGATHAN
12.	NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION
13.	NATIONAL INSURANCE CO. LTD.
14.	NEW INDIA ASSURANCE CO.LTD.
15.	STATE BANK OF MYSORE
16.	STATE BANK OF TRAVANCORE
17.	SOUTH EASTERN RAILWAYS

ANNEXURE -VIII
(Para 6.2)

**LIST OF ORGANISATIONS WHO ARE YET TO SUBMIT REPORTS ON
COMPLAINTS FORWARDED BY THE COMMISSION**

SL. NO.	NAME OF THE ORGANISATION	COMPLAINTS PENDING WITH CVO FOR INVESTIGATION		
		UPTO ONE YEAR	BETWEEN 1-3 YEARS	MORE THAN 3 YEARS
1	AIRPORTS AUTHORITY OF INDIA	0	3	4
2	ALL INDIA INSTITUTE OF MEDICAL SCIENCES	1	0	1
3	ANDAMAN & NICOBAR ADMN.	0	0	17
4	ANDREW YULE & CO.	0	0	1
5	BANK OF BARODA	0	1	0
6	BANK OF INDIA	0	0	1
7	BHARAT PROCESS & MECH. ENGINEERING LTD.	0	0	1
8	BHARAT PUMPS & COMPRESSORS LTD.	1	0	0
9	BHARAT ALUMINIUM CO. LTD.	0	0	3
10	BHARAT COKING COAL LTD.	0	0	4
11	BHARAT HEAVY ELECTRICALS LIMITED	3	0	5
12	BHARAT PETROLEUM CORPN. LTD.	2	0	0
13	BRAITH WAITE & CO. LTD.	0	0	1
14	BRIDGE & ROOF CO. LTD.	0	0	7
15	BURN STANDARD CO. LTD.	0	0	1
16	C.A.P.A.R.T.	0	0	1
17	C.C. R. H.	0	1	5
18	C.M.P.D.I.L.	0	0	1
19	CABINET SECRETARIAT	0	0	2
20	CALCUTTA PORT TRUST	0	1	0
21	CANARA BANK	1	0	1
22	CEMENT CORPORATION OF INDIA	0	0	2
23	CENTRAL BOARD OF DIRECT TAXES	14	5	6
24	CENTRAL BOARD OF EXCISE & CUSTOMS	11	3	22
25	CENTRAL BOARD OF SECONDARY EDUCATION	1	0	1
26	CENTRAL COTTAGE INDUSTRIES CORPN.	0	0	2
27	CENTRAL INST. OF ENG. & FORGN. LANGUAGES	0	0	1
28	CENTRAL PUBLIC WORKS DEPARTMENT	3	3	12
29	CENTRAL WAREHOUSING CORPORATION	2	0	8
30	CENTRAL WATER COMMISSION	0	0	1
31	CHANDIGARH ADMN.	0	0	3
32	COAL INDIA LTD.	0	2	2
33	COMPTROLLER & AUDITOR GENERAL OF INDIA	0	1	1
34	CONTROLLER GENERAL OF DEFENCE ACCOUNTS	0	0	1
35	COUNCIL OF SCIENTIFIC & IND. RESEARCH	4	2	9
36	CYCLE CORPORATION OF INDIA	0	0	1
37	D/O INDUSTRIAL POLICY & PROMOTION	4	1	9
38	D/O ANIMAL HUSBANDRY & DAIRYING	0	0	6
39	D/O ATOMIC ENERGY	0	1	2
40	D/O CHEMICALS & PETROCHEMICALS	1	1	1
41	D/O CIVIL AVIATION	4	3	2
42	D/O CIVIL SUPPLIES	2	0	6
43	D/O COMPANY AFFAIRS	0	0	1
44	D/O CULTURE	1	2	22
45	D/O DEFENCE PRODUCTION & SUPPLIES	0	0	3

46	D/O EDUCATION	6	3	2
47	D/O ELECTRONICS	0	2	5
48	D/O FERTILIZERS	0	3	2
49	D/O FOOD	1	3	2
50	D/O HEAVY INDUSTRY	4	1	24
51	D/O PERSONNEL & TRAINING	0	1	3
52	D/O POSTS	0	21	36
53	D/O RURAL DEVELOPMENT	0	0	2
54	D/O SCIENCE & TECHNOLOGY	0	2	9
55	D/O SUPPLY	0	0	6
56	D/O TELECOMMUNICATIONS	12	33	95
57	D/O TOURISM	0	1	1
58	D/O WOMEN & CHILD DEVELOPMENT	0	1	2
59	DADRA & NAGAR HAVELI ADMN.	0	1	0
60	DAMAN & DIU ADMN.	0	0	14
61	DAMODAR VALLEY CORPORATION	0	1	0
62	DELHI DEVELOPMENT AUTHORITY	8	5	20
63	DELHI STATE INDUSTRIAL DEV. CORPN.	1	0	0
64	DELHI TRANSPORT CORPORATION	1	0	0
65	DELHI VIDYUT BOARD	5	2	14
66	EASTERN COALFIELDS LTD.	0	0	2
67	ELECTRONICS CORPORATION OF INDIA	0	0	2
68	EMPLOYEES PROVIDENT FUND ORGN.	1	0	5
69	EMPLOYEES STATE INSURANCE CORPN.	0	0	5
70	ENGINEERS INDIA LTD.	0	0	1
71	EXPORT INSPECTION COUNCIL OF INDIA	0	0	1
72	GENERAL INSURANCE CORPN. LTD.	0	0	3
73	GOVERNMENT OF PONDICHERRY	0	0	1
74	GOVT. OF NCT DELHI	17	7	29
75	HINDUSTAN AERONAUTICS LTD.	0	0	3
76	HINDUSTAN CABLES LTD.	0	0	1
77	HINDUSTAN PAPER CORPN. LTD.	0	0	5
78	HINDUSTAN PETROLEUM CORPN. LTD.	0	0	1
79	HINDUSTAN PHOTO FILMS MFG. CO. LTD.	0	0	3
80	HINDUSTAN SALTS LTD.	0	0	1
81	HINDUSTAN STEEL WORKS CONSTN. LTD.	0	0	1
82	HINDUSTAN ZINC LTD.	1	0	2
83	HMT LTD.	0	0	1
84	HUDCO	2	0	0
85	I.B.P. CO. LTD.	0	1	2
86	I.C.A.R.	2	2	8
87	I.F.F.C.O.	4	0	1
88	I.I.T., KHARAGPUR	0	0	1
89	I.I.T., DELHI	0	0	1
90	I.I.T., MADRAS	0	0	1
91	INDIA TOURISM DEVELOPMENT CORPN.	0	0	1
92	INDIA TRADE PROMOTION ORGANISATION	0	1	0
93	INDIAN AIRLINES	0	1	3
94	INDIAN COUNCIL OF MEDICAL RESEARCH	1	1	1
95	INDIAN DRUGS & PHARMACEUTICALS LTD.	0	0	1
96	INDIAN OIL CORPORATION	1	0	2
97	INDIAN PETRO CHEMICALS CORPN. LTD.	1	1	1
98	INDIAN SCHOOL OF MINES	0	0	1
99	INSTRUMENTATION LTD.	0	0	1
100	KANDLA PORT TRUST	0	0	1
101	KENDRIYA VIDYALAYA SANGATHAN	2	0	16
102	KHADI & VILLAGE INDUSTRIES COMMISSION	1	0	1
103	LAKSHADWEEP ADMN.	1	0	0

104	LIFE INSURANCE CORPORATION	0	1	0
105	MMTC LTD.	0	0	1
106	M/O AGRICULTURE & COOPERATION	7	1	10
107	M/O COAL	1	4	6
108	M/O COMMERCE	0	1	13
109	M/O DEFENCE	0	0	40
110	M/O ENVIRONMENT & FORESTS	2	1	7
111	M/O EXTERNAL AFFAIRS	2	1	4
112	M/O FINANCE	7	2	3
113	M/O FOOD PROCESSING INDUSTRIES	0	0	1
114	M/O HEALTH & FAMILY WELFARE	22	2	27
115	M/O HOME AFFAIRS	0	2	4
116	M/O INFORMATION & BROADCASTING	4	7	22
117	M/O LABOUR	7	6	4
118	M/O MINES	0	0	8
119	M/O PETROLEUM & NATURAL GAS	0	2	1
120	M/O POWER	0	0	10
121	M/O RAILWAYS	14	49	23
122	M/O STEEL	0	2	2
123	M/O SURFACE TRANSPORT	1	5	9
124	M/O TEXTILES	0	2	11
125	M/O URBAN AFFAIRS & EMPLOYMENT	8	2	2
126	M/O WATER RESOURCES	0	0	1
127	M/O WELFARE	4	2	8
128	MAZAGON DOCK LTD.	0	0	1
129	MUNICIPAL CORPORATION OF DELHI	33	2	8
130	NATIONAL ALUMINIUM CO. LTD.	0	0	1
131	NATIONAL BUILDING CONSTN. CORPN.	1	0	0
132	NATIONAL HYDROELECTRIC POWER CORPN.	0	0	2
133	NATIONAL INSURANCE CO. LTD.	1	2	14
134	NATIONAL MINERAL DEV. CORPN.	0	0	2
135	NATIONAL PROJECTS CONST. CORPN. LTD.	3	0	1
136	NATIONAL SEEDS CORPORATION	0	1	1
137	NATIONAL SMALL SCALE INDUSTRIES CORPN.	0	0	2
138	NATIONAL TEXTILE CORPORATION	1	0	0
139	NATIONAL THERMAL POWER CORPN. LTD.	1	2	5
140	NAVODAYA VIDYALAYA SAMITI	0	0	3
141	NEW DELHI MUNICIPAL COUNCIL	5	3	4
142	NEW INDIA ASSURANCE CO. LTD.	1	2	5
143	NEW MANGALORE PORT TRUST	0	0	1
144	NEYVELI LIGNITE CORPORATION LTD.	0	1	0
145	NUCLEAR POWER CORPORATION	0	1	0
146	OIL & NATURAL GAS CORPORATION	1	1	3
147	ORIENTAL INSURANCE CO. LTD.	1	0	2
148	PARADEEP PHOSPHATES LTD.	0	0	3
149	PARADEEP PORT TRUST	0	1	4
150	POWER GRID CORPN. OF INDIA LTD.	0	1	0
151	PRESIDENT SECRETARIAT	0	0	1
152	PUNJAB & SIND BANK	0	0	1
153	PUNJAB NATIONAL BANK	1	2	2
154	RASHTRIYA CHEMICALS & FERTILIZERS LTD.	0	1	0
155	SOUTHEASTERN COALFIELDS LTD.	0	1	2
156	SPORTS AUTHORITY OF INDIA	0	1	0
157	STATE BANK OF INDIA	2	2	2
158	STATE BANK OF PATIALA	0	3	0
159	STATE TRADING CORPORATION	0	0	4
160	STEEL AUTHORITY OF INDIA LTD.	0	1	7
161	SUPER BAZAR	3	0	0

162	TANNERY & FOOTWEAR CORPORATION	1	0	1
163	TOBACCO BOARD	0	0	3
164	TRIVENI STRUCTURALS LTD.	0	1	1
165	UCO BANK	0	0	2
166	UNITED INDIA INSURANCE CO. LTD.	1	1	6
167	VISAKHAPATNAM PORT TRUST	0	1	6
168	VISAKHAPATNAM STEEL PLANT	1	0	0
169	WESTERN COALFIELDS LTD.	0	1	0
	TOTAL	263	248	844

CENTRAL BUREAU OF INVESTIGATION

2

3

4

ANNEXURE - IX
(Para 6.3.2)

**LIST OF ORGANISATIONS WHO ARE YET TO APPROACH THE
COMMISSION FOR NOMINATION OF CDIs FOR APPOINTMENT AS INQUIRY
OFFICER - CASES PENDING FOR MORE THAN SIX MONTHS**

SL. NO.	NAME OF THE ORGANISATION	NO. OF CASES
1	AIRPORTS AUTHORITY OF INDIA	2
2	BANK OF MAHARASHTRA	1
3	BHARAT PETROLEUM CORPN. LTD.	1
4	CALCUTTA PORT TRUST	1
5	CENTRAL BOARD OF DIRECT TAXES	9
6	CENTRAL BOARD OF EXCISE & CUSTOMS	25
7	CENTRAL BUREAU OF INVESTIGATION	1
8	CENTRAL PUBLIC WORKS DEPARTMENT	2
9	COAL INDIA LTD.	1
10	D/O AGRICULTURE AND COOPERATION	1
11	D/O CHEMICALS & PETROCHEMICALS	1
12	D/O CIVIL AVIATION	1
13	D/O FOOD	1
14	D/O POSTS	1
15	D/O TELECOMMUNICATIONS	3
16	D/O TOURISM	1
17	DAMODAR VALLEY CORPORATION	1
18	DELHI DEVELOPMENT AUTHORITY.	12
19	DELHI TRANSPORT CORPORATION	1
20	DELHI VIDYUT BOARD	9
21	EMPLOYEES PROVIDENT FUND ORGANISATION	1
22	EMPLOYEES STATE INSURANCE CORPN.	1
23	GOVT. OF NCT DELHI	11
24	HINDUSTAN STEEL WORKS CONST. LTD.	1
25	INDIAN AIRLINES	1
26	INDIAN COUNCIL OF AGRICULTURAL RESEARCH	1
27	K.R.I.B.H.C.O.	1
28	KENDRIYA VIDYALAYA SANGATHAN	1

SL. NO.	NAME OF THE ORGANISATION	NO. OF CASES
29	M/O INFORMATION & BROADCASTING	1
30	M/O COMMERCE	1
31	M/O DEFENCE	1
32	M/O ENVIRONMENT & FORESTS	1
33	M/O EXTERNAL AFFAIRS	1
34	M/O FOOD PROCESSING INDUSTRIES	1
35	M/O HEALTH AND FAMILY WELFARE	6
36	M/O LABOUR	1
37	M/O MINES	1
38	M/O POWER	1
39	M/O RAILWAYS	8
40	M/O SURFACE TRANSPORT	6
41	M/O URBAN AFFAIRS AND EMPLOYMENT	2
42	M/O WATER RESOURCES	2
43	M/O WELFARE	1
44	MUNICIPAL CORPORATION OF DELHI	3
45	NATIONAL INSURANCE CO. LTD.	3
46	NAVODAYA VIDYALAYA SAMITI	1
47	NEW DELHI MUNICIPAL COUNCIL.	3
48	NEW INDIA ASSURANCE CO. LTD.	7
49	OIL & NATURAL GAS CORPORATION	2
50	ORIENTAL INSURANCE CO. LTD.	2
51	PUNJAB & SIND BANK	1
52	PUNJAB NATIONAL BANK	1
53	STATE BANK OF INDIA	4
54	UNITED INDIA INSURANCE CO. LTD.	2
55	VISAKHAPATNAM PORT TRUST	1
	TOTAL	157

ANNEXURE-X
(Para 6.3.3)

LIST OF ORGANISATIONS YET TO APPOINT CDIs NOMINATED BY THE COMMISSION

SL NO.	NAME OF ORGANISATION	NO. OF NOMINATIONS PENDING	
		> 3 M BUT < A YEAR	> A YEAR
1	ANDHRA BANK	1	0
2	BANK OF MAHARASHTRA	2	0
3	CENTRAL BANK OF INDIA	1	0
4	CENTRAL BOARD OF DIRECT TAXES	5	0
5	CENTRAL BOARD OF EXCISE & CUSTOMS	6	1
6	CENTRAL INDUSTRIAL SECURITY FORCE	0	1
7	D/O NON-CONVENTIONAL ENERGY SOURCES	0	1
8	D/O TELECOMMUNICATIONS	4	1
9	DELHI DEVELOPMENT AUTHORITY	2	1
10	GOVT. OF NCT DELHI	2	0
11	INDIAN OVERSEAS BANK	2	0
12	M/O HEALTH & FAMILY WELFARE	1	1
13	M/O RAILWAYS	3	1
14	MUNICIPAL CORPORATION OF DELHI	1	1
15	NATIONAL THERMAL POWER CORPORATION	1	1
16	NEW INDIA ASSURANCE CO.LTD.	1	0
17	PUNJAB & SIND BANK	1	0
18	PUNJAB NATIONAL BANK	1	1
19	STATE BANK OF INDIA	1	0
20	STATE BANK OF INDORE	1	0
21	STATE BANK OF PATIALA	1	0
22	SYNDICATE BANK	0	1
23	UCO BANK	1	0
24	VIJAYA BANK	1	0
25	VISAKHAPATNAM PORT TRUST	1	0
	TOTAL	40	11

ANNEXURE - XI
(Para 6.4)

**ORGANISATION-WISE LIST OF CASES IN WHICH COMMISSION
HAS NOT RECEIVED INFORMATION ABOUT IMPLEMENTATION
OF ITS ADVICE**

SL. NO	NAME OF ORGANISATION	NO.OF CASES PENDING IMPLEMENTATION OF CVC'S ADVICE FOR MORE THAN SIX MONTHS	
		FIRST STAGE ADVICE	SECOND STAGE ADVICE
1	AIRPORTS AUTHORITY OF INDIA	3	0
2	ALL INDIA INSTITUTE OF MEDICAL SCIENCES	1	0
3	ALLAHABAD BANK	20	17
4	ANDAMAN & NICOBAR ADMINISTRATION	6	0
5	ANDHRA BANK	9	35
6	BANK OF BARODA	72	46
7	BANK OF INDIA	63	44
8	BANK OF MAHARASHTRA	37	6
9	BHARAT ALUMINIUM CO. LTD.	1	0
10	BHARAT BRAKES & VALVES LTD.	0	1
11	BHARAT COKING COAL LTD.	2	0
12	BHARAT DYNAMICS LTD.	2	0
13	BHARAT EARTH MOVERS LTD.	1	0
14	BHARAT HEAVY ELECTRICALS LTD.	1	0
15	BHARAT WAGON & ENGG. CO. LTD.	1	0
16	BHAKRA BEAS MANAGEMENT BOARD	1	0
17	BORDER ROADS DEVELOPMENT BOARD	5	4
18	BRAITH WAITE & CO. LTD.	0	1
19	BUREAU OF INDIAN STANDARDS	2	0
20	C.A.P.A.R.T.	1	0
21	C.C.R.H.	1	0
22	C.I.W.T.C.	3	0
23	CABINET SECRETARIAT	4	5
24	CALCUTTA PORT TRUST	6	0
25	CANARA BANK	27	14
26	CENTRAL BANK OF INDIA	21	30
27	CENTRAL BOARD OF DIRECT TAXES	16	14
28	CENTRAL BOARD OF EXCISE & CUSTOMS	41	41
29	C.B.I.	0	3
30	C.I.S.F.	0	1
31	CENTRAL INSTITUTE OF TOOL DESIGN	1	0
32	C.P.W.D.	6	3
33	CENTRAL WAREHOUSING CORPN.	3	0
34	CHANDIGARH ADMINISTRATION	13	0
35	COAL INDIA LTD.	9	0
36	COCHIN REFINERIES LTD.	1	0
37	COFFEE BOARD	1	0
38	C & A.G. OF INDIA	6	2
39	CONTROLLER GENERAL OF DEFENCE ACCOUNTS	5	6
40	CORPORATION BANK	1	2
41	C.S.I.R.	12	6
42	D/O AGRICULTURE & COOPERATION	4	0
43	D/O ANIMAL HUSBANDRY & DAIRYING	2	2

SL. NO	NAME OF ORGANISATION	NO. OF CASES PENDING IMPLEMENTATION OF CVC'S ADVICE FOR MORE THAN SIX MONTHS	
		FIRST STAGE ADVICE	SECOND STAGE ADVICE
44	D/O ATOMIC ENERGY	9	5
45	D/O CIVIL AVIATION	1	0
46	D/O CIVIL SUPPLIES	0	1
47	D/O COMPANY AFFAIRS	2	1
48	D/O CULTURE	2	1
49	D/O ELECTRONICS	1	2
50	D/O HEAVY INDUSTRY	5	1
51	D/O INDUSTRIAL POLICY & PROMOTION	4	6
52	D/O OF EDUCATION	0	2
53	D/O OF FERTILIZERS	2	3
54	D/O OF FOOD	3	0
55	D/O PERSONNEL & TRAINING	6	2
56	D/O POSTS	17	7
57	D/O SCIENCE & TECHNOLOGY	9	3
58	D/O SMALL SCALE IND.&AGRO. & RURAL IND.	1	1
59	D/O SPACE	3	1
60	D/O SUPPLY	3	1
61	D/O TELECOMMUNICATIONS	79	33
62	D/O WOMEN & CHILD DEVELOPMENT	0	1
63	D/O YOUTH AFFAIRS & SPORTS	2	4
64	DADRA & NAGAR HAVELI ADMINISTRATION	5	1
65	DAMAN & DIU ADMINISTRATION	16	13
66	DAMODAR VALLEY CORPN.	1	0
67	DELHI DEVELOPMENT AUTHORITY	50	15
68	DELHI VIDYUT BOARD	80	41
69	DENA BANK	4	8
70	EASTERN COALFIELDS LTD.	0	2
71	EMPLOYEES PROVIDENT FUND ORGANISATION	5	0
72	EMPLOYEES STATE INSURANCE CORPN.	4	0
73	EXPORT INSPECTION COUNCIL OF INDIA	2	2
74	FERTILIZERS CORPORATION OF INDIA	0	2
75	FOOD CORPORATION OF INDIA	2	0
76	GAS AUTHORITY OF INDIA LTD.	1	0
77	GENERAL INSURANCE CORPN.	0	1
78	GOVT. OF N.C.T., DELHI	25	27
79	GOVT. OF PONDICHERRY	11	7
80	H.U.D.C.O.	1	0
81	HINDUSTAN CABLES LTD.	2	0
82	HINDUSTAN INSECTICIDES LTD.	1	0
83	HINDUSTAN PAPER CORPN.	1	1
84	HINDUSTAN SALTS LTD.	0	1
85	HINDUSTAN STEEL WORKS CONSTN. LTD.	5	1
86	HINDUSTAN ZINC LTD.	1	0
87	HOTEL CORPN. OF INDIA	1	0
88	I.D.P.L.	0	1
89	I.H.M.C&N, CHENNAI	0	1
90	ITI LTD.	1	2
91	IBP CO. LTD.	1	0
92	INDIA TOURISM DEVELOPMENT CORPN.	2	0
93	INDIAN AIRLINES	1	0
94	INDIAN BANK	36	24
95	I.C.A.R.	12	3

SL. NO	NAME OF ORGANISATION	NO.OF CASES PENDING IMPLEMENTATION OF CVC'S ADVICE FOR MORE THAN SIX MONTHS	
		FIRST STAGE ADVICE	SECOND STAGE ADVICE
96	I.C.M.R.	1	0
97	INDIAN OIL CORPN.	3	0
98	INDIAN OVERSEAS BANK	30	15
99	KENDRIYA VIDYALAYA SANGTHAN	8	3
100	KHADI & VILLAGE INDUSTRIES COMMISSION	1	1
101	KUDREMUKH IRON ORE CO. LTD.	1	0
102	LAKSHADWEEP ADMINISTRATION	0	4
103	LIFE INSURANCE CORPORATION	11	2
104	MMTC LTD.	2	0
105	MSTC LTD	1	0
106	M/O COAL	4	0
107	M/O COMMERCE	21	6
108	M/O DEFENCE	24	14
109	M/O EXTERNAL AFFAIRS	13	8
110	M/O ENVIRONMENT & FORESTS	10	9
111	M/O FINANCE	0	1
112	M/O FOOD PROCESSING INDUSTRIES	7	1
113	M/O HEALTH & FAMILY WELFARE	26	8
114	M/O HOME AFFAIRS	21	16
115	M/O INFORMATION & BROADCASTING	23	5
116	M/O LABOUR	4	4
117	M/O MINES	5	2
118	M/O PARLIAMENTARY AFFAIRS	1	0
119	M/O PETROLEUM & NATURAL GAS	3	1
120	M/O POWER	4	2
121	M/O RAILWAYS	266	199
122	M/O STEEL	1	0
123	M/O SURFACE TRANSPORT	27	5
124	M/O TEXTILES	5	7
125	M/O URBAN AFFAIRS & EMPLOYMENT	8	4
126	M/O WATER RESOURCES	10	1
127	M/O WELFARE	3	0
128	MADRAS REFINERIES LTD.	1	0
129	MINING ALLIED & MACHINERY CORPN. LTD.	0	1
130	MORMUGAO PORT TURST	1	0
131	MUMBAI PORT TRUST	5	2
132	MUNICIPAL CORPORATION OF DELHI	19	6
133	N.I.M.H.A.S.	0	1
134	NATIONAL BOARD OF EXAMINATIONS	1	0
135	NATIONAL BUILDING CONSTRUCTION CORPN.	1	1
136	NATIONAL COOP.CONSUMERS FEDERATION	0	1
137	NATIONAL INDUSTRIAL DEV.CORPN. LTD.	1	0
138	NATIONAL INSURANCE COMPANY LTD.	4	1
139	NATIONAL TEXTILE CORPORATION	2	0
140	NATIONAL THERMAL POWER CORPORATION	3	1
141	NAVODAYA VIDYALAYA SAMITI	1	1
142	NEW DELHI MUNICIPAL COUNCIL	4	2
143	NEW INDIA ASSURANCE COMPANY LTD.	11	0
144	NUCLEAR POWER CORPORATION	2	0
145	OIL & NATURAL GAS CORPORATION	14	0
146	ORIENTAL BANK OF COMMERCE	3	1
147	ORIENTAL INSURANCE COMPANY LTD.	12	0

SL. NO	NAME OF ORGANISATION	NO. OF CASES PENDING IMPLEMENTATION OF CVC'S ADVICE FOR MORE THAN SIX MONTHS	
		FIRST STAGE ADVICE	SECOND STAGE ADVICE
148	PARADEEP PORT TRUST	1	1
149	POWER GRID CORPORATION OF INDIA LTD.	3	0
150	PRESIDENT SECRETARIAT	2	0
151	PROJECT & DEVELOPMENT INDIA LTD.	1	0
152	PUNJAB & SIND BANK	15	23
153	PUNJAB NATIONAL BANK	38	69
154	RASHTRIYA ISPAT NIGAM LTD.	1	0
155	RASHTRIYA SANSKRIT SANSTHAN	1	1
156	RESERVE BANK OF INDIA	3	4
157	SCOOTERS INDIA LTD.	1	0
158	SHIPPING CORPORATION OF INDIA	2	0
159	SMALL INDUSTRIES SERVICES INSTITUTE.	0	1
160	STATE BANK OF HYDERABAD	8	4
161	STATE BANK OF BIKANER & JAIPUR	4	9
162	STATE BANK OF INDIA	179	73
163	STATE BANK OF INDORE	4	1
164	STATE BANK OF MYSORE	9	3
165	STATE BANK OF PATIALA	4	10
166	STATE BANK OF SAURASHTRA	2	3
167	STATE BANK OF TRAVANCORE	1	5
168	STEEL AUTHORITY OF INDIA LTD.	6	0
169	SYNDICATE BANK	12	7
170	TEA TRADING CORPORATION	0	1
171	TOBACCO BOARD	1	0
172	TUTICORIN PORT TRUST	1	0
173	UCO BANK	32	56
174	UNION BANK OF INDIA	71	27
175	UNITED BANK OF INDIA	20	15
176	UNITED INDIA INSURANCE CO. LTD.	4	2
177	VIJAYA BANK	83	38
178	VISAKHAPATNAM PORT TRUST	5	2
179	WESTERN COALFIELDS LTD.	1	0
	TOTAL	1975	1202

ANNEXURE -XII

(Para 7.8.1)

LIST OF ORGANISATIONS WHICH HAVE NOT FURNISHED
QUARTERLY STATISTICAL RETURNS FOR ANY QUARTER
DURING THE YEAR 1997

1. ALL INDIA INSTITUTE OF MEDICAL SCIENCES
2. ANDAMAN & NICOBAR ADMN.
3. ASSAM RIFLES
4. BENGAL IMMUNITY LTD.
5. BORDER SECURITY FORCE
6. C.B.I.
7. CENTRAL COTTAGE INDUSTRIES CORPN. OF INDIA LTD.
8. CENTRAL COUNCIL FOR RES. IN AYURVEDA & SIDHA
9. CENTRAL INDUSTRIAL SECURITY FORCE
10. COAL CONTROLLER ORGANISATION
11. CONTAINER CORPORATION OF INDIA
12. COUNCIL OF SCIENTIFIC & INDUSTRIAL RESEARCH
13. CYCLE CORPORATION OF INDIA LTD.
14. D/O ANIMAL HUSBANDRY & DAIRYING
15. D/O BIO-TECHNOLOGY
16. D/O CHEMICALS & PETROCHEMICALS
17. D/O CIVIL SUPPLIES
18. D/O COMPANY AFFAIRS
19. D/O CULTURE
20. D/O EXPENDITURE
21. D/O HEAVY INDUSTRY
22. D/O LEGAL AFFAIRS & LEGISLATIVE DEPARTMENT
23. D/O PUBLIC ENTERPRISES
24. D/O REVENUE
25. D/O RURAL DEVELOPMENT
26. D/O SCIENTIFIC & INDUSTRIAL RESEARCH
27. D/O WOMEN & CHILD DEVELOPMENT
28. D/O YOUTH AFFAIRS & SPORTS
29. DADRA & NAGAR HAVELI ADMN.
30. DAMAN & DIU ADMN.
31. DELHI URBAN ART COMMISSION
32. HINDUSTAN LATEX LTD.
33. I.I.M., LUCKNOW
34. I.I.M., BANGALORE
35. I.I.M., CALCUTTA
36. I.I.T., MUMBAI
37. INDIRA GANDHI RASHTRIYA MANAV SANGRAHALAYA
38. INDO-TIBETAN BORDER POLICE
39. INTELLIGENCE BUREAU
40. INTERNATIONAL INSTT. FOR POPULATION SCIENCES
41. JUTE CORPORATION OF INDIA
42. KANDLA PORT TRUST

43. LAGAN JUTE MACHINERY CO. LTD.
44. LAKSHADWEEP ADMN.
45. M/O ENVIRONMENT AND FORESTS
46. M/O EXTERNAL AFFAIRS
47. M/O INFORMATION & BROADCASTING
48. M/O LABOUR
49. M/O NON-CONVENTIONAL ENERGY SOURCES
50. M/O PERSONNEL, P.G. & PENSIONS
51. M/O PETROLEUM & NATURAL GAS
52. M/O POWER
53. M/O SURFACE TRANSPORT
54. NATIONAL BOOK TRUST, INDIA
55. NATIONAL CENTRE OF FILMS FOR CHILDREN & YOUNG PEOPLE
56. NATIONAL COUNCIL FOR SAFETY IN MINES
57. NATIONAL FED. OF FISHERMEN'S COOP. LTD.
58. NATIONAL FILM DEV. CORPN.LTD.
59. NATIONAL HOUSING BANK
60. NATIONAL POWER TRAINING INSTT.
61. NATIONAL RESEARCH DEV.CORPN. OF INDIA LTD.
62. NATIONAL SECURITY GUARD
63. NAVODAYA VIDYALAYA SAMITI
64. O/o THE DEV. COMMISSIONER FOR IRON & STEEL
65. P.G.INSTT.OF MEDICAL EDUCATION & RESEARCH, CHANDIGARH
66. PHARMACY COUNCIL OF INDIA
67. PHYSICAL RESEARCH LABORATORY
68. PMS OFFICE
69. RASHTRIYA MANAV SANGRAHALAYA
70. REGIONAL COMPUTER CENTRE, CALCUTTA
71. REHABILITATION INDUSTRIES CORPN. LTD.
72. REPATRIATES COOP. FINANCE & DEV. BANK LTD.
73. RECHARDSON & CRUDASS(1972) LTD.
74. SCHOOL OF PLANNING & ARCHITECTURE
75. SPORTS AUTHORITY OF INDIA
76. STAFF SELECTION COMMISSION
77. TANNERY & FOOTWEAR CORPN. OF INDIA LTD.
78. TATA MEMORIAL CENTRE
79. TECHNICAL TEACHERS TRG. INSTT., CALCUTTA
80. TECHNICAL TEACHERS TRG. INSTT., MADRAS
81. TEXTILES COMMITTEE
82. TOBACCO BOARD
83. TUTICORIN PORT TURST.

ANNEXURE -XIII:
(Para 7.9.1)

PERFORMANCE OF CHIEF VIGILANCE OFFICERS DURING THE PERIOD 01-01-1997 TO 31-12-1997

(1) Col. 2 indicates the ministry including departments & public sector undertakings attached to it, except when such departments/public undertakings are indicated separately.

(2) F.D. = For Disposal; (3) D = Disposed off; (4) Inv. = Investigation; (5) Inq. = Inquiry; (6) Rpt. = Report

S.NO	DEPARTMENT	NO OF COMP. AGAINST ALL CATEGORIES		CASES INVOLVING GAZ. & EQUIVALENT OFFICERS								OTHER OFFICERS			
				UNDER INV.		INV. RPT.		UNDER ORAL INQUIRY		ACTION AFTER PROCEEDINGS		UNDER INV. & FOR ACTION ON INV. REPORT		UNDER ORAL INQ. & FOR ACTION ON PROCEEDINGS	
		F.D.	D	F.D.	D	F.D.	D	F.D.	D	F.D.	D	F.D.	D	F.D.	D
1	AGRICULTURE	110	51	48	8	10	9	12	3	10	0	83	24	48	28
2	ATOMIC ENERGY	82	48	21	11	11	5	18	4	4	4	89	40	91	37
3	BANKS	3324	3170	875	545	837	580	658	301	1087	721	5945	4564	5472	2943
4	C. & A.S. OF INDIA	3	3	3	3	3	3	0	0	0	0	0	0	0	0
5	CHEM. & PETROCHEM.	181	88	8	0	0	8	1	0	0	0	234	160	58	20
6	CIVIL AVIATION	239	229	9	2	2	2	0	8	0	0	643	463	330	135
7	COAL	1220	985	18	5	11	6	1	0	1	0	996	783	541	256
8	COMMERCE	345	325	19	13	22	18	38	9	10	18	669	542	341	182
9	CUSTOMS & EXCISE	894	538	353	128	167	145	133	43	118	24	632	331	532	265
10	DEFENCE	423	395	236	148	193	172	11	2	24	10	407	334	210	138
11	NCT, DELHI	6898	6427	460	333	386	338	163	119	293	203	5879	4433	6999	5097
12	EXTERNAL AFFAIRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	FERTILIZERS	215	211	3	1	1	1	1	0	0	8	581	300	151	113
14	FINANCE	22	22	0	0	0	0	0	0	0	0	58	40	171	141
15	FOOD	25	25	1	0	0	0	0	0	0	0	95	58	80	38
16	FOOD CORPN. OF INDIA	822	822	0	0	0	8	0	0	0	0	1458	1828	1251	731
17	HEALTH & FAMILY WEL.	7	6	0	0	0	0	0	0	8	8	2	2	40	29
18	HOME AFFAIRS	633	431	280	137	156	87	51	4	17	18	327	222	188	87
19	HUMAN RESOURCE DEV.	18	15	48	13	51	28	22	7	23	12	11	8	15	11
20	I & G	8	0	8	0	0	8	0	8	8	8	8	8	8	0
21	INCOME TAX	1985	1285	308	103	143	180	39	2	78	27	1034	372	187	59
22	INDUSTRIAL DEV.	106	106	44	17	17	18	4	3	7	4	52	40	15	10
23	INSURANCE	944	777	83	49	73	82	28	9	58	33	1888	1523	1548	972
24	LABOUR	335	319	87	35	35	22	10	0	0	0	620	405	471	157
25	MINES	151	129	8	8	4	4	0	0	1	0	271	242	298	220
26	PETROLEUM	839	811	5	4	4	3	0	0	8	0	2377	1488	481	242
27	POSTS	685	438	59	31	90	44	66	7	79	0	631	392	633	488
28	POWER	255	252	8	6	5	5	0	0	1	0	887	488	145	87
29	D/O HEAVY INDUSTRY	577	572	12	3	3	3	1	0	9	0	932	745	332	234
30	RAILWAYS	17072	16498	717	447	489	450	192	68	391	253	23590	22313	11840	7885
31	RURAL DEVELOPMENT	0	0	0	0	0	0	0	0	9	0	0	0	0	8
32	S.A.I.L.	1431	1238	8	0	0	0	0	0	0	0	652	786	648	418
33	SCIENCE & TECHNOLOGY	41	41	24	14	15	15	6	2	9	5	56	48	37	18
34	STEEL	195	195	0	0	0	0	1	1	1	1	423	384	145	99
35	SUPPLY	38	38	81	26	34	28	4	1	10	6	17	18	8	3
36	SURFACE TRANSPORT	804	831	123	63	119	58	16	3	14	7	951	647	821	382
37	TELECOMMUNICATIONS	588	509	175	125	175	113	42	23	78	48	919	608	427	138
38	TOURISM	258	288	2	1	1	1	0	0	0	0	324	258	71	31
39	URBAN AFFAIRS	2176	1224	487	221	407	287	81	15	129	41	1288	355	412	198
40	WATER RESOURCES	43	43	41	22	29	23	1	0	5	3	82	41	30	17
41	MISCELLANEOUS	150	116	132	72	104	68	9	2	12	9	253	120	133	35
	TOTAL	43395	39058	4386	2594	3598	2614	1809	626	2385	1437	55312	44757	33848	21916

ANNEXURE - XIV
(Para 7.9.2)
PENDENCY WITH CHIEF VIGILANCE OFFICERS

(1) Column 2 indicates the Ministry including departments under it and Public undertakings attached to it except when such Departments/Public undertakings are indicated separately.

(2) Inv. = Investigation ; (3) Rpt. = Report ; (4) Inq. = Inquiry ; (5) < = means less than ; (6) > = means more than ; (7) m=months

S.No.	Department	No. of Compl- aints against all categorie		Cases involving Gazetted and equivalent officers								Cases involving other officers			
				Under Inv.		Inv. Rpts.		Under oral Inq.		Action after proceeding		Under Inv. & for action on Inv. Rpt.		Under oral Inq. & for action on proceedings	
		<1m	>1m	<3m	>3m	<3m	>3m	<6m	>6m	<3m	>3m	<3m	>3m	<6m	>6m
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	AGRICULTURE	8	53	2	38	8	1	1	8	2	8	4	35	8	14
2	ATOMIC ENERGY	8	14	8	18	0	8	10	2	8	8	24	25	25	35
3	BANKS	45	109	58	72	59	198	179	378	108	174	418	965	921	1808
4	C. & A.G. OF INDIA	0	8	8	0	0	0	8	0	8	8	8	0	0	8
5	CHEM. & PETROCHEM.	2	11	8	8	8	8	1	8	8	8	19	55	8	24
6	CIVIL AVIATION	2	8	1	8	0	8	8	8	0	8	49	131	58	137
7	COAL	28	215	6	5	1	4	0	1	1	8	72	141	98	195
8	COMMERCE	7	13	5	1	2	2	11	18	0	8	52	75	79	88
9	CUSTOMS & EXCISE	12	152	58	189	10	12	28	82	22	72	88	213	104	143
10	DEFENCE	4	24	22	88	7	14	0	9	8	14	28	47	21	51
11	NCT, DELHI	98	373	48	87	9	39	20	24	9	81	489	1837	417	485
12	EXTERNAL AFFAIRS	0	8	8	0	0	8	0	8	8	8	0	8	8	0
13	FERTILIZERS	3	1	1	1	0	0	1	8	0	8	32	89	17	21
14	FINANCE	0	8	8	0	0	8	0	0	8	8	8	4	23	7
15	FOOD	8	0	8	1	0	0	0	8	8	8	8	33	7	37
16	FOOD CORPN. OF INDIA	0	0	0	8	8	0	0	0	0	8	118	388	261	319
17	HEALTH & FAMILY WEL.	8	2	0	0	8	0	8	8	8	0	8	8	18	1
18	HOME AFFAIRS	8	98	13	58	31	38	35	12	0	1	38	89	32	41
19	HUMAN RESOURCE DEV.	1	2	8	29	8	19	12	3	2	9	0	5	1	3
20	I & B	0	8	0	0	8	8	0	8	0	0	0	0	8	0
21	INCOME TAX	55	845	18	187	14	29	5	32	18	33	49	813	26	188
22	INDUSTRIAL DEV.	0	0	8	19	1	0	0	1	8	3	4	8	8	8
23	INSURANCE	5	182	5	9	2	9	5	14	5	12	109	224	261	313
24	LABOUR	3	13	8	44	5	8	3	7	0	8	71	344	83	231
25	MINES	5	17	8	0	0	8	0	0	0	1	14	15	59	20
26	PETROLEUM	0	28	0	1	8	1	8	8	0	8	254	716	187	112
27	POSTS	15	120	5	23	3	43	23	38	8	71	57	182	78	87
28	POWER	8	3	1	1	1	1	0	0	0	1	85	162	59	19
29	D/D HEAVY INDUSTRY	2	3	5	4	0	0	0	1	8	0	58	131	41	57
30	RAILWAYS	135	439	60	210	18	23	56	70	87	71	815	682	2882	1073
31	RURAL DEVELOPMENT	0	8	0	0	0	0	0	0	8	8	8	8	8	8
32	S.A.I.L.	41	154	0	8	0	0	0	8	0	0	49	17	65	45
33	SCIENCE & TECHNOLOGY	8	0	5	5	9	8	2	4	8	4	4	4	18	11
34	STEEL	8	8	8	8	0	0	8	0	0	8	19	28	21	25
35	SUPPLY	8	0	5	38	8	8	8	3	1	3	1	0	3	8
36	SURFACE TRANSPORT	18	157	22	38	12	49	1	14	0	7	41	83	128	131
37	TELECOMMUNICATIONS	45	12	32	18	39	23	18	3	18	12	152	119	232	57
38	TOURISM	8	0	0	1	0	0	0	0	0	0	21	47	15	25
39	URBAN AFFAIRS	189	843	29	157	55	144	22	44	15	73	219	834	82	134
40	WATER RESOURCES	0	8	2	17	2	4	8	1	1	2	8	15	9	4
41	MISCELLANEOUS	12	22	19	41	3	33	8	7	2	1	21	112	33	85
	GRAND TOTAL	847	3691	432	1348	285	899	431	752	271	857	3222	7323	8838	5898