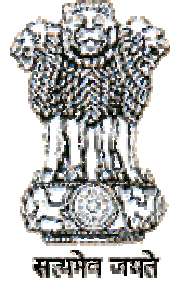




# ANNUAL REPORT

1.1.2001 TO 31.12.2001





# **ANNUAL REPORT**

**1.1.2001 to 31.12.2001**

**CENTRAL VIGILANCE COMMISSION**  
**NEW DELHI**

*The Central Vigilance Commission presents its Thirty-Eighth  
Report relating to the calendar year 2001.*



**(N. VITTAL)**  
**CENTRAL VIGILANCE COMMISSIONER**

*New Delhi  
Dated: 2<sup>nd</sup> September, 2002*

## **ACKNOWLEDGEMENT**

*The Commission is grateful to the Department of Personnel and Training for its assistance.*

*The Commission thanks the Central Bureau of Investigation for its cooperation.*

*The Commission appreciates the prompt and helpful response of all the Chief Vigilance officers.*

## **CONTENTS**

<b>SUBJECT</b>	<b>PAGES</b>
1. Jurisdiction, Role and Functions	1 - 7
2. Advisory Role of the Commission	8 - 18
3. Intensive Examination of Civil and other works/ contracts by Chief Technical Examiners' Organisation	19 - 25
4. Cases of non-acceptance of Commission's advice and non-consultation with Commission	26 - 33
5. Delays and other deficiencies in vigilance matters	34 - 42
6. Chief Vigilance Officers	43 - 51
7. Procedural/System improvements suggested by the Commission	52 - 71
8. Functioning of Delhi Special Police Establishment (Central Bureau of Investigation)	72 - 74
9. A Critical Analysis of the cases referred to the Commission by the Administrative authorities	75 - 124
 <b>ANNEXURES</b>	
I Organisation-wise details of punishments imposed during 2001 in respect of cases where Commission's advice was obtained	126 - 128
II Some examples of prima facie lapses/irregularities detected in the execution of works	129 - 159
III Illustrative list of cases in which lapses/ irregularities noticed by CTEO were referred to CVOs for investigation from vigilance angle	160 - 174
IV Illustrative examples of Commission's first stage advice on CTEO's inspection reports	175 - 178
V Details of reports issued up to 31.12.2000 on which replies are awaited for a year or more as on 31.12.2001	179

VI	List of organisations which have five or more vigilance cases pending for investigation	180
VII	List of some major organisations which did not submit any Quarterly Progress Reports during 2001	181 - 183
VIII	List of organisations who are yet to submit reports on complaints forwarded by the Commission	184 - 188
IX	List of organisations yet to appoint CDIs nominated by the Commission	189 - 190
X	List of organisations who are yet to forward documents to the CDIs for holding inquiries	191
XI	Organisation-wise list of cases in which Commission has not received information about implementation of its advice	192 - 195
XII	List of organisations which have not furnished Statistical Returns for any quarter during the year 2001	196 - 197
XIII	Work done by Chief Vigilance Officers during the period 1.1.2001 to 31.12.2001	198 - 199
XIV	Pendency with Chief Vigilance Officers	200
XV	List of organisations which celebrated Vigilance Awareness Week during the year 2001	201 - 205

## **CHAPTER - 1**

### **1.1 JURISDICTION, ROLE AND FUNCTIONS**

#### **SETTING UP THE COMMISSION AS AN AUTONOMOUS ANTI-CORRUPTION BODY**

1.1.1 The serious concern expressed by Members of Parliament in the Parliamentary debate in June, 1962, on "Growing menace of corruption in administration" led to the formation of a Committee on Prevention of Corruption, popularly known as Santhanam Committee, to review the problem and make suggestions. Among other things, the Santhanam Committee noticed the conspicuous absence of a dynamic integration between the vigilance units in various Ministries and the Administrative Vigilance Division in the Ministry of Home Affairs. The Committee also raised an important issue that the Administration could not be a judge of its own conduct. The Central Vigilance Commission was, therefore, conceptualized as an apex body for exercising general superintendence and control over vigilance matters in administration under Government of India Resolution dated 11.02.1964. 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.

#### **ACCORDING STATUTORY STATUS TO THE COMMISSION**

1.1.2 Consequent upon the directions given by the Supreme Court in the Writ Petition filed in public interest by Shri Vineet Narain and others in Hawala case, the Central Vigilance Commission was given statutory status, through an Ordinance dated 25.08.1998, which was amended on 27.10.1998. The Ordinance, inter-alia, conferred the powers upon the Central Vigilance Commission to exercise superintendence over the functioning of Delhi Special Police Establishment and review the progress of investigations being conducted by them insofar as it pertains to the investigation of offences alleged to have been committed under the Prevention of Corruption Act, 1988. Subsequently, in order to replace the Ordinance, the Government introduced the Central Vigilance Commission Bill, 1998 in Lok Sabha on 7<sup>th</sup> December 1998. The Central Vigilance Commission Ordinance was also re-promulgated on 08.01.1999. The CVC Bill was passed by the Lok Sabha on 15.03.1999 and was pending before the Rajya Sabha. Meanwhile, the CVC Ordinance, 1999, was to expire on 05.04.1999. Therefore, the Central Government resolved, on 04.04.1999, that the Central Vigilance Commission constituted under the Ordinance would continue to discharge its duties and exercise its powers under the Resolution which shall come into operation immediately after the expiry of the Ordinance. The Government, once again, introduced the Central Vigilance Commission Bill, 1999 [Bill No.137 of 1999] in the Lok Sabha on 20<sup>th</sup> December 1999, which was referred to a Joint Committee of both Houses of Parliament. The Joint Committee submitted its report on 22.11.2000. The Commission observed that some of the Committee's

recommendations, if implemented, were likely to result in diluting the efforts being made by the Government to fight corruption, such as (i) adding a proviso under clause 8(1)(g) of the CVC Bill, restricting the Commission to exercise superintendence over the vigilance administration in a manner not consistent with the directions relating to vigilance matters issued by the Government, and to issue directions relating to any policy matters; and (ii) adding Section 6 (A) under Clause 27(c), restricting the CBI to conduct any inquiry or investigation into any offence, under the Prevention of Corruption Act, alleged to have been committed by the employees of the Central Government of the level of Joint Secretary and above and the Central Government appointees in Corporations etc., except with the previous approval of the Central Government. The Commission's observations, as above, are under consideration of the Government. Thus, the Commission continues to discharge its functions under the Government's Resolution dated 04.04.1999 with effect from that date.

**POWERS AND  
FUNCTIONS IN  
TERMS OF  
GOVERNMENT  
RESOLUTION  
DATED 11.02.1964**

1.1.3 Clause 24 of the Central Vigilance Commission Ordinance, 1998, had provided that the Central Vigilance Commission, set up by the Resolution dated 11.02.1964 of the Government of India, shall continue to discharge the functions assigned to it insofar as its functions are not inconsistent with the provisions of the Ordinance. Therefore, the Commission continues to perform the functions assigned to it in terms of Government of India's Resolution dated 11.02.1964, which is as under:-

- (a) to 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) to 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) to 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) to initiate at such intervals, as it considers suitable, review of procedures and practices of administration insofar as



they relate to maintenance of integrity in administration;

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

**ADDITIONAL  
POWERS UNDER  
THE CVC  
ORDINANCE**

1.1.4 In addition to the above functions, the Central Vigilance Commission was empowered, under the CVC's Ordinance to:-

- (a) exercise superintendence over the functioning of the Delhi Special Police Establishment (DSPE) insofar it relates to investigation of offences alleged to have been committed under the Prevention of Corruption Act, 1988;
- (b) review the progress of investigations conducted by the DSPE into offences alleged to have been committed under the PC Act;
- (c) exercise the powers of a civil court trying a suit under the Code of Civil Procedure, 1908, while inquiring, or causing an inquiry or investigation to be made, into any complaint against a public servant, and in particular in respect of the following matters:-
  - (i) summoning and enforcing the attendance of any person from any part of India and examining him on oath;
  - (ii) requiring the discovery and production of any document;
  - (iii) receiving evidence on affidavits;
  - (iv) requisitioning any public record or copy thereof from any court or office;
  - (v) issuing commissions for the examination of witnesses or documents; and
  - (vi) any other matter which may be prescribed.
- (d) head the committees to make recommendations for the appointments to the posts of the Director, CBI and the Director of Enforcement.

**COMMISSION'S  
JURISDICTION**

1.1.5 Though the advisory jurisdiction of the Commission extends to all organisations to which the executive control of the Union extends, yet, for practical reasons, the Commission presently advises only on vigilance cases pertaining to the following categories of employees:-

- (a) Gazetted Central Government officials;
- (b) Two levels below the Board level appointees, and above, 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 a Gazetted Central Government officer.

Nonetheless, the Commission retains its residuary powers to call for any individual case in respect of employees other than those who are within its normal jurisdiction.

**COMMISSION'S  
JURISDICTION IN  
TERMS OF CVC  
ORDINANCE**

1.1.6 As per the CVC Ordinance 1998 and the Central Vigilance Commission Bill, 1999, the Commission can undertake an inquiry or cause an inquiry or investigation to be made into any complaint against any official belonging to the following categories of officials wherein it is alleged that he has committed an offence under the Prevention of Corruption Act, 1988:-

- (a) Group "A" officers of the Central Government
- (b) Such level of officers of the corporations established by or under any Central Act, Government companies, societies and other local authorities, owned or controlled by the Central Government, as that Government may, by notification\* in the Official Gazette, specify in this behalf:

\* Provided that till such time a notification is issued under this clause, all the officers of the said corporations, companies, societies and local authorities shall be the persons referred above.

**RESOLVING  
DIFFERENCE OF  
OPINION  
BETWEEN THE CBI  
AND THE  
ADMINISTRATIVE  
AUTHORITIES**

1.1.7 If there is a difference of opinion between the CBI and the concerned administrative authorities as regards the further course of action to be taken in respect of the employees, who are not within the normal jurisdiction of the Commission, the difference of opinion is resolved by the Commission by tendering appropriate advice.

**RESTRAINTS ON  
THE  
COMMISSION'S  
JURISDICTION**

1.1.8 Under the authority of Government of India's Resolution dated 11.02.1964, the Commission was empowered to undertake an inquiry into any transaction in which a public servant was suspected or alleged to have acted for an improper purpose or in a corrupt manner irrespective of his status. It was only through subsequent administrative instructions that the Commission's jurisdiction was restricted to certain categories of employees for the purposes of its advice. Even in that situation, the Commission could call for a report on any complaint of corruption, misconduct, lack of integrity, misdemeanor, etc. against any public servant irrespective of his status. While the intention of the Supreme Court's judgement in Vineet Narain's case to accord statutory status to CVC appears to strengthen the organisation, the provision in the CVC Bill, restricting its jurisdiction to inquire into or cause an inquiry or investigation to be made into the alleged commission of offences under the PC Act and Cr.PC only, and that too against certain categories of employees, in fact, tantamounts to weakening its authority. Further, the Commission has been given powers to exercise superintendence over the vigilance administration of various Ministries of Central Government, PSUs, societies, autonomous organisation etc. The restriction upon the jurisdiction of the Commission to call for suo moto reports on the complaints will only hamper its functioning. The Government of India should, therefore, reconsider their proposal and authorise the Commission to call for suo moto reports on complaints irrespective of the status of the official named therein.

1.1.9 It was envisaged in the Government of India's Resolution dated 11.02.1964 that the relevant rules under the All India Services Act would be amended in consultation with the State Governments in order to bring the Members of those Services under the purview of the Commission. However, even after 37 years of the Commission's existence, the All India Services Officers, particularly the Members of the IAS, IPS and Indian Forest Service, do not fall within the Commission's jurisdiction if the alleged irregularities committed by them are connected with the affairs of the State Governments. Experience has shown that corruption at the State level flourishes due to the collusion between the Members of All India Services and the powers that be at the State level. If these officers are brought within the purview of the CVC, there is likely to be some psychological check on corruption. The Commission has, therefore, suggested to the Government of India to make necessary amendments to the CVC Bill before it is passed.

1.1.10 As stated above, the Commission now exists under the Government of India's Resolution dated 04.04.1999. The said Resolution, apart from not having the statutory backing, also limits the operation of the CVC inasmuch as it does not mention about the powers of the Commission to exercise superintendence over the

functions of the CBI, appointments of the CVOs being made in consultation with the Commission and writing of their ACRs by the Central Vigilance Commissioner. The Commission had pointed out these deficiencies to Government of India for appropriate action.

## **1.2 ORGANISATION**

### **MULTI MEMBER COMMISSION**

1.2.1 The Commission was accorded statutory status through an Ordinance dated 25.08.1998, amended vide Notification No.47 dated 27.10.1998. The Ordinance was repromulgated on 08.01.1999. The Ordinance envisaged the Commission to be a multi-member Commission, consisting of the Central Vigilance Commissioner (Chairman) and not more than four Vigilance Commissioners as its members. The appointments of the CVC and the VCs are required to be made by the President by warrant under his hand and seal on the recommendations of a committee consisting of (i) The Prime Minister, (ii) The Minister of Home Affairs and (iii) the Leader of Opposition in the House of People. The Government could make appointments against the posts of the Central Vigilance Commissioner and one Vigilance Commissioner through the above process, when the Ordinance expired. Presently, the Commission is headed by Shri N. Vittal, Central Vigilance Commissioner with effect from 3<sup>rd</sup> September 1998, for a period of four years. Shri V.S.Mathur was appointed as Vigilance Commissioner on 16<sup>th</sup> March 1999, for a period of three years. Since the Ordinance expired on 5<sup>th</sup> April 1999, the Government passed a Resolution dated 4<sup>th</sup> April 1999, which inter-alia, provided that the Central Vigilance Commissioner, other Vigilance Commissioner, officers and employees of the Commission constituted under the Central Vigilance Commission Ordinance, 1999 shall continue to hold office as such on the same terms and conditions of their appointment as on date of the Resolution. Thus, the Central Vigilance Commission presently consists of two Members, viz. the Central Vigilance Commissioner and the Vigilance Commissioner.

### **COMMISSION'S STAFF**

1.2.2 The Central Vigilance Commission is assisted by a Secretary, who is of the rank of Additional Secretary to the Government of India, two Additional Secretaries, who are of the rank of Joint Secretary to the Government of India, nine Officers of the rank of Directors/Deputy Secretaries, an Officer on Special Duty, four Under Secretaries and other staff. In addition, there are fourteen officers, designated as Commissioners for Departmental Inquiries (CDIs), who are nominated to conduct departmental inquiries in major penalty proceedings on behalf of the disciplinary authorities in serious and important disciplinary cases.

1.2.3 There is also a Technical Wing attached to the Commission with two Chief Technical Examiners of the rank of Chief Engineers, who are assisted by eight Technical Examiners of

Chief Engineers, who are assisted by eight Technical Examiners of the rank of Executive Engineers, six Assistant Technical Examiners of the rank of Assistant Engineers and other subordinate staff.

1.2.4 The group-wise sanctioned staff and the number of officers/officials in position, as on 31.12.2001 is given below:-

	Group "A"	Group "B"	Group "C"	Group "D"	Total
Sanctioned	48	91	72	72	283
In position	43	85	67	71	266

### 1.3 PROGRESSIVE USE OF HINDI

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

### 1.4 REPRESENTATION OF SCHEDULED CASTES/ SCHEDULED TRIBES AND OBC

Appropriate reservation in service of Scheduled Castes/Scheduled Tribes and OBCs 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, two persons have been appointed to Group "B" (non-gazetted) post on direct recruitment basis. The percentage of Scheduled Castes/Scheduled Tribes and OBCs in the various group of posts filled/held otherwise than by deputation, in the Central Vigilance Commission, as on 31.12.2001 is given below:-

	Group "A"	Group "B"	Group "C"	Group "D"
Scheduled Castes	-	24.24%	13.20%	46.37%
Scheduled Tribes	25%	03.03%	05.66%	04.34%
Other Backward Classes	-	06.06%	09.43%	13.04%

## **CHAPTER – 2**

### **ADVISORY ROLE OF THE COMMISSION**

2.1.1 The Central Vigilance Commission acts as an apex body for rendering impartial and objective advice 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 administrative authorities in the matters relating to probity and integrity of the public servants. Apart from impartiality and objectivity, the functioning of the Commission also ensures consistency and common standard of action for similar kinds 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.

2.1.2 During the year under report, the Commission received 6774 cases for advice as against 6285 received in the previous year. Similarly, the number of cases in which advice was tendered during the year was 6612 as against 6438 cases disposed off during the previous year.

### **2.2 COMPLAINTS RECEIVED BY THE COMMISSION**

2.2.1 The Commission had observed in the past that a large number of complaints received were either anonymous or pseudonymous in nature. A peculiar feature of those complaints was that those were resorted to especially when a public servant's promotion was due or when an executive was likely to be called by the Public Enterprises Selection Board for interview for a post of a Director/CMD etc. If nothing else, the anonymous/pseudonymous complaints achieved the objective of delaying the promotion, if not denying the promotion. Such complaints also demoralised many honest public servants. Keeping in view the steps taken by the Commission to provide a channel of communication against the public servants, which included that (a) junior officer could complain to the CVC against seniors in cases of corruption, (b) the name of the complainant would not be revealed while forwarding the complaint to the appropriate authorities; and (c) the complainant could lodge complaints on the website of the CVC and also through e-mail, the Commission, in exercise of the powers vested in it under the Government of India's Resolution dated 04.04.1999, issued instructions on 29.06.1999 that no action should at all be taken on any anonymous or pseudonymous complaints. They must just be filed. Despite that, the Commission received 10323 anonymous/ pseudonymous complaints during the year under report as against 5064 anonymous/ pseudonymous complaints received during the previous year.

2.2.2 Complaints constitute an important source of information leading to the exposure of misconducts and malpractices. Complaints received in the Commission are duly scrutinised and, if they contain sufficient details to justify investigation, these 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 allegations. During the year under report, the Commission received 17522 complaints of which 10323 complaints (nearly 59%) were either anonymous or pseudonymous. These were simply filed as per the Commission's policy.

2.2.3 Out of remaining 7199 complaints scrutinised during the year, 546 complaints (nearly 7.6%) 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 made in the complaints. Of the remaining 6653 complaints, 4050 complaints (nearly 56.3%) were found to contain vague and unverifiable allegations and were, therefore, filed. The remaining 2603 complaints (nearly 36.1%) 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

2.3.1 The complaints received by the departments/organisations are scrutinised by the concerned CVOs to assess whether the allegations merit investigation. If the complaint pertains to a public servant, who falls within the normal advisory jurisdiction of the Commission, and the administrative authorities decide to conduct a preliminary enquiry into the allegations, it is necessary for them to forward a preliminary enquiry report to the Commission for its advice on the further course of action to be taken, except in those cases where the administrative authorities had decided on their own, prior to 29.06.1999, to investigate the allegations contained in anonymous/pseudonymous complaints and now after investigation propose to close the matter. The departments/organisations are also required to forward a preliminary investigation report, together with their views thereon, in respect of all complaints forwarded to them by the Commission for investigation and report.

2.3.2 In cases, where the CBI had conducted preliminary investigation against a public servant, who falls within the normal advisory jurisdiction of the Commission, the concerned department is required to offer its specific comments on the recommendations made by the CBI for advice of the Commission. In respect of the cases involving the public servants, who are not within the normal advisory jurisdiction of the Commission, the matter is required to be referred to the Commission for its advice only if there is disagreement between the department and the CBI as regards the further course of action to be taken.

2.3.3 The investigation reports furnished by the CVO, or by the CBI, are examined in the Commission. The Commission, depending upon the circumstances and facts of each case, advises initiation of criminal or departmental proceedings against the concerned public servant(s), or issuance of administrative warning to him, or the closure of the case. The Commission's advice at this stage is termed as first stage advice.

2.3.4 The departmental proceedings could be for imposition of a major penalty or a minor penalty. If the Commission advises initiation of departmental proceedings for major penalty, it also indicates whether the departmental inquiry is to be conducted by a Commissioner for Departmental Inquiries borne on the strength of the Commission or the department may appoint its own inquiry officer for the purpose. The inquiry report in either case, however, is

furnished to the Commission for its second stage advice before taking a final decision. The Commission also tenders second stage advice in those cases in which the departmental proceedings for minor penalty were initiated on the Commission's advice and the concerned disciplinary authorities propose to close the case after examining defence statement.

2.3.5 The Commission is also consulted at the appeal/revision/review stage in those cases in which the appellate/revising/reviewing authorities propose to modify or set aside the penalty, which was imposed on a public servant in consultation with the Commission. The only exception to this requirement is the cases in which the administrative authorities are required to consult the Union Public Service Commission.

2.3.6 In view of its policy that there should be transparency in all matters, as far as possible, the Commission has withdrawn its earlier instructions, w.e.f. 28.09.2000, that the advice tendered by it was of a confidential nature. It has now been provided that a copy of the Commission's first stage advice on the investigation report may be made available to the concerned employee alongwith a copy of the charge-sheet served upon him for his information. However, a copy of the Commission's second stage advice is to be made available to the concerned employee, alongwith the IO's report, to give him an opportunity to make representation against the IO's findings and the CVC's advice, if he so desires.

2.3.7 It was observed that references to the Commission for reconsideration of its advice were being made after a considerable time after the Commission tendered its advice. This could be in order to cover up delays in finalisation of the proceedings or an intention to prolong the proceedings. Thus, in order to prompt the administrative authorities to accord priority to the disciplinary cases, the Commission issued instructions on 06.03.2000 that if the administrative authorities desire to make references to the Commission for reconsideration of its advice, they might do so within a period of two months failing which the Commission would decline to entertain such references.

## **2.4 EXPEDITIOUS DISPOSAL OF VIGILANCE CASES**

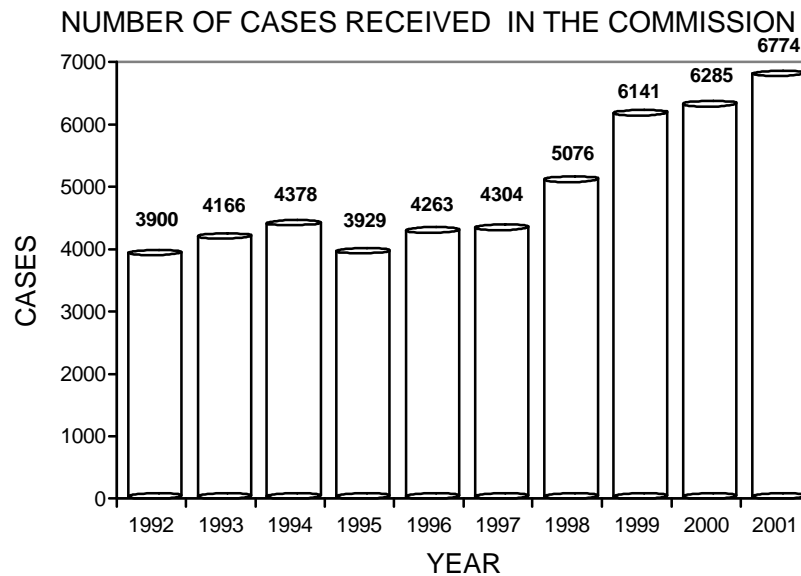
2.4.1 The effectiveness of vigilance depends on expeditious disposal of cases. Therefore, in consonance with the principles of natural justice, the Commission's effort has been to ensure that the administrative authorities take prompt and expeditious action in investigating the complaints and taking a view on the alleged commission of misconduct by the concerned employee. Therefore, the Commission has provided a model time schedule for conducting investigation and departmental inquiries. The Commission has also been emphasising that the departmental inquiries must be completed within a period of six months and that the Commission's advice should be implemented promptly.

2.4.2 The Commission also reviews the pendency of vigilance cases with it every month. Because of close monitoring in the Commission and streamlining of procedures, it has generally been possible for the Commission to tender advice on vigilance cases to the concerned administrative authorities within a period of two months, if the references are complete, even with a steady increase in the inflow of cases. Likewise, the Commission has been in a position to advise on the antecedents of the candidates for Board-level appointments within a period of two/three weeks.

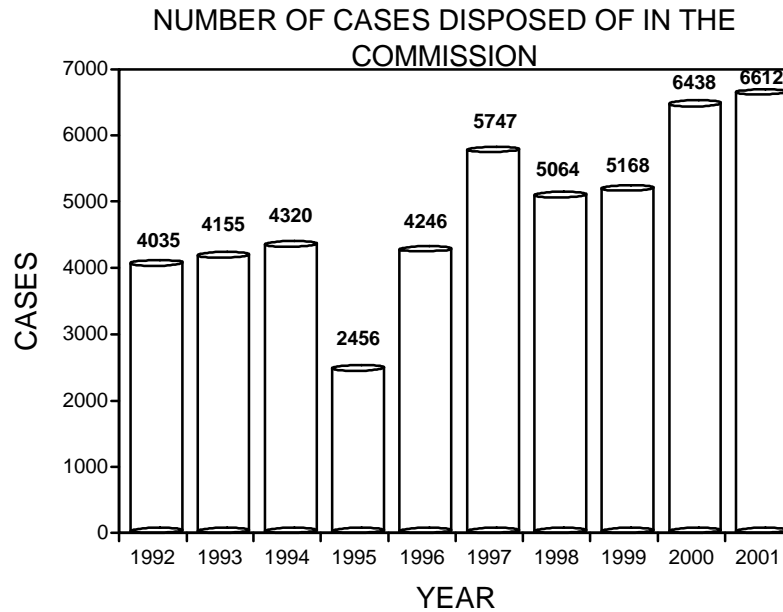
## **2.5 CASES RECEIVED AND DISPOSED OF BY THE COMMISSION**



2.5.1 The number of cases received in the Commission during the year was 6774 as against 6285 cases received during the preceding year. The diagram below illustrates the point that over the last ten years, 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.



2.5.2 The Commission tendered its advice in 6612 cases during 2001 as against 6438 cases in 2000. However, 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.



## 2.6 FIRST STAGE ADVICE CASES

2.6.1 The Commission during the year under report tendered its first stage advice on 3359 cases. The nature of advice tendered by the Commission is indicated in the Table below (Table-1):

**TABLE – 1**

Nature of advice	On the investigation reports of		Total
	CBI	CVO	
Criminal Proceedings	84	9	93
Major penalty proceedings	150	1046	1196
Minor penalty proceedings	51	307	358
Administrative action, Warning, Caution etc.	74	474	548
Closure	114*	1050	1164
<b>TOTAL</b>	<b>473*</b>	<b>2886</b>	<b>3359</b>

\* This includes 4 CBI reports in which the Commission did not tender any advice as its advice was not necessary.

## 2.7 SECOND STAGE ADVICE CASES

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

**TABLE – 2**

Nature of advice	On the CDI's Reports	On the cases received from CVOs	Total
Imposition of major penalty	178	844	1022
Imposition of minor penalty	49	313	362
Exoneration	77	355	432
Other action	13	236	249
<b>TOTAL</b>	<b>317</b>	<b>1748</b>	<b>2065</b>

## 2.8 FIRST STAGE ADVICE ON INVESTIGATION REPORTS

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

**TABLE – 3**

### (A) CBI INVESTIGATION REPORTS

Year	Total advices tendered	Nature of action advised			
		Prosecution	Major penalty proceedings	Minor penalty proceedings	Others
1997	535	79 (14.8)	182 (34.0)	57 (10.7)	217 (40.5)
1998	377	53 (14.0)	133 (35.3)	35 (9.3)	156 (41.4)
1999	342	47 (13.7)	128 (37.4)	26 (7.6)	141 (41.3)
2000	395	73 (18.5)	140 (35.4)	28 (7.1)	154 (39.0)
2001	473	84 (17.8%)	150 (31.7%)	51 (10.8%)	188 (39.7%)

(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
1997	2282	15 (0.7)	1025 (44.9)	261 (11.4)	981 (43.0)
1998	1931	11 (0.6)	803 (41.6)	159 (8.2)	958 (49.6)
1999	2249	12 (0.5)	891 (39.6)	229 (10.2)	1117 (49.7)
2000	2672	5 (0.2)	1013 (37.9)	324 (12.1)	1330 (49.8)
2001	2886	9 (0.3)	1046 (36.2)	307 (10.7)	1524 (52.8)

(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
1997	2817	94 (3.3)	1207 (42.9)	318 (11.3)	1198 (42.5)
1998	2308	64 (2.8)	936 (40.5)	194 (8.4)	1114 (48.3)
1999	2591	59 (2.3)	1019 (39.3)	255 (9.8)	1258 (48.6)
2000	3067	78 (2.5)	1153 (37.6)	352 (11.5)	1484 (48.4)
2001	3359	93 (2.8)	1196 (35.6)	358 (10.7)	1712 (50.9)

(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 3359 cases in which the Commission tendered its first stage advice during the year under report, 2886 cases (i.e. approximately 86%) were investigated by the CVOs. It would also be observed that the CBI's investigation could result in prosecution or initiation of major penalty proceedings in about 49.5% of the cases as against 36.6% of the cases investigated by the CVOs. Likewise, the percentage of cases not warranting any formal penalty proceedings was 39.7% in CBI investigated cases as against 52.8% of the CVOs' investigated cases. This indicates the need for better training to the departmental investigating officers.

## 2.9 SECOND STAGE ADVICE ON INQUIRY REPORTS

2.9.1 The Commission tenders its second stage advice on the inquiry reports submitted by the CDIs and the departmental inquiry officers in major penalty cases. It also tenders second stage advice on the reply furnished by the concerned employee in minor penalty cases if the disciplinary authority proposes to drop the charges at that stage. The Commission keeps in view such factors as gravity of the misconduct, the nature of evidence adduced during the inquiry and other attending circumstances, while advising imposition of a penalty at the second stage or the dropping of the charges. The Tables 6, 7 and 8 below indicate analysis of the Commission's second stage advice during the last few years:-

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

**TABLE - 6**

Year	Total advices tendered	Nature of action advised		
		Major Penalty	Minor Penalty	Others
1997	507	347 (68.5)	61 (12.0)	99 (19.5)
1998	512	328 (64.0)	66 (13.0)	118 (23.0)
1999	218	142 (65.1)	22 (10.1)	54 (24.8)
2000	384	220 (57.3)	40 (10.4)	124 (32.3)
2001	317	178 (56.1)	49 (15.5)	90 (28.4)

(Figures in brackets indicate percentage to respective total advices)

### (B) SECOND STAGE ADVICE BASED ON INQUIRY REPORTS OF DEPARTMENTAL INQUIRY OFFICERS

**TABLE - 7**

Year	Total advices tendered	Nature of action advised		
		Major Penalty	Minor Penalty	Others
1997	1374	774 (56.3)	240 (17.5)	360 (26.2)
1998	1278	686 (53.7)	174 (13.6)	418 (32.7)
1999	1425	833 (58.5)	211 (14.8)	381 (26.7)
2000	1721	927 (53.9)	322 (18.7)	472 (27.4)
2001	1748	844 (48.3)	313 (17.9)	591 (33.8)

(Figures in brackets indicate percentage to respective total advices)

**TABLE – 8**

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

Year	Total advices tendered	Nature of action advised		
		Imposition of Major Penalty	Imposition of Minor Penalty	Others
1997	1881	1121 (59.6)	301 (16.0)	459 (24.4)
1998	1790	1014 (56.6)	240 (13.4)	536 (30.0)
1999	1643	975 (59.3)	233 (14.2)	435 (26.5)
2000	2105	1147 (54.5)	362 (17.2)	596 (28.3)
2001	2065	1022 (49.5)	362 (17.5)	681 (33.0)

(Figures in brackets indicate percentage to respective total advices)

2.9.2 It would be observed from the tables 6-8 above that most of the cases in which the Commission had advised initiation of major penalty proceedings at the first stage ended in the Commission's second stage advice for imposition of a formal penalty. During the year 2001, the Commission advised imposition of a major penalty in 49.5% of the cases and imposition of a minor penalty in 17.5% of the cases. It was only in 33.0% of the cases that the charges could not be conclusively proved.

**2.10 ACTION TAKEN/PUNISHMENTS IMPOSED ON COMMISSION'S ADVICE**

2.10.1 As per the information made available to the Commission, the disciplinary authorities in various organisations, during 2001, in pursuance of the Commission's advice, issued sanction for prosecution of 53 public servants, imposed major penalties on 1067 public servants and minor penalties on 861 public servants. The organisation-wise break-up of such cases is given in **ANNEXURE-I**. This includes a Chairman of a Dock Labour Board and a Commissioner of Customs & Central Excise, who were dismissed from service, and an officer of DGM level of a bank, who was removed from service.

2.10.2 The comparative figures about the punishments imposed by the disciplinary authorities in various organisations, in pursuance of the Commission's advice, is indicated in the following table:

**TABLE - 9**

**NUMBER OF PUNISHMENTS IMPOSED ON COMMISSION'S ADVICE**

Year	Number of punishments imposed				Total
	Prosecution	Major penalty	Minor penalty	Administrative Action	
1996	1	293	349	283	926
1997	12	430	429	317	1188
1998	27	860	917	582	2386
1999	60	897	627	378	1962
2000	51	1116	876	507	2550
2001	53	1067	861	661	2642

**2.11 IMPOSITION OF PENALTIES OF HIGHER ORDER**

2.11.1 During 2001, major penalties of the higher order, namely, dismissal, removal and compulsory retirement from service were imposed on 152 officers of various organizations, as per information available with the Commission. The comparative figures are given in the following Table-10:

**TABLE - 10**

Year	Type of Punishment			Total
	Dismissal	Removal	Compulsory Retirement	
1996	19	10	8	37
1997	25	17	15	57
1998	73	23	20	116
1999	62	30	41	133
2000	84	33	49	166
2001	74	38	40	152

**2.12 PENDENCY**

2.12.1 The following Table-11 indicates the pendency of cases with the Commission at the end of 2001:

**TABLE – 11**

	Complaints	Cases			
		Investigation Reports	Inquiry Reports and minor penalty cases	Other Reports/ cases such as reconsideration etc.	Total
Brought forward from previous year	837	947	327	167	1441
Received during the year	17522	3446	2157	1171	6774
Total	18359	4393	2484	1338	8215
Disposed of	17279	3359	2065	1188	6612
Pending	1080	1034	419	150	1603

2.12.2 There were 1441 cases pending with the Commission at the end of year 2000. Apart from this, the Commission had received 6774 cases afresh during the year under report. Thus, out of a total of 8215 cases, the Commission disposed of 6612 cases leaving a pendency of 1603 cases. Even out of these 1603 cases pending at the end of 2001, 713 cases were pending for want of clarifications/comments on the CBI reports from the concerned organisations. In other words, only the remaining 890 cases were actually pending with the Commission at the end of the year 2001.



## CHAPTER-3

### INTENSIVE EXAMINATION OF CIVIL AND OTHER WORKS/CONTRACTS 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, in its report 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/and for inquiries to be 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. Subsequently it had been decided that CTEO shall carry out inspection of civil, electrical and horticulture works being carried out by all the Central Government Departments, Public Sector Undertakings/Enterprises of Government of India and Central Financial Institutions/Banks etc.

#### **JURISDICTION**

3.2 The jurisdiction of the Organisation is co-extensive with that of the Commission. Till 1999, CTE's Organisation was engaged in examination of civil, electrical works including air-conditioning and horticulture works being executed by Ministries/Departments of Government of India, Central Public Sector Undertakings, Banks and Financial Institutions and Cooperative Bodies etc. falling within the jurisdiction of the Commission. However, due to large-scale industrialisation in the country in the last couple of decades, the expenditure in the fields other than civil engineering constructions etc. has grown exponentially-especially the purchase of materials/equipments/computer system on capital account and for maintenance and production activities in the areas/fields of Oil, Steel, Power, Defence, Telecom Banks and Railways etc. These areas were not covered by inspections of CTEO. With a view of enlarge the scope of inspections in the above referred areas; the inspection of stores purchase contracts and works for computerisation etc. in the Banks was also started from 1999 covering all the organisations under the jurisdiction of the Commission.

3.2.1 During the year 2000-01 a detailed investigation into major defence purchases was also assigned by the Defence Minister to the Commission. The detailed examination of the cases formed a major part of the works done by the CTEO during the years. While the interim report of the Commission containing the details of

investigation was submitted in August 2000; the final report was submitted by the Commission to the Ministry of Defence on 31<sup>st</sup> March 2001.

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

3.3 To select the works for inspection, quarterly progress reports are required to be submitted by different organisations executing such works. At present information is required to be given by the Chief Vigilance Officers of all the organisations in respect of civil works in progress and having tender value exceeding Rs. 1 crore, electrical/ mechanical/electronics works exceeding Rs. 15 lacs, horticulture works more than Rs. 2 lacs and store purchase contracts valuing more than Rs. 2 crores. However, the Chief Vigilance Officers are free to recommend other cases also, while submitting the returns for examination of a particular work, if they suspect any serious irregularity having been committed.

3.3.1 Over the years, the Organisation has proved to be an important and very effective wing of the Commission, in detecting deficiencies/malpractices in the award as well as execution of works/contracts and suggesting remedial measures to prevent recurrence of such instances. The Intensive Examination of works carried out by this organisation helps in detecting cases related to execution of sub-standard materials; infructuous/ avoidable and /or ostentatious expenditure; and undue favours allowed to the contractors and overpayments, if any.

**INVESTIGATIONS**

3.3.2 Many organisations do not have the expertise for investigating cases of corruption and malpractices related to construction/electrical works and high value purchase contracts. In order to bridge this gap, the Commission decided in 1991 to assign the task of conducting investigations in select cases to the Chief Technical Examiner's Organisation.

3.3.3 Preliminary investigations are carried out by the CTEO either at the request of an organisation/department regarding serious lapses or at the direction of the Commission or through public complaints or any other source of information.

**MAJOR  
ACHIEVEMENTS**

3.4 The major achievements of the Chief Technical Examiner's Organisation, during the year 2001 are briefly indicated below:

- (a) Creation of awareness for quality control, economy and adherence to rules and procedures in construction management and stores procurement.
- (b) The recovery of over-payment made to the contractors. The organisation meticulously follow up cases of over payments made to the contractors, either due to collusion of the officials with the contractors or due to slack supervision. During the year 2001, the over-payments accepted by the

different organisations as a result of inspections carried out by this organisation and recoveries made amounted to Rs. 11.35 crores; against such recoveries of Rs. 8.57 crores during 2000. Incidentally the amount recovered is much more than the total budgeted expenditure of the Commission, which is about Rs. 4.89 crores for the year, 2001-2002.

- (c) The special achievement of the organisation during the year 2001 was the detailed investigation into defence purchases, as assigned by the Defence Minister to the Commission. Arising out of the allegations made by ex-M.P. Shri Jayant Malhoutra in the Rajya Sabha during December, 1999 and writ petition filed by Admiral Purohit in Delhi High Court, the Minister for Defence (Raksha Mantri) asked the Commission in February, 2000 to investigate all major defence purchases since 1985-86. As all such purchases constituted a fairly large number of cases, it was decided in consultation with the Ministry of Defence (MOD) to investigate the following:-
- (i) A probe into the allegations regarding presence of agents, middlemen and middle companies in all major contracts for Defence procurement.
  - (ii) Allegations made by Shri Jayant Malhoutra.
  - (iii) Allegations contained in the writ petition of Rear Admiral Purohit.
  - (iv) Defence deals of more than Rs. 75 crores which are not covered by the allegations made either by Shri Jayant Malhoutra or Rear Admiral Purohit.
  - (v) Cases where 10% or more advance was paid but the full/part of it could not be recovered due to non-supply of stores.
  - (vi) Cases pertaining to CAG para where the Action Taken Note was either not accepted or was not sent at all.

In respect of the above category of cases, MOD in all forwarded 747 files till December, 2001 pertaining to the different wings. Out of these, 417 files were examined till December, 2000 and 261 files in the year 2001. On the basis of examination of these files and the other inputs as made available by MOD, the CVC submitted the final report to the Raksha Mantri on 31<sup>st</sup> March 2001. The MOD's detailed response to the findings and observations made in the final report is awaited. Meanwhile, after examination of the individual files, the suggestions/observations relating to improvement in the procurement system, fixing up of responsibility

where committed lapses/ irregularities were of serious nature and other follow-up actions have been made. The comments/reply as furnished by MOD to our findings in the individual cases are being examined for taking final action in the matter.

- (d) Improvements in specifications, construction practices and contract conditions etc. and
- (e) Assistance to various organisations in preparation of Codes, Manuals and issue of guidelines and circulars to serve as effective tools for preventive vigilance. The following booklets were issued by CTEO for further improvement in the existing system.
- (i) Guidelines on Intensive Examination of works.
- (ii) Common Irregularities observed in purchase contracts and guidelines for improvements in the procurement system.

**PERFORMANCE DURING 2001**

3.5 During the year number of intensive examinations and investigation carried out by CTEO are given below:

S.No.	Details of Organisations	No. of Deptt./PSUs	No. of I.E. Reports	Inv. Reports
1.	Govt. Deptts.	12	66	1
2.	Banks, Insurance Companies and Financial Institutions	11	19	0
3.	Public Sector Undertakings, Autonomous Bodies etc.	57	118	5
TOTAL:		80	203	6

Special efforts were made to carry out inspections of some organisations which have never been inspected in the past.

**NATURE OF LAPSES DETECTED**

3.6 The illustrative nature of prima-facie lapses/ irregularities detected in the execution of works as a result of inspections are indicated in the statement as **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 48 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 **Annexure-IV**.

**MAJOR DEFICIENCIES NOTICED BY CTEO**

3.7 The major deficiencies noticed in taking proper follow up action on the observations made by the Chief Technical Examiner's Organisation and related areas are briefly indicated below:

**I DELAYED RESPONSE**

**TYPICAL EXAMPLES OF LACK OF RESPONSE**

3.7.1 The Intensive Examination Reports forwarded by the CTEO are required to be examined and responded to 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 follow-up, there is significant improvement during the year. The number of reports where reply has not been received within a year is only 6 this year. A statement of reports issued prior to 31.12.2000 and for which no reply has been received till 31.12.2001 is given in **Annexure-V**.

**II DELAY IN INVESTIGATION**

**CASES PENDING INVESTIGATION**

3.7.2 There had been considerable delay in submission of Investigation reports against the paras referred to Chief Vigilance Officers for detailed investigation in the past. However, with persistent follow-up during the year the number of pending cases has come down considerably and the outstanding cases now are 145. The Organisations which have more than 5 such pending cases are included in **Annexure-VI**.

**III QUARTERLY PROGRESS REPORTS**

**NON-SUBMISSION OF 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 of different Organisation. However, these Reports are not received regularly from many Organisations and some of them have not sent these reports at all. Some of the major Organisations carrying out Civil/Electric/Horticulture Works and Stores Procurement and which did not send reports during 2001 are identified and listed in **Annexure VII**.

**IV LACK OF INFRASTRUCTURE**

**OVER-DEPENDENCE ON EXTERNAL AGENCIES**

3.7.4 Cases have come to notice of the CTE's Organisation when certain organisations took major construction works without availability of requisite technical establishment. They have depended wholly on private architect/consultants for planning and

design and the contractor for execution of works. The contractors exploited the circumstances and executed sub-standard works or charged unduly high rates. The works as well as bills were not properly checked before making payments resulting in substantial overpayments. In addition, huge claims are being made by the contractors which could not be defended properly before Arbitrators/Courts in absence of the requisite technical support, resulting in huge losses to the Organisations. It has, therefore, been advised that where requisite engineering infrastructure is not available, major works could be entrusted to Central Government Organisations/ Public Sector Undertakings well organised to carry out such works.

## **V LACK OF CONTROL ON WORKS**

### **IMPROPER ANALYSIS OF RATES**

3.7.5 Many Organisations continue to prepare estimates and invite tenders which are not based on proper schedule of Rates or Analysis of Rates based on current market rates. Tenders are accepted without verifying the justified cost as per current market rates. In many tenders, rates are compared with estimated cost which itself is not authentic.

### **NON ADHERENCE TO SPECIFICATIONS**

3.7.6 Many times the tender documents do not provide proper specifications, or items are executed not following stipulations. For the important work of re-inforced cement concrete, controlled concrete with weigh batching and regular tests are specified but Volumetric mix is used at site. Even testing is not carried out as specified.

### **NEED FOR PROPER FOLLOW UP**

3.8 Based on the Quarterly Progress Reports received from about 456 organisations, the CTE Organisation inspected works of about 80 organisations during this year. The CTEO covers a very small area of operation. The CTEO mainly inspects the works with vigilance angle and cannot be a substitute for internal arrangement for quality control and also checking of works by CVOs from vigilance angle.

3.8.1 The CVOs are required to furnish replies and clarifications to the observations made in the intensive examination report on the basis of inspections of works/contracts carried out by the CTEO. To meet full requirements, it would be necessary that CVOs exercise independent checks on the works executed by their organisation on the lines of the CTEO inspections and bring out the deficiencies. The CVOs are also required to take necessary corrective action to ensure that lapses and irregularities pointed out in the reports do not recur in future. In this manner, the CVOs can derive the maximum benefit from the inspection of CTEO.

### **3.9 PREVENTIVE VIGILANCE**

3.9.1 The CTEs' Organisation 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.

3.9.2 The CTEs and TEs are participating in preventive vigilance courses/seminars being organised by various PSUs/CBI and other Government Departments.

## CHAPTER- 4

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

4.1 As narrated in Chapter I, the main objective of setting up of the Commission was to evolve and apply common standards in deciding cases involving lack of probity and integrity in administration. Therefore, the administrative authorities are required to consult the Commission before taking any action on the investigation or inquiry reports, if any of the officials involved in the case is of the status for which Commission's advice is necessary. In general, the organizations have been consulting the Commission in such cases and the Commission's advice is also accepted and implemented by the concerned administrative authorities. The compliance rate is very high when compared to large number of advices tendered by the Commission. However, there have been a few instances where the administrative authorities either did not consult the Commission or did not accept and implement the Commission's advice. Such instances nullify, to a large extent, the objective for which the Commission was set up. During the year under report, there have been 22 important cases of the above nature, which are briefly narrated below:-

#### 4.1.1 BHARAT HEAVY ELECTRICALS LIMITED

The Commission called for a report from Bharat Heavy Electricals Limited on a complaint against one of their executives, who committed certain irregularities which put Bharat Heavy Electricals Limited to loss. They carried out an investigation into the allegations and initiated major penalty proceedings against the executive and exonerated him on completion of the proceedings without consulting the Commission, at any stage, even though the Commission had called for a report on the allegations against the said executives.

#### 4.1.2 BHARAT PETROLEUM CORPORATION LTD. (BPCL)

The Commission had advised initiation of major penalty proceedings against the then Chief Administration Facility Manager, BPCL during the year 1987-1989 on the charge of purchasing a plot of land from a builder at exorbitant rates by causing a loss of Rs.30.00 lacs to BPCL. However, the BPCL did not accept the Commission's advice and exonerated the officer of the charge, without referring the case to Commission for second stage advice. This amounted to non-acceptance of the Commission's advice.



#### 4.1.3. DELHI VIDYUT BOARD (DVB)

In connection with some irregularities in recruitment of Hindi Translators in DESU (now known as DVB) during 1985 and 1986, the Commission advised initiation of minor penalty proceedings against an APO (E) in September 1990. It was prima facie established that the APO had kept the recruitment file pending upto 03.07.1986, despite the AGM (A)'s orders to hold the test in the last week of September 1985. This was done to enable a senior clerk to complete five years of service and apply for the post. The APO (E) also allowed the senior clerk to handle the recruitment file which contained information about the paper-setter. DVB could not finalise the case upto the retirement of the official in February 1998, thus enabling him to go scot-free.

#### 4.1.4 DEPARTMENT OF CULTURE

A Deputy Superintending Archaeologist was charge-sheeted on 16.8.1996 on two charges of having submitted four false TA bills during 1990-91 and one false LTC bill in November 1990. In February 2000, the Commission advised imposition of a suitable major penalty on him. However, the department dropped the charges against the officer.

#### 4.1.5 DEPARTMENT OF ECONOMIC AFFAIRS

A Research Officer in the Directorate of Economics & Statistics, Ministry of Agriculture, was allotted a quarter by the Directorate of Estates. The CBI found sufficient oral and documentary evidence to substantiate the allegation that the officer had sublet the quarter. The Commission advised major penalty proceedings against the official. In November 2000, the Commission advised imposition of a major penalty on the officer. However, the Department of Economic Affairs decided to impose a penalty of "censure" on him.

#### 4.1.6 DEPARTMENT OF POST

A case against the then SPO, Beawar Postal Division, was sent to the Commission by Department of Post on 26.11.97. The Commission, vide I.D. Note dated 6.1.1998, advised initiation of major penalty proceedings against the officer. Accordingly, a departmental inquiry was conducted and the inquiry officer held all the charges as "proved" against him. The Department also agreed with the findings of the IO. The Commission thus advised the department to impose a suitable major penalty on the officer for gross violation of recruitment rules in the appointment for the post of CDBPM. The Department of Post did not accept the Commission's advice and imposed a minor penalty on him.

#### 4.1.7 DEPARTMENT OF YOUTH AFFAIRS & SPORTS

A case against a Youth Co-ordinator, Nehru Yuvak Kendra was referred for the Commission's advice. The allegation against him pertained to irregularities and misappropriation of Government Funds. The Commission advised initiation of major penalty against the erring official on 12.12.1990. Accordingly a departmental inquiry was held. On receipt of inquiry report, the Commission advised acceptance of the IO's findings and imposition of a major penalty on the officer. However, the department of Youth Affairs & Sports intimated that the Government of Bihar had imposed a minor penalty on him.

#### 4.1.8 MINISTRY OF DEFENCE

On receipt of a case from the Ministry of Defence in January 2000, against the then ANSO, (Group "B" Gazetted) of the Material Organization (Naval), Mumbai, for its second stage advice, the Commission while advising imposition of a suitable cut in his pension, also observed that, in fact, eight officials were involved in the composite case and that the cases against them were not referred to the Commission for its first stage advice by the Ministry of Defence. The Ministry was, therefore, advised in June 2000 to explain as to why the case was not referred to the Commission earlier. The case pertained to the disposal of surplus item, viz. Silver Bearing Brazing, by the Naval Headquarters and the eight officials of the Reserve Price Board had not properly evaluated various factors while fixing the reserve price of the item which resulted in fixation of a lower reserve price for 626.4 Kgs of the item, at Rs. 1507 per Kg against the market price of Rs.4999.50 per Kg causing loss to the State.

It was also observed that the Naval Headquarters could not take any action against the then SNSO and NSO as they had retired from service and the case had become time-barred by limitation, and that severe displeasures had been issued to two Lt. Cdr. As regards the remaining four officials, who were Group "B" gazetted status, the Naval Head Quarters had initiated major penalty proceedings against them, without consulting the Commission and had finalized cases in respect of three of them, by imposing a penalty of "censure" on two ANSOs and exonerating the CTA (E) of the charges framed against him. Thus, the Ministry had referred the case against the then ANSO only, who subsequently retired as NSO, to the Commission for its second stage advice, and the Commission advised imposition of a cut in his pension.

In its reply, the Ministry of Defence stated that only NSO was a group "A" officer, and that the other officers involved in the cases were of the status of Group "B" for whom the Flag Officer in Chief (East & West) was the disciplinary authority. As the then NSO had retired and action was time-barred, the disciplinary authority could not refer the case to the Commission for its first/second stage advice in respect of the remaining officials. However, consequent upon retirement of the then ANSO, the President became the disciplinary

authority and his case was referred to the Commission for its second stage advice. The explanation furnished by the Ministry for non-consultation with the Commission in this case at first stage, as well as at the second stage, in respect of the officials, who were of group "A" and group "B" status was not found convincing and tenable. The Commission, therefore, decided to include this case as a case of non-consultation with the Commission in its annual report.

#### 4.1.9 MINISTRY OF SURFACE TRANSPORT

The Commission had advised the Ministry of Surface Transport initiation of major penalty proceedings against a Regional Officer (SAILS), Calicut. The Inquiry Officer held the charges partly proved against him. After examination of the Inquiry Officer's report and relevant records, the Commission observed that the proven charge against the officer related to lack of integrity and acceptance of illegal gratification. Therefore, the Commission had advised imposition of a stiff major penalty on the officer on 14.1.99. The Directorate of Shipping, vide order dated 28.1.2000, however, imposed a minor penalty of withholding of increment for one year on the officer. Even the Commission was not consulted before deviating from the Commission's advice.

#### 4.1.10 MINISTRY OF TOURISM

A complaint against ITDC officials was forwarded by the Commission to the Ministry of Tourism, on 19.3.1999, for investigation and report. The Ministry of Tourism, vide letter dated 16.7.99, stated that in respect of award of contracts, a chargesheet was issued to the GM (MM&D) and business dealings with two contractors were also stopped. On 7.10.1999 the Commission asked the Ministry to forward a copy of the chargesheet issued to GM (MM&D) for its perusal and advised them to approach the Commission for nomination of a CDI for appointment as inquiry officer to conduct the departmental enquiry. However, the Ministry vide OM dated 20.11.2001 informed that the competent authority had closed the case by issuing an advisory order on 12.10.1999 to the GM (MM&D) to be careful in future, and that no further view has been taken by the competent authority in the matter inspite of a review proposal subsequently submitted by the CVO of ITDC who felt that the GM (MM&D) was responsible for the lapses.

#### 4.1.11 HINDUSTAN PETROLEUM CORPORATION LTD.

The Commission had advised initiation of major penalty proceedings against a Director (Marketing), Hindustan Petroleum Corporation Ltd., on 24.03.1999, for lapses in execution of an agreement with M/s Gulf Oil India Ltd. (GOIL) for storage of 10,000 kl. Kerosene in tank No.204 from 16.05.1994 to 15.06.1994 on hire charge of Rs.26.00 lacs. However, the Hindustan Petroleum

Corporation Ltd. did not accept the Commission's advice and issued an administrative warning to the officer.

#### 4.1.12 MINERALS AND METALS TRADING CORPORATION (MMTC)

The Commission had advised Minerals and Metals Trading Corporation of India Limited to impose a major penalty on one of their executives for serious irregularities in connection with export of rice to Tanzania and Zanzibar. The Minerals and Metals Trading Corporation of India Limited, however, did not accept the Commission's advice and imposed a minor penalty on the executive.

#### 4.1.13 MINERALS AND METALS TRADING CORPORATION (MMTC)

The Commission had advised the Minerals and Metals Trading Corporation of India Limited, on 24.11.2000 for imposition of a penalty of withholding of two increments with cumulative effect on one of their executives on the charge of committing serious irregularities in procurement of basmati paddy from M/s K J International. Minerals and Metals Trading Corporation of India Limited, however, imposed a penalty of withholding of his two increments without cumulative effect in deviation of the Commission's advice, vide their order dated 7.12.2000, while he had already retired from service on 30.11.2000.

#### 4.1.14 MUNICIPAL CORPORATION OF DELHI (MCD)

While awarding a job of desilting of nallas in 1998, laid down norms in the MCD were prima facie violated. It was observed that wide publicity was not given to tenders, works against three NITs were split up, bogus estimates were prepared and works were awarded at very high rates causing loss to the Government. Since the irregularities were serious in nature, the Commission advised initiation of major penalty proceedings against the concerned EE, AE, JE and Tender Clerk. The MCD, however, closed the case.

#### 4.1.15 MUNICIPAL CORPORATION OF DELHI (MCD)

Charges of acquisition of disproportionate assets, engaging in business run by wife and son; and not obtaining prior permission for borrowing and lending large amounts of money were established in a departmental inquiry against a Superintending Engineer of the MCD. The Commission advised acceptance of the inquiry report and imposition of an appropriate major penalty on the Officer. The MCD, however, exonerated him without giving any reason for not accepting the Commission's advice.

#### 4.1.16 NEW DELHI MUNICIPAL COUNCIL (NDMC)

In a case of huge u/a construction in a multi-storeyed building at 10, Bhagwan Das Road, New Delhi, the lapses were established in a departmental inquiry on the part of an Architect of NDMC. Although the sub-ordinates of the Architect had reported major deviations after an inspection of the building in January 1990, he did not ensure that constant watch was kept over construction in the building. Inaction on the part of the Architect enabled the builder to construct a number of unauthorized floors. The Commission advised acceptance of the Inquiry Officer's findings and imposition of a suitable major penalty on the officer. However, NDMC dropped charges against him.

#### 4.1.17 NEW DELHI MUNICIPAL COUNCIL (NDMC)

Some children in NDMC's primary school at Kautilya Marg exhibited symptoms of food poisoning after consuming sweet soya nuts, supplied under the Mid-day Meal Scheme on 10.09.1992. An inquiry conducted against the Supervisor of the scheme established that she did not properly check the quality of the item before distribution. She also fabricated a back dated letter to show that she had satisfied herself about the quality of soya nuts. Checking the quality of the item was all the more essential in view of the fact that the supplier was new and his very first sample had been rejected. The Commission advised imposition of a suitable major penalty on the official, but NDMC let her off with mere censure.

#### 4.1.18 NEW DELHI MUNICIPAL COUNCIL (NDMC)

In 1993, NDMC processed an application for shifting of a kiosk from 30 January Marg to Sarojini Nagar Market. Since this was a case of shifting, only an area of 36 sq. ft. (the size of a kiosk) could have been allotted in Sarojini Nagar. However, the Architect Department approved the drawing of a stall of 83 sq. ft. which was ultimately allotted to the applicant in Sarojini Nagar Market. Thus, an undue benefit was caused to the allottee. The allegations were established in a departmental inquiry against two officials of the Architect Department. The Commission advised imposition of a suitable cut in pension on one of the officials, who had retired and imposition of a suitable major penalty on the other, who was on the verge of retirement. However, the NDMC closed the case against the retired official and imposed the penalty of censure on the other.

#### 4.1.19 NEW DELHI MUNICIPAL COUNCIL (NDMC)

In May, 1992, NDMC approved plans for adding a basement and first and second floors to an existing ground floor structure at Tansen Marg, New Delhi. While constructing the basement, the party was required to leave two mtrs. of mandatory space on either side of the plot. The party, however, constructed a hidden basement in the

mandatory two mtrs. space. Inquiry into the case revealed that although the party's intentions were clear at a very early stage, the required remedial measures were not taken by the NDMC officials. Orders to get the space filled with earth were not carried out and frequent inspections of the site were not done. The Commission advised imposition of a major penalty on a Junior Engineer and minor penalties on a Dy. Chief Architect and an Assistant Architect. The NDMC, however, exonerated all the three officials.

#### 4.1.20 OIL & NATURAL GAS CORPORATION LTD.(ONGC)

The Commission had advised the Oil & Natural Gas Corporation Limited for initiation of minor penalty proceedings against their four executives, on 20.01.1994 on the basis of intensive examination conducted by the Chief Technical Examiners' Organisation in 1985. The Oil & Natural Gas Corporation Limited have exonerated them without consulting the Commission. Thus, this is a case of inordinate delay on the part of ONGC and also of non-compliance of the Commission's advice.

#### 4.1.21 STATE BANK OF INDIA

The Commission had advised initiation of major penalty proceedings against a Deputy Manager and AGM (Securities Division) and AGM (Personal Banking Division) of Mumbai Main Branch, State Bank of India alongwith others, for the irregularities on their part in the security transactions which came to light in the wake of security scam in April 1992. On conclusion of departmental inquiries, the Commission advised imposition of major penalty of 'dismissal from service' on all the three officers mentioned above because the nature of the charges held as proved by the inquiry officer clearly indicated that they had failed to act with utmost integrity, honesty, devotion and diligence and acted in a manner highly unbecoming of Bank officials. Irregularities on their part in the security transaction were also investigated into by the CBI and on conclusion of CBI investigation, prosecution proceedings were also advised by the Commission against the above mentioned three officers alongwith others.

The bank subsequently, twice, sought reconsideration of the Commission's advice in respect of the three officers. The Commission reiterated its advice mainly on the ground that the three officers were involved in scam tainted transactions where the Commission had uniformly applied strict standards. Further, the three officers were being prosecuted in a court of law and it would, therefore, not be appropriate to accept the bank's plea for reconsideration of their cases for reduction in penalty. However, disregarding the Commission's advice, the bank imposed the penalty of 'removal from service' on AGM (Securities) and Dy. Manager (Security Division) and 'compulsory retirement' on AGM (PB Division).

The action taken by the bank was against the uniformly strict policy adopted by the Commission in all scam related cases. The bank seemed to have been guided by considerations other than the merits of the case and the view taken in precedent cases. The bank's action was extremely unfair to other officials in whose case the Commission's advice of 'dismissal' had already been accepted by the State Bank of India and other Banks. Despite the fact that the three officials had been held responsible for the possible loss to the bank of Rs.707.56 crores and Rs.105.10 crores being the amount payable by State Bank of India to National Housing Bank and S.B.I. Capital Market on account of some of the impugned transactions, the State Bank of India chose to take a lenient view against them. The Bank ignored the gravity of the irregularities held as proved against them and damage caused by the irregularities to the interest of the Bank.

#### 4.1.22 THE STATE TRADING CORPORATION OF INDIA LTD. (STC)

The Commission advised the State Trading Corporation of India Limited, on 16.08.2000 to impose a major penalty on two of their executives on the charge of gross irregularities and negligence committed by them in the deal pertaining to contract of export of 1500 MTs skimmed milk power. The State Trading Corporation of India Limited imposed a penalty (withdrawal of five increments for a period of five years in the existing scale) lesser than that advised by the Commission on both the executives by deviating from the Commission's advice.

## CHAPTER - 5

### DELAYS AND OTHER DEFECIENCIES IN VIGILANCE MATTERS

#### DELAY IN FINALISATION OF DISCIPLINARY PROCEEDINGS HAMPERS JUSTICE

5.1 Natural justice demands that disciplinary proceedings are finalised in an expeditious manner. The delay in completion of proceedings invariably hampers efforts to curb malpractices and mete out justice. It may, on the one hand, cause undue harassment and demoralization of innocent employees, who at the end of the proceedings are exonerated of the charges framed against them; and on the other hand, it enables the guilty officers to evade punitive action for longer periods of time. The delay in handling disciplinary cases has, on several occasions, been viewed adversely by the Courts also. There have in fact been instances where the proceedings initiated against the delinquent employees were quashed solely on the ground that there were inordinate delays in handling the disciplinary cases. The Commission, therefore, considers it imperative that instances of suspect malpractices are followed up vigorously by the administrative authorities so that all the delinquent employees 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 employees. However, during the year under report, the Commission noticed that delay in processing vigilance cases at various stages of investigation and inquiry was wide spread and a large number of organisations were not able to adhere to the normal time schedule prescribed for processing the disciplinary cases.

#### 5.2 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. It was, however, observed that, at the end of the year 2001, investigation reports were awaited on 2182 complaints forwarded by the Commission to departmental vigilance units for investigations and reports. Of these, 865 complaints (nearly 39.7%) were pending investigation for more than three years and 923 complaints (nearly 42.3%) for the periods ranging between one to three years. The organisation-wise break-up of this pendency is given in **ANNEXURE-VIII**. Similarly, out of 12 complaints pending with CBI for investigation and report, 6 complaints were pending for more than three years and 6 complaints were pending for the periods ranging between one to three years. The Commission views with concern such inordinate delays in investigation of complaints. The failure to take timely action in investigating cases of misconduct often results in destruction/tampering of valuable evidence and sometimes even in loss



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

### 5.3 DELAY IN HOLDING ORAL INQUIRY

#### **TIME FRAME FOR HOLDING DEPARTMENTAL INQUIRY**

5.3.1 In cases, where the Commission advises 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 employee within one month of the receipt of Commission's advice. The charged officer (CO) is given normally a period of ten days to submit his statement of defence denying or admitting the charge(s). If the CO does not admit the charge(s), and the proceedings were 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, normally advises the disciplinary authority whether to approach the Commission for nomination of a Commissioner for Departmental Inquiries, borne on the strength of the Commission, to hold the oral inquiry, or to appoint its own officer as IO. Keeping in view the time frame prescribed for issuing a charge sheet and obtaining written statement of defence from the CO, it should be possible for the disciplinary authority to appoint inquiry officers within two months of the receipt of the Commission's advice for initiation of major penalty proceedings.

5.3.2 There were 211 cases in which the disciplinary authorities had not issued orders appointing the Commissioner for Departmental Inquiries (CDI), nominated by the Commission as Inquiry Officers, for more than three months. Of these 146 cases were more than one year old and 65 cases were more than 3 months old. The organisation-wise break-up of these cases of delay in appointment of CDIs is given in **ANNEXURE-IX**.

5.3.3 The IO appointed by the disciplinary authority to conduct departmental inquiry in a particular case is required to be furnished with the related documents viz. a copy 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 IO. However, at the end of the year under report, 2 cases were pending for more than a year, in which the disciplinary authorities had not furnished the relevant documents to the CDIs appointed as Inquiry Officers. The organisation-wise break up of these cases is given in **ANNEXURE-X**.

### 5.4 DELAY IN IMPLEMENTATION OF COMMISSION'S ADVICE

#### **LARGE NUMBER**

The Commission notes with concern that the disciplinary

**OF ADVICES  
PENDING  
IMPLEMENTATION**

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 2302 cases pending for over six months for implementation of first stage advice of the Commission and 1037 cases pending for over six months for implementation of second stage advice of the Commission. 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.

**5.5 ILLUSTRATIVE CASES OF DELAY, DEFICIENT INVESTIGATION AND RELATED MATTERS**

The imperative of expeditious processing and finalization of disciplinary proceedings need hardly to be over-emphasized. Disciplinary proceedings culminate either in the penalization of the arraigned official by way of imposition of one of the statutory punishments prescribed in the Rules or in his exoneration from the charges. In other words, he is either found guilty (and punished) or not guilty (and exonerated). When there is inordinate/ unreasonable delay in the finalization of the proceedings, it results in a situation where undue/unintended 'advantage' accrues to the 'guilty' official in many ways. For example, he continues to earn his increments and sometimes promotions too despite the pendency of the proceedings and despite the seriousness/gravity of his misconduct which might warrant and justify even his dismissal or removal from service. Chances are also that he may eventually retire from service with the disciplinary proceedings still "continuing" and once he retires from service, the whole 'scenario' changes drastically. Things may move at a still slower pace thereafter and it may be after several years that the Inquiry Officer will be coming out with his report/findings on the charges against the retired official. Even when the findings are adverse, everybody starts 'sympathizing' with the "poor retired man" and starts feeling that it will be 'unfair' to penalize him years after his retirement. Chances also are that the official may ultimately be let off either with a Govt. displeasure or a token cut in the pension-although the case would have ended, in the normal course, in the official being awarded a stringent punishment.

The situation becomes even sadder in the other type of cases where an accused is found innocent and is exonerated of the charges after years of trial and trauma. During the currency and pendency of the proceedings, the official does and has to undergo a whole lot of disadvantages having financial implications as well. Many a time, he may be over-looked in the matter of promotions, important postings/assignments and the like. Apart from these disadvantages/adverse consequences at the official plane, he also will have to face several unfortunate situations/consequences at home and within the society as well: like social approbation, stigma, loss of

prestige/honour/respectability etc., many of which just cannot be compensated or made good even if he is ultimately found innocent and is exonerated after several years. In fact, it would be rather cruel, unjust, unfair and even inhuman to subject innocent officers to the grueling exercise of disciplinary proceedings for years on.

It is therefore absolutely necessary, to ensure that disciplinary proceedings/departmental action against charge sheeted employees are processed and finalized most expeditiously. The Commission has, therefore, been urging upon all organizations, from time to time, emphasizing the need to finalise disciplinary proceedings on time.

Despite all these, it is sad and disheartening to note that cases/disciplinary proceedings continue to drag on for years together in many of the departments. Some of the illustrative examples of such cases, which the Commission had occasion to process during the year are highlighted below:-

#### **5.5.1 AIRPORTS AUTHORITY OF INDIA (AAI)**

The CBI had forwarded a report to the Ministry of Civil Aviation on 8.12.1998 recommending departmental action against Member (Operations), Airports Authority of India. Ministry of Civil Aviation's comments on the CBI report were not received in the Commission despite repeated reminders. Thus, the case was examined in the Commission, without the benefits of the Ministry's comments, and the Commission advised initiation of major penalty proceedings against the Member (Ops) on 9.7.1999. The Ministry of Civil Aviation, however, issued him a chargesheet on 15.10.2001 only and on the next day he was relieved from the AAI on completion of his tenure. There is no provision in the CDA Rules of the IAAI, under which he was chargesheeted to continue the proceedings against a person after he ceases to be the employee of the AAI. Thus, because of inordinate delay on the part of Ministry of Civil Aviation in initiation of disciplinary proceedings, the member (Ops) could escape punishment.

#### **5.5.2 ALL INDIA RADIO (AIR)**

In a case pertaining to the execution of work of extension of 100 KW MW Transmitter Building at AIR, AMTOLA (Calcutta), the Commission had advised initiation of major penalty proceedings against four officers of the Ministry of Information & Broadcasting in September 1997. Later, it was observed that the charge sheets to three delinquent officers were issued in November, 1999 while the fourth officer was issued the charge sheet only in December, 2000.

The Ministry of Information & Broadcasting informed in July, 2001 that one of the officers had filed a petition before the CAT, Calcutta Bench, challenging the charge sheet issued to him and Hon'ble CAT had stayed the proceedings vide order dated 03.08.2000.

The Ministry also requested the Commission to nominate a CDI to conduct the inquiry in respect of another charged officer who had also approached the CAT, Calcutta, and the Hon'ble CAT had directed in April/May, 2001 to complete the disciplinary proceedings within four months. To this, the Commission advised the Ministry to appoint their own IO for conducting the inquiry and seek the Commission's second stage advice immediately after completion of the inquiry proceedings. The Commission also advised the Ministry to furnish a report giving their chronology of events and fixing the responsibilities of the officials concerned for this inexplicable delay as the Ministry took more than 2 years to issue the charge sheet to the delinquents.

The Ministry of Information & Broadcasting while regretting the delay contended that the officers involved were not directly under their control and the cases were required to be followed up with the DG, AIR. They also contended that the documents, being voluminous, took a lot of time for getting them photocopied. The Ministry also added that the matter got delayed in drafting the charge sheets. However, the reply furnished by the Ministry was not found convincing and tenable by the Commission.

### **5.5.3 BANK OF INDIA**

Manager of Bank of India's branch in District Barabanki, Uttar Pradesh was alleged to have sanctioned loans of Rs.5,000/- each to 2 borrowers without carrying out pre and post sanction inspections which resulted in payment to non-existent persons. CBI recommended prosecution and the Bank accorded the sanction of prosecution of the official in May, 1987. After a lapse of 12 years, on 4.11.1999 the trial court held the prosecution sanction as invalid. CBI asked for fresh sanction but the same was refused by the Bank on the ground that the incident pertains to the period 1982 and the official can be held negligent to the extent that he had failed to carry out pre and post sanction inspections which could have revealed the identity of the borrowers. Bank favoured initiating minor penalty action against the official. When the Commission intervened, CBI approved dropping of prosecution against the official and instead recommended for major penalty proceedings against the official on the same charges.

However, after considering the fact that the official faced a trial in a court of law for 12 years (from 1987 till 1999), suffered a lot, the prosecution failed against him and the amount involved was only Rs.10,000/- in two accounts, the Commission advised closure of the case against him as no useful purpose would now be served in insisting on regular departmental action against him. There seemed to be no case against the official now even for a minor penalty.

These facts reflect on the failure of the system.

#### **5.5.4 DELHI DEVELOPMENT AUTHORITY**

Certain paras observations of the Intensive Examination report dated 16.05.86, submitted by the Chief Technical Examiners' Organisation, pertaining to the work: Construction of 1026 LIG houses at Nand Nagri (E-16) including internal development (SH: C/o 324 LIG Houses at Nand Nagri) were referred to the Chief Vigilance Officer, Delhi Development Authority, for detailed vigilance investigation in 1996. The investigation report is still awaited from the CVO, inspite of reminders.

#### **5.5.5 GOVT. OF N.C.T. DELHI**

Certain paras observation of the Intensive Examination report dated January, 1987, submitted by the Chief Technical Examiners' Organisation pertaining to for the work: 'Extension and improvement of effluent irrigation system at CTP (Phase II) SH: Raising of left bank of gravity channel by construction of brick masonry wall from RD 2300 to 3000' were referred to the Chief Secretary and CVO, Delhi Administration for detailed vigilance investigation in 1987. A meeting was taken by the Secretary, CVC with CVO of Delhi Admn. in this connection on 13.3.1998 but investigation report has not yet been furnished by the CVO.

#### **5.5.6 GOVT. OF N.C.T. DELHI**

Similarly paras observation of the Intensive Examination report dated 1987 submitted by the Chief Technical Examiners' Organisation pertaining to for the work: "C/o Nawada drain from village Nawada to its outfall in Najafgarh drain u/s Kakraula regulator. SH: C/o Nawada drain between RD 480-2300" referred to the Chief Secretary and CVO, Delhi Administration for detailed investigation in 1987 are still to be investigated. A list of other works of Delhi Administration where similar delay in investigation has occurred along with the year in which reference was made for detailed investigation against each work is given below:

- (i) A/R and M/o effluent irrigation system of KTP, strengthening of right bank of Mundka minor from RD 0 to RD 600 referred in 1987;
- (ii) Extension of Kakraula bridge at RD 58200 of HG drain No.1 referred in 1987; and
- (iii) Embankment connecting guide bund of Wazirabad barrage to RME. SH: C/o embankment from RD 1750 to 3040 i/c laying of stone apron referred in 1987.

#### **5.5.7 HINDUSTAN PAPER CORPORATION LTD.**

CTE's Organisation of the Commission conducted intensive examination of the work of supply, erection and commissioning of three boilers for Nagaland Pulp and Paper Company Ltd. and forwarded a report to Hindustan Paper Corporation Ltd. on 6.11.1989 for comments. Hindustan Paper Corporation Limited furnished their comments to the Commission on 13.3.2001 stating that the executives responsible for the lapses are no longer in the Company, and therefore, the matter might be closed. There were serious lapses on the part of certain executives but due to delay in furnishing of the comments by the Hindustan Paper Corporation Ltd. the executives were allowed to go scot free and Commission advised closure of the case as a fait accompli.

#### **5.5.8 LIFE INSURANCE CORPORATION (LIC)**

LIC sought the Commission's advice, in July 2001, in a case relating to irregularities in the sanctioning/disbursement of OYHS (Own Your House Scheme) loans. The report furnished by the LIC in this regard was, however, found to be very cryptic and hence a back reference was made by the Commission asking for relevant details. On the basis of a further report furnished by LIC, the Commission advised, in August 2001, disciplinary proceedings against four officials.

The Commission has also noted from the documents on record that the case came to light through a complaint dating back to 1993. However, as mentioned above, it was only in July 2001, that LIC referred the matter to the Commission. Thus, the Corporation took eight years to investigate/process the case.

During the interregnum, several officials, who were also accountable for the impugned irregularities had either retired from service and/or had expired, rendering it impossible to take any action against them. Thus, on account of inordinate delay on the part of the LIC in undertaking/completing investigations into the complaint received in 1993, as many as ten officials responsible for their acts of omission/commission escaped punishments. The explanation furnished by the Corporation for undue delay on its part has been found to be untenable and unacceptable.

#### **5.5.9 MINISTRY OF HOME AFFAIRS**

In a case pertaining to flagrant procedural violations in the purchase of stores as well as deliberate misuse of staff car, the Commission had advised initiation of minor penalty proceedings in February, 1993 against an IAS officer, who was functioning as the Director of Census Operations at Bhopal, MP under the Registrar General of India (RGI). On receipt of a reconsideration proposal from

the Ministry of Home Affairs, recommending closure of the case, the Commission reiterated its advice of minor penalty proceedings in April 1994 as no new facts warranting a change were adduced by the Ministry. The Ministry of Home Affairs again sought reconsideration of the Commission's advice in June 1996. However, the advice was again reiterated in February, 1997 as facts of the case remained unchanged. Thereafter, the Commission had been persistently reminding the Ministry of Home Affairs and the Department of Personnel & Training as to the action taken in the matter of implementation of the Commission's advice. After protracted correspondence, the DOPT in February, 2001, informed that delay on the part of RGI was primarily due to pre-occupation in preparation of a report on the Census of India, 2001. After addressing the Union Home Secretary, a proposal was again received in the Commission in September, 2001 for reconsideration of its advice. The advice for minor penalty proceedings was again reiterated in February, 2002 on the ground that flagrant violation of systems and procedures, even if not accompanied by malafide intentions, ought to be punished. The Commission's advice is yet to be implemented.

#### **5.5.10 RAILWAY BOARD**

The Commission advised major penalty proceedings, in April 1987, against seven officials of SE Rly. for lapses in the matter of disposal of a consignment of steel sleepers. This advice was reiterated by the Commission in October, 1987 in reply to a reference received in between for reconsideration of initial advice dated 27.4.87.

Of the seven officials, one was a Gazetted Officer and the others were non-gazetted officials. Pursuant to Commission's advice, charge sheets were served on the NGOs in January-February, 1988. However, it was only as late as in September 1992 that the cases were remitted to the Inquiry Officer.

While the Inquiry Officer submitted his reports in January-February, 1994, it was only as late as in November 2000 that the Railway Board, referred back the case to the Commission for its second stage advice.

As per the extant rules/instructions, if a charged official denies the charges, or fails to submit reply to the charge sheet within the stipulated period of 10/15 days, the case may be remitted to the inquiry officer forthwith. Normally, therefore, it should not take more than a month's time between the date of issue of a charge sheet and date of appointment of an Inquiry Officer. As against this, it was appalling to find that in the present case the Railway Board took four-and-a-half years to remit the cases to the Inquiry Officer.

Again, once an Inquiry Officer submits his report, the decision thereon is required to be taken within a period of three months.

As against this, in the present case, the Railways took more than six-and-a half years to process the inquiry reports and to make a reference to the Commission.



## CHAPTER - 6

### CHIEF VIGILANCE OFFICERS

#### 6.1 ROLE OF CHIEF VIGILANCE OFFICERS

##### **KEY VIGILANCE FUNCTIONARY**

6.1.1 Every Ministry/Department of the Government of India and its public sector enterprises/banks/insurance companies, autonomous bodies has vigilance units headed by "Chief Vigilance Officers (CVOs)". These vigilance units play a pivotal role in ensuring probity and integrity in public administration. The Commission considers them as an extension of its own set-up as a means of supervising vigilance administration of these organisations. Their importance is particularly underlined by the fact that nearly three-fourth cases referred to the Commission for advice have been investigated by the CVOs. A CVO is, therefore, an important field functionary in the scheme of vigilance. 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 and is required to handle all vigilance matters concerning his organisation.

6.1.2 In the past, CVOs were designated as Director (Vigilance) or Executive Director (Vigilance) depending on respective status in their parent organisation. In order to promote uniformity in work culture, the Commission issued instructions on 29.07.1999 requiring that all heads of Vigilance Divisions in the Public Sector Enterprises be designated as "Chief Vigilance Officer" irrespective of their status in the parent organisation. The instructions also required that such CVOs, who are of the level of Joint Secretary and above to the Government of India, would be given a status, facilities and perquisites equivalent to that of a Functional Director in the PSE, and those below the level of Joint Secretary to the Government of India would get the status, facilities and perquisites as that of an Executive Director in the concerned PSE.

6.1.3 In an effort to encourage officers to opt for posts of CVOs, certain incentives have been provided including grant of special allowance @ 15% of the basic pay to all CVOs except those posted in PSUs located in metropolitan cities under DOPT's OM No. 378/3/98-AVD.III dated 11.4.2000 read with corrigendum dated May 2000. The CVOs, who are granted such special allowance, would not be eligible for special pay/deputation duty allowance. Besides, it also provides for regulation of tenure on shifting from PSUs to Central Staffing Scheme for the CVOs posted in the PSUs. The tenure of such a CVO shall be treated as 50% tenure only, for the purpose of considering such officers for further posting in Government of India under Central deputation; provided the officer has served the PSU as CVO for at least three years; and the total

tenure, including 50% tenure of CVO, shall not exceed seven years.

## **6.2 SELECTION AND APPOINTMENT OF CHIEF VIGILANCE OFFICERS**

### **CONSULTATION WITH CVC**

6.2.1 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 administrative authorities, however, can make short term arrangements, on their own, up to a period of three months, under intimation to the Commission. However, no person whose appointment as CVO is objected to by the Commission can be appointed as CVO. The CVO once appointed cannot be changed before the expiry of his tenure, except on administrative grounds like transfer, promotion etc., and after obtaining explicit approval of the Commission.

6.2.2 Seven Departments of the Government of India have full-time CVOs, while others have part-time CVOs. Further, while bigger PSEs, banks, insurance companies have full-time CVOs, autonomous bodies may not have full-time CVOs.

6.2.3 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 that context, the Commission approves the appointment of only such officers as have an unblemished record of service for posting as CVOs. The validity of the panel/name of the officer, approved by the Commission, is for one year, i.e. if appointment is to be made after one year, fresh clearance of the Commission will have to be obtained.

6.2.4 The Commission during the year under report considered the suitability of 421 officers recommended by the administrative authorities for appointment to the posts of CVOs in different organisations.

## **6.3 GUIDELINES FOR APPOINTMENT OF CHIEF VIGILANCE OFFICERS**

### **FULL-TIME AND PART-TIME CVOs**

6.3.1 The Commission, wherever a part-time CVO is to be appointed, ensures that the charge of CVO is assigned to an officer who is not, as far as 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 desires the CVOs not to be associated with decision-making processes that could separately be subject to vigilance scrutiny. 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 for vigilance activity. On the other hand, the combining of “vigilance” and “security” functions 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.

## **IMPORTANT CRITERIA**

6.3.2 As already premised, the main objective is to ensure that an officer working as a CVO in an organisation is in a position to view matters objectively and impartially. The following criteria have been evolved to ensure this objective:

- (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 by any 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 should not be absorbed in the same organisation on expiry, or in continuation, of his tenure as CVO in that organisation.

## **6.4 TENURE OF CVO**

## **TENURE GUIDELINES**

6.4.1 The latest guidelines, evolved by the Government under Department of Personnel and Training’s O.M.No.372/7/97-AVD-III dated 7.8.98 for appointment of CVOs are as follows:-

- (a) The full-time CVOs appointed from outside on deputation basis in public sector undertakings have been uniformly allowed an initial tenure of three years extendable up to a further period of two years in the same public sector undertaking with the approval of the Central Vigilance Commission or up to a further period of three years on transfer to another public sector undertaking on completion of initial deputation tenure of three years in the previous public sector undertaking.
- (b) The tenure of the officers appointed as CVOs in public sector banks has been laid down as three years which may be extended or reduced at the discretion of the Government in consultation with the CVC.
- (c) The normal tenure of officers appointed as CVOs from within the organisation has also been prescribed as three years, extendable by another two years with specific approval

of the Commission.

## **6.5 ASSESSMENT OF WORK OF CHIEF VIGILANCE OFFICERS**

### **PROCEDURE OF RECORDING ASSESSMENT**

6.5.1 The Commission has been empowered to assess the work of the CVOs, both full-time and part-time, in various organisations and record such assessments in their confidential character rolls. The annual confidential reports of the Chief Vigilance Officers in public sector banks, as also in the public sector undertakings/organisations etc., shall be initiated by the concerned Chief Executive, reviewed at an appropriate level in the administrative Ministry/Department and forwarded to the Central Vigilance Commission for its final observation as the Accepting Authority. This procedure has enabled the Commission to have a direct appreciation of the performance of a CVO and to record its assessment in the annual confidential report itself. This also inspires confidence in the CVOs that their efforts to combat corrupt and improper practices are properly appreciated. For part-time CVOs, the assessment of the CVC is recorded on a separate assessment sheet, which is incorporated in the ACR of the CVO concerned.

### **DELAY IN FORWARDING ACRs**

6.5.2 The Commission has also observed that the Annual Confidential Reports (ACRs) of CVOs, which are required to be recorded by the Central Vigilance Commission as Accepting Authority, are not being furnished in time and delay affects the career prospects of these officers.

6.5.3 The Department of Personnel & Training, vide its OM No.321/46/94-AVD.III dated 20.5.1996, has laid down the time schedule by which the ACRs of officers are to be completed. The Reporting Officers may adhere to the time schedule so that there is no delay in completion of ACRs of CVOs.

### **PERFORMANCE REPORT AND ACTION PLAN FOR QUALITATIVE ASSESSMENT**

6.5.4 To enable the Commission to have a proper appreciation of the performance of 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 preventive vigilance; (b) steps taken to activate the vigilance machinery; (c) conducting of periodical inspection of the corruption-prone areas; and (d) expediting completion of preliminary investigations/oral inquiries. The CVOs are also required to forward, along with the said note, an Action Plan for implementation by them 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 make timely suggestions to enhance the quality and effectiveness of vigilance work in each organisation. The performance reports supplement the 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.

## **6.6 DELAY IN APPOINTMENT OF CHIEF VIGILANCE OFFICERS**

### **LARGE NUMBER OF POSTS OF CVOs VACANT**

6.6.1 The CVO is assigned the task of dealing with all vigilance matters in an organisation. A vacancy in the office of CVO may disrupt smooth vigilance functioning. The Commission, therefore, considers it necessary that the CVOs' posts, wherever vacant, are filled up expeditiously so that vigilance work in the organisations do not suffer. As a result of the persistent efforts made by the Commission, 83 vacant posts were filled up during the year under report. These included Mahanagar Telephone Nigam Ltd., I.D.P.L., Nathpa Jhakri Power Corpn. Ltd., Bureau of Indian Standards, Bharat Petroleum Corpn. Ltd. etc. However, in several organisations, the administrative authorities could not fill up these vacancies for more than a year, such as ITI, Bangalore, Heavy Engineering Corporation Ltd., Hindustan Steelworks Construction Ltd., Cotton Corporation of India Ltd., Bharat Refractories Ltd., Instrumentation Ltd., Uranium Corporation of India etc.

### **INCENTIVES FOR CVOs**

6.6.2 The vigilance set up in most of the Public Sector Undertakings are skeletal. Out of the sanctioned posts, approximately 25% remain vacant at any given point of time. It takes considerable 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 unpopularity which goes with the job. The posts need to be made more attractive and less risk-prone by granting monetary and non-monetary incentives to the officers.

## **6.7 TRAINING**

6.7.1 The Commission attaches considerable importance to training of CVOs. It had requested the Central Bureau of Investigation (CBI) Training Academy, Ghaziabad to conduct courses in vigilance to impart training to CVOs. The CBI organised two such course during 2001 at their academy at Ghaziabad in which 36 CVOs participated. It is expected that the Academy would be conducting more such courses in future.

6.7.2 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, and makes available its officers as faculty for such courses. The officers of the Commission were deputed on 100 occasions for vigilance courses conducted by different organisations during the year 2001.

## 6.8 STATISTICAL RETURNS

### NEED FOR TIMELY SUBMISSION OF RETURNS

6.8.1 In order to exercise general check and supervision over the vigilance work in the departments, the Commission has prescribed Quarterly Statistical Returns (QSRs) for all organisations. The QSRs form an integral part of the vigilance reporting and provide information about the performance of the vigilance agency of the organisation. The QSRs are required to be furnished in the prescribed format so as to reach the Commission by 15<sup>th</sup> day of the month following each quarter. The Commission however, has observed that a large number of organisations either furnished these returns after considerable delay or have furnished for some quarters only, or in some extreme cases, have failed to furnish the returns. The statement at ANNEXURE-XII contains a list of organisations from which no QSR was received during the year under report.

### INCISIVE INFORMATION

6.8.2 The nature of information contained in these QSRs indicates the scale of vigilance activities in the organisation and the functioning of the CVOs in the matter of investigation of allegations and advising further course of action to the Government. These QSRs, being statistical, is often marked by absence of enunciation of the state of vigilance and anti-corruption administration. 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.

## 6.9 PERFORMANCE OF CVOs

### CONSIDERABLE PENDENCY

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

S.No.	YEAR	MAJOR PENALTY	MINOR PENALTY	TOTAL
1	1992	2629	5436	8065
2	1993	3168	5790	8958
3	1994	2808	5711	8519
4	1995	3232	6198	9430
5	1996	3044	6109	9153
6	1997	3423	7183	10606
7	1998	3747	6626	10373
8	1999	3945	7408	11353
9	2000	4703	10916	15619
10	2001	4492	10678	15170

**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.

**6.10 EXERCISING SUPERINTENDENCE OVER VIGILANCE ADMINISTRATION:**

6.10.1 In order to exercise superintendence over vigilance administration of Central Government organisations, the Central Vigilance Commissioner reviewed the performance of the CVOs posted in northern region, western region, eastern region and southern region at New Delhi, Mumbai, Kolkata and Chennai respectively between August, 2001 to January, 2002. These meetings were attended by 200 CVOs of big organisations. Major areas covered in the review meetings were as under: -

- (i) Whether the organisation had prepared the "Agreed List" in consultation with the CBI;
- (ii) Whether the CVO had finalised the "List of officers of doubtful integrity";
- (iii) Whether the CVO had identified sensitive areas in his organisation and ensured that the officers appearing on the "Agreed List" and the "List of officers of doubtful integrity" are not posted to the identified sensitive areas;
- (iv) Whether the organisation had a policy of rotational transfers, and if so, whether the policy was being implemented particularly in the sensitive areas;
- (v) Number of surprise inspections conducted by the CVOs and the cases arising out of those inspections;
- (vi) Status of complaints forwarded by the Commission to the CVOs for investigation and report;
- (vii) Status of cases pending implementation of CVC's first stage and second stage advices and the reasons for delay in implementation, if any; and
- (viii) Number of inquiries pending with the departmental inquiry officers and the reasons for delay, if any.

6.10.2 During these review meetings, the Central Vigilance Commissioner also gave appropriate directions to the CVOs, where necessary.

#### 6.11 PENDING WITH CVOs:

The pendency with the CVOs as on 31.12.2001 has been indicated in Annexure - XIV. Although the Commission has been pursuing with the CVOs to bring down the level of pendency, it does not give a satisfactory picture while comparing with the pendency at the close of the previous year. The total number of complaints pending consideration with the CVOs as on 31.12.2001 was 5375 as against 4915 at the close of the previous year. While the number of complaints under investigation, involving category 'A' officials [i.e. the officials against whom the Commission's advice is necessary], has gone up [it was 2095 at the close of the year 1999, 2100 at the close of the year 2000 and 2342 at the close of the year 2001], the investigation reports pending consideration with the administrative authorities, against such category of officials has gone down from 1754 at the close of the year 2000 to 1341 at the close of the year 2001. There does not appear to be any effective change in the number of inquiries pending with the inquiring authorities, involving category 'A' officials. It was 1397 at the close of the year 2000 and 1382 at the close of the year 2001. Likewise, there is no implicit change in the number of cases pending with the disciplinary authorities for action after proceedings against category 'A' officials, as it was 1103 at the end of the year 2000 and 1085 at the end of the year 2001. Further, while there has been a little improvement in the cases involving category 'B' officials [i.e. the officials against whom the Commission's advice is not necessary] at pre-proceedings stage [it was 10631 at the close of the year 2000 and 9151 at the close of the year 2001], the status of pendency of cases after initiation of proceedings does not reflect any improvement [it was 13307 at the end of the year 2000 and 13414 at the end of the year 2001]. Therefore, there is a need for the disciplinary authorities to devote more attention to the disposal of disciplinary cases. The comparative pendency position for last three years with regard to some major sectors is indicated below: -



Sector	Year	Cat. A cases [before proceedings]						Cat. A cases [After proceedings]						Category B					
		Under investigation			Investigation Reports			Under inquiry			Action after proceedings			Before proceedings			After proceedings		
		<3m	>3m	Total	<3m	>3m	Total	<6m	>6m	Total	<3m	>3m	Total	<3m	>3m	Total	<6m	>6m	Total
Banks	1999	78	115	193	91	247	338	245	302	547	154	161	315	452	761	1213	970	979	1949
	2000	53	63	116	62	190	252	272	365	637	151	187	338	497	569	1066	954	882	1836
	2001	50	81	131	194	240	434	288	290	578	129	183	312	371	426	797	937	750	1687
Coal	1999	01	10	11	00	09	09	00	04	04	01	00	01	112	419	531	83	333	416
	2000	02	15	17	01	08	09	04	12	16	00	04	04	159	369	528	141	283	424
	2001	11	13	24	9	8	17	10	8	18	5	5	10	118	182	300	122	298	420
Customs & Excise	1999	82	247	329	11	40	51	55	86	141	06	64	70	79	336	415	110	193	303
	2000	95	337	432	03	20	23	45	135	180	22	42	64	132	365	497	127	232	359
	2001	56	293	349	14	5	19	24	70	94	10	25	35	44	319	363	78	177	255
Defence	1999	01	04	05	00	00	00	22	07	29	02	03	05	15	04	19	40	35	75
	2000	30	51	81	53	101	154	04	25	29	03	04	07	41	46	87	54	41	95
	2001	29	62	91	27	28	55	0	32	32	0	3	3	44	36	80	38	53	91
NCT Delhi	1999	48	65	113	17	14	31	29	08	37	19	73	92	146	905	1051	246	291	537
	2000	41	39	80	09	08	17	21	08	29	16	68	84	109	749	858	237	166	403
	2001	29	52	81	2	10	12	8	12	20	29	69	98	138	783	921	206	183	389
Home Affairs	1999	15	51	66	20	50	70	25	37	62	01	01	02	35	103	138	19	51	70
	2000	17	37	54	18	68	86	11	24	35	12	25	37	32	110	142	6	63	69
	2001	20	31	51	40	149	189	12	29	41	28	21	49	34	190	224	20	65	85
Income-tax	1999	33	133	166	10	36	46	06	53	59	13	49	62	56	370	426	49	93	142
	2000	03	108	111	02	39	41	03	40	43	05	63	68	17	215	232	27	113	140
	2001	14	94	108	3	36	39	10	41	51	7	52	59	35	175	210	28	112	140
Railways	1999	96	209	305	17	15	32	68	61	129	41	107	148	689	709	1398	4232	2202	6434
	2000	106	286	392	17	44	61	55	54	109	59	131	190	780	1000	1780	4288	2603	6891
	2001	103	280	383	8	20	28	57	57	114	55	143	198	690	830	1520	4038	2485	6523
Telecom	1999	181	91	272	219	107	326	11	03	14	18	18	36	254	153	407	170	25	195
	2000	89	103	192	213	161	374	12	04	16	12	13	25	306	390	696	315	43	358
	2001	239	224	463	128	104	232	16	2	18	13	12	25	277	387	664	288	61	349
Urban Affairs	1999	32	154	186	96	290	386	16	64	80	17	134	151	239	765	1004	65	158	223
	2000	29	185	214	141	429	570	24	76	100	36	123	159	401	1112	1513	49	175	224
	2001	32	162	194	6	3	9	24	112	136	25	153	178	40	586	626	80	162	242
Grand Total [For all Departments]	1999	664	1431	2095	527	1015	1542	531	735	1266	296	674	970	3168	7169	10337	7361	6028	13389
	2000	562	1538	2100	567	1187	1754	530	867	1397	359	744	1103	3422	7209	10631	7538	5769	13307
	2001	752	1590	2342	521	820	1341	539	843	1382	346	739	1085	2780	6371	9151	7357	6057	13414

## CHAPTER - 7

### PROCEDURAL/SYSTEMS IMPROVEMENTS SUGGESTED BY THE COMMISSION

7.1 As stated in Chapter-1, the Central Vigilance Commission was given statutory status, through an ordinance dated 25.08.1998, which was amended on 27.10.1998. Subsequently, in order to replace the Ordinance, the Government introduced the Central Vigilance Commission Bill, 1998 in Lok Sabha on 7<sup>th</sup> December 1998. The Central Vigilance Commission Ordinance was also re-promulgated on 08.01.1999. The CVC Bill was passed by the Lok Sabha on 15.03.1999 and was pending before the Rajya Sabha. Meanwhile, the CVC Ordinance, 1999 was to expire on 05.04.1999. Therefore, the Central Government resolved on 04.04.1999 that the Central Vigilance Commission constituted under the Ordinance would continue to discharge its duties and exercise its powers under the Resolution which shall come into operation immediately after the expiry of the Ordinance. All the aforesaid documents empowered the Commission to exercise superintendence over the vigilance administration of various Ministries of the Central Government or corporations established by or under any Central Act.

#### 7.2 **SENSITISING THE PEOPLE ABOUT DANGERS AND EVIL CONSEQUENCES OF CORRUPTION:**

7.2.1 The Hon'ble Prime Minister of India, while addressing the nation on 16.10.1999, had observed, inter-alia, as under: -

"One of our immediate task will be to firmly put down terrorism, which has come to cast its cruel shadow on innocent people. Our message is loud and clear; the life of every Indian citizen under our dispensation is precious. In our fight against terrorism, we will be guided by the principle of zero tolerance. The same principle of zero tolerance will apply while dealing with corruption that has bred contempt for the law".

7.2.2 Taking a clue of "zero tolerance against corruption" from the Prime Minister's message, the Central Vigilance Commission, being an apex anti-corruption body in the country, took upon itself the responsibility in implementing the PM's vision. Corruption has two sides, viz. demand and supply. While there has been stress on demand side of corruption, no sincere effort appeared to have been made in the past to discourage supply side of corruption. Observing that the corruption is anti-national, anti-poor and anti-economic development and that fighting corruption was too important an activity to be left only to the Central Vigilance Commission, the Commission decided to launch a systematic campaign against corruption by involving all members of civil society. Therefore, with a view to educating the people about the dangers of corruption and sensitizing them about its evil consequences, the Commission issued instructions on 23.06.2000 that the week beginning from 31<sup>st</sup> October every year should be observed as the "Vigilance Awareness Week". The significance of 31<sup>st</sup> October is that it is the

birthday of the Bismarck of India, Sardar Vallabh Bhai Patel, who represented the best values in the Indian tradition so far as governance was concerned. Subsequently, the Commission launched a virtual organisation, namely Council for clean India, as a forum to fight corruption and also brought out "The Citizens Guide to fighting corruption" on 15.08.2001.

### **Vigilance Awareness Week**

7.2.3 The first Vigilance Awareness Week was observed during the year 2000 from the week beginning 31<sup>st</sup> October 2000. In the year 2001, the Vigilance Awareness Week was observed from 31<sup>st</sup> October to 6<sup>th</sup> November, both days inclusive. In terms of the instructions issued by the Commission, the vigilance awareness programme was to begin in all offices of the Central Government, its subordinate and attached offices, public sector undertakings and banks, autonomous bodies and institutions under the Central Government at 1100 hrs., with taking of a pledge by all public servants, irrespective of their status, to be administered by the head of the department or the senior-most officer available on the occasion. After the pledge, the messages from high dignitaries were to be read out to the audience. Depending upon their financial resources, these organisations were advised to consider displaying banners, posters etc. at prime locations in their offices, organising seminars at different locations, competitive debates/lectures on anti-corruption topics amongst the employees as well as at the students' level in the colleges/schools in their vicinity and award prizes for the best participation, issuing special journals during the week and requesting the non-government organisations/institutions and service associations in the local area to participate in the campaign.

7.2.4 As per the reports received in the Commission, the organisations, which celebrated the week during the year 2001, are listed in Annexure XV. The Commission has observed that the public sector enterprises, including the banks, were at the forefront in observing the week. Many of them organized debates, seminars, training sessions and cultural shows, with vigilance as the theme, in the endeavour to proclaim vigilance as an inseparable component of public service. The most encouraging feature was enthusiasm seen in the youth and senior citizens, who had banded themselves into organized forums. Some non-Government organisations and the State governments also observed the week. The Commission is of the opinion that awareness of general public about the dangers of corruption is likely to discourage supply side of corruption.

### **7.2.5 Council for clean India and Citizen Guide**

In order to sensitize the entire population of the country and bring together every citizen who wants to fight corruption, the Council for Clean India [CFCI], as a forum, was launched on 02.07.2001. The CFCI is a virtual organisation. The Commission has also brought out "The Citizens Guide to Fighting Corruption" on 15<sup>th</sup> August 2001. This Guide, which contains the distilled essence of the strategies evolved so far to fight corruption and the principles that can be adopted, is a humble offering to every

patriotic citizen of India who wants to fight corruption. The Commission requested the CVOs to consider bringing out in adequate numbers "The Citizens Guide" for wider publicity and distribution as a special measure for celebrating the "Vigilance Awareness Week" beginning 31<sup>st</sup> October 2001. It also requested them to consider publishing "The Citizens Guide" in local languages.

### 7.3 SYSTEMS AND PROCEDURAL IMPROVEMENTS:

7.3.1 The Commission has all along been of the view that every organisation should review the systems and procedures prevailing in the organisation so as to plug such loopholes, which provide scope for corruption. The Commission, therefore, studied itself the systems and procedures being followed by the PSEs in recruitment of Management Trainees, and made appropriate suggestions to the administrative authorities. The Commission, while examining the cases referred to it for advice, also made suggestions to the concerned administrative authorities to amend the rules, if in its opinion, the relevant provisions in the rules had provided a scope for corruption. It also made some suggestions to the Government for enactment of Laws. Thus, the measures taken by the Commission to reduce the level of corruption through systems/procedural improvements could be categorised into following three categories: -

- (a) General instructions issued by the Commission;
- (b) Recommendations made to the Government for enactment/implementation of Laws; and
- (c) Recommendation made to a particular Department/ Organisation as a result of the study conducted by the Commission or on examination of a vigilance case.

These are discussed in the succeeding paragraphs.

### 7.4 GENERAL INSTRUCTIONS ISSUED BY THE COMMISSION:

The Commission, in order to reduce the level of corruption, issued instructions on system/procedural improvements to the administrative authorities. Important instructions issued by the Commission between 18.11.1998 to 31.12.2000 were summarised in the Commission's Annual Reports for the years 1999 and 2000. In order to supplement the Commission's endeavour to reduce the level of corruption through system/procedural improvements, the Commission, during the year 2001, issued instructions as under: -

- (a) **Tenders:** The Commission had observed that post-tender negotiation was one of the major sources of corruption. The Commission had, therefore, banned post-tender negotiations, w.e.f. 18.11.1998, except with the lowest tenderer. It was, however, clarified

during the year under report that the instructions dated 18.11.1998 pertain to the award of work/supply orders etc., where the Government or the Government company has to make payment. If the tender is for sale of material by the Government or the Government company, the post-tender negotiations are not to be held except with the highest tenderer, if required.

[CVC's instruction No. 98/ORD/1 dated 03.08.2001]

(b) **Benami Black Money Scheme:** In order to launch a systematic campaign against corruption by involving all members of civil society, the Commission had notified a "Benami Black Money Scheme" with effect from 12.07.2000. Through this scheme, the Commission had invited the members of the public to report the matter to the Commission if they had information against a public servant about possession of black money or assets, which were believed to be disproportionate to his known sources of income. The Commission scrutinises the information so received and if it is considered sufficient for carrying out detailed investigations, the CBI or the Income-tax authorities is advised accordingly. The Commission, in suitable cases, may also advise the concerned authorities to move application under the Criminal Law Amendment Ordinance, 1944 for confiscation of ill-gotten money. The scheme also clarified that: -

- (i) The Commission does not entertain anonymous/pseudonymous complaints. The complainants are, therefore, required to indicate their full names and addresses. But, if they so desire, their identity would not be disclosed;
- (ii) The information should carry sufficient details about the properties owned by the concerned public servant in his own name or in the name of his family members/near relatives;
- (iii) Section 182 IPC makes it a criminal offence if a person gives to a public servant any information, which he knows or believes to be false; and
- (iv) The complainants, who provide information under this notification, would also be eligible to the rewards directly from the CBI/Income-tax departments under their schemes.

[CVC's Notification No. 000/VGL/74 dated 12<sup>th</sup> July 2000]

The complaints pertaining to "Benami Black Money Scheme", received in the Commission up to 31.12.2001 and action taken thereon, is indicated below: -

No. of complaints received	:	788
No. of complaints processed	:	750

No. of complaints filed	:	653
[Anonymous-150; Pseudonymous-195; Vague-308]		
No. of complaints sent for confirmation	:	125
No. of confirmation letters received undelivered/not confirmed	:	8
No. of complaints confirmed by the complainants	:	48
Confirmations awaited from the complainants	:	77
No. of complaints sent to CBI/Income tax authorities:	:	58
(a) For investigation and report	:	32
(b) For necessary action	:	26

(c) **Synergy between the CAG and the Commission:** The audit reports of the CAG, many a time, reveal not only administrative and financial irregularities but also actual cases of corruption. The Public Accounts Committee and Committee on Public Undertakings, which scrutinise the CAG reports, might not have sufficient time to scrutinise all the reports and all the paragraphs, while the valuable information available through the CAG audit reports in the form of documented cases of corruption might call for prompt action on the part of the disciplinary authorities. The Commission has, therefore, issued instructions that the Chief Vigilance Officers [CVOs] in all organisations must scrutinise the CAG audit reports to check whether any cases of corruption are revealed and to initiate immediate action, in all such cases, against the public servants concerned through the standard practice of referring vigilance cases to the Commission. The Commission had also been in correspondence with the CAG on this subject. It has been agreed that all cases of malpractices reported by the CAG, which are perceived to have a vigilance angle, would be sent to the Commission for examination and follow-up action. The Commission would take follow-up action with the disciplinary authorities with a view to ensuring that the cases of corruption and issues having a vigilance angle are not lost sight of and that there is effective synergy between the CAG and the Commission to strengthen the system to fight corruption.

[CVC's Instruction No. 3(v)/99/14 dated 16.05.2001]

(d) **Identification of sensitive posts and rotational transfers:** Postings in vigilance wings/departments are also classified as sensitive. Therefore, personnel deputed to the vigilance wing from operational wings are to have a tenure of three years following which they are to be reverted to operational areas. In the case of organisations that have a separate cadre for vigilance, the rotation should be done across

regions on expiry of tenure of three years in a particular office. CVOs may certify annually that this exercise has been carried.

[CVC's Instruction No. 98/VGL/60 dated 10.09.2001]

(e) **Special chapter on vigilance management in public sector insurance companies:** Keeping in view the need/importance of public sector insurance companies functioning as self-reliant and profitable units, building themselves around their competitive strengths so as to meet challenges from the private sector, particularly with reference to the induction of multi-national companies in the insurance sector, the Commission observed that the vigilance functions will have to be organised along proactive, rather than negative lines. The Commission, therefore, brought out a special chapter on vigilance management in public sector insurance companies and role and functions of the CVC, in consultation with Insurance Regulatory and Development Authority and financial sector of the Department of Economic Affairs in the Ministry of Finance, w.e.f. 15.10.2001.

## 7.5 **LEGISLATIVE/POLICY MEASURES RECOMMENDED BY THE COMMISSION:**

### 7.5.1 **Enactment of Corrupt Public Servant (Forfeiture of Property) Act:**

The Commission had observed that the corruption in our country had flourished because it was considered to be a "Low risk, High profit" business. The great lacuna in our present system is that even if a person is found to be corrupt and is punished, he continues to enjoy the benefits of ill-gotten wealth. It was, therefore, considered that an Act, which could provide for confiscation of ill-gotten wealth, was the only solution in the circumstances. Therefore, the Law Commission drafted a report captioned as "Corrupt Public Servant (Forfeiture of Property) Act". The final report on the proposed Act was submitted by the Law Commission to the Government in February 1999. The report was laid on the Tables of Lok Sabha and Rajya Sabha on 27<sup>th</sup> and 28<sup>th</sup> October 1999 respectively and thereafter a copy of the said report was forwarded to the Department of Personnel & Training for implementation, being the nodal authority. In March 2000, the Commission requested the Department of Personnel & Training to accord priority for enacting the legislation, and if that could not be done in the on-going session, an Ordinance could be issued after the session was over. Nothing however, has been done so far in the matter.

### 7.5.2 **Benami Transaction Prohibition Act, 1988:**

The Government of India had passed a Legislation in 1988 to prohibit benami transactions and the right to recover property held benami and for matters connected therewith and incidental thereto. The implementation of the Act, however, is held up for formulation of rules under Section 8 of the Act and declaration/notification of the authority for exercising the powers to acquire such properties under Section 5 of the Act. The Central Vigilance

Commissioner requested the Secretary (Revenue) on 07.01.1999 to prescribe the Central Vigilance Commission as the authority to implement the aforesaid Act. The response from Secretary (Revenue) is still awaited despite reminders.

#### 7.5.3 **Public Interest Disclosure Act:**

The CVC took up the matter with the Chairman, Law Commission of India on 24.08.1999 indicating the need for a Whistle Blower Act on the lines of UK and USA to encourage honest public servants to expose corrupt practices. The Law Commission drafted "Public Interest Disclosure Bill, 2000" and forwarded it to the Central Vigilance Commission for its comments. The Law Commission after taking into consideration the latter's comments has furnished the draft Bill. Further action in the matter needs to be expedited.

#### 7.5.4 **Freedom of Information Act:**

The CVC took up the matter with the Cabinet Secretary and the Secretary (Personnel) on 15.09.1999, to bring in greater transparency in the system. The Ministry of Personnel, Public Grievances & Pensions informed the Commission on 30.11.1999 that the matter was receiving active attention of the Government and a Bill in this regard was likely to be placed before Parliament in near future. Further progress in the matter is, however, awaited.

#### 7.5.5 **Prevention of Money Laundering Bill, 1999:**

7.5.5.1 The United Nations General Assembly in its Special Session held on 08-10<sup>th</sup> June 1988 had called upon the members to adopt National Money Laundering Legislation & Programme. Money laundering is a phenomenon whereby illegitimate funds, which are the proceeds of the crime, are made to appear legitimate. Therefore, the Prevention of Money Laundering Bill 1999 has been designed to prevent money laundering and to provide for confiscation of property derived from or involving money laundering and for matters connected therewith or incidental thereto. Clause 3 of the Bill defines the offence of money laundering as under: -

"Whoever-

- (a) acquires, owns, possesses or transfers any proceeds of crime; or
- (b) knowingly enters into any transaction which is related to the proceeds of crime either directly or indirectly; or
- (c) conceals or aids in the concealment of the proceeds of crime - commits the offence of money laundering."

7.5.5.2 In the Commission's opinion the above definition does not explicitly bring out the aspects of cleansing the money and the process of placement, layering and laundering. Therefore, the Commission suggested to the Select Committee of the Rajya Sabha on 29.06.2000 that: -



(i) a new sub-clause (d) may be added to Clause (3) of the Bill as under: -

“(d) indulges in cleansing of money earned through illegal activities through the process of placement, layering and laundering. Money laundering is the process by which one conceals the existence, illegal source, or illegal application of income and then disguises or converts that income to make it appear legitimate.”

The Commission has also suggested that the Government could alternatively consider adopting the definition of money laundering adopted at the Vienna Convention of 1998.

(ii) To avoid any doubt about double jeopardy in interpreting the scheduled crimes which should come under the definition of money laundering under clause (3) of the Bill with the offences pursued separately under the acts mentioned in the schedule, an explanation may be provided under clause (3) as under: -

**"Explanation:** The offence of Money Laundering under this Act will be an offence punishable under the provisions of this Act irrespective of the decision taken by the concerned authorities dealing with the various offences mentioned in the Schedule."

(iii) As a measure of precaution that the powers to arrest under clause (18) of the Bill is not misused, the Commission suggested provision for an Advisory Board which would look into the rationality and confirmation of the action taken of the arrest itself, by incorporating clause 18-A as under: -

**"Clause 18-A:** In order to ensure that no arbitrary action is taken and no misuse of powers given to the authorities under clause 18 takes place, the reasonableness of the action taken by the authorities for arrest would be reviewed by an Advisory Board within a period of three weeks from the date of arrest. If the Board does not confirm the reasonableness of the arrest, then the arrested person will be released forthwith even though the legal proceedings may continue under this Act."

(iv) Part VI may be added in the schedule, which may be titled as Economic Offences exceeding proceeds more than Rupees one crore under (a) The Income Tax Act; (b) The Customs Act; and (c) The Central Excise Act. The exact sections under this act may be included in consultation with the Revenue Department. An explanation may also be added under Part VI that the government may notify from time to time the amount in rupees which has to be exceeded for an economic offence to be brought within the purview of this part.

7.5.6 **Amendment of RBI Act for removal of legal constraints in the publication of the names of wilful defaulters:** The Commission issued a directive on 27.11.1998 advising the Reserve Bank of India to collect and circulate the information pertaining to all cases of wilful default of Rs.25 lakhs and above at quarterly intervals. Subsequently, the Commission also wrote to the RBI, on 09.02.2000, advising them to (i) expedite amendment of the RBI Act for removal of legal constraints in the publication of the names of the wilful defaulters; and (ii) circulate the list of wilful defaulters to all banks by an internal circular till such time the Act is amended so that a wilful defaulter is deprived of loan facility from any bank in future. Other companies/concerns in which wilful defaulters have any type of interest should also be debarred from availing credit facilities from any bank. The Commission felt that circulation of the list of defaulters through an internal circular would not violate the provisions of the RBI Act in that regard. It also advised the RBI to issue instructions enjoining upon banks to take in future a consent letter from prospective borrowers at the time of sanction of loan/renewal of credit facilities thereby empowering banks and/or RBI to disclose/publish the names of wilful defaulters.

7.5.7 **Scrapping of Sick Industries Companies Act (SICA):** It was brought to the Commission's notice that a number of borrowers had resorted to filing of cases in the BIFR without adequate or valid reasons with a view to get protection from the legal proceedings - both civil and criminal - under SICA. The SICA perhaps was formulated with the best of intention but the way in which it is now operating, especially with the BIFR, is that the banks are finding it extremely difficult to recover their dues. The Commission, therefore, requested the Secretary (Banking) on 01.01.1999, to move the Government for scrapping the SICA as a method of bringing better financial discipline among the borrowers of the nationalised banks and to reduce the scope of corruption in the financial sector. The Commission also took up the matter with the Governor, RBI, on 15.12.2000.

7.5.8 **Amending the Income Tax Act on the principle of zero exemption:** The Commission is of the opinion that the main source of black money is evasion of income tax and customs and excise. The CVC gave a note to the Prime Minister on 15.02.2001 in which he suggested amendment of the Income Tax Act on the principle of zero exemption. He suggested that incomes up to Rs.2 lakhs per annum should not be taxed and that any income above this limit should be uniformly taxed at a flat rate of 20% whether assessee are individuals, HUF, companies, partnership or any other type. In the Commission's opinion, the removal of this discretion in one stroke would eliminate the scope of corruption and would also enhance the income to the Government because at present the Government hardly realises 17% as the effective rate for collection of income tax.

7.5.9 **Amending the Customs & Excise Acts on the principle of zero discretion:** The Customs & Excise Act provides excellent opportunities for corruption because of the ambiguity and discretion at different levels to decide what should be the applicable rate. It would be much simpler if there is an approach of zero discretion by precisely indicating the

rate that is applicable for a particular product or services. In fact, advance ruling must become a regular part of this system so that well before industrialists import, export or move goods out of the factory, the precise rate is known. The CVC, therefore, in his note to the PM on 15.02.2001 suggested amendment of Customs & Excise Act on the principle of zero discretion.

7.5.10 **Three phased programme to eliminate black money:** The CVC in his note dated 15.02.2001 to the Prime Minister suggested three phased programme to eliminate black money from politics, business and bureaucracy. In the said note, in addition to the above suggestions, the CVC also suggested amendment of the Representation of the People's Act to provide that the candidates against whom serious criminal charges have been framed in a court of law are prohibited from contesting the elections till their names are cleared by the courts of law. It also suggested that for all sensitive posts in Government and sensitive organisations, like banks, PSEs, etc., the neutral committees of experts should select the panels on the pattern of selection for the post of Director, CBI.

#### 7.6 **PROCEDURAL / SYSTEMS IMPROVEMENTS SUGGESTED BY THE COMMISSION IN SPECIFIC CASES:**

The Commission advised procedural/system improvements in some specific cases also. The details thereof are given below: -

##### 7.6.1 **PUBLIC SECTOR ENTERPRISES**

Based on a complaint alleging irregularities in recruitment of Management Trainees by a Public Sector Enterprise [PSE], the Commission observed that there existed no proper recruitment rules/laid down procedure for making selections for the post. The selection was being made only on the basis of a personal interview without any written examination, which resulted in arbitrary short listing of candidates due to which large number of candidates meeting the requirements of the post were not even called for interview. Since such practice could result in undesirable consequence of slots of Management Trainees not going to deserving candidates and also in misutilisation of discretion, the Commission advised the Department of Public Enterprises to evolve a transparent and uniform procedure and issue guidelines to all PSEs on recruitment of Management Trainees. The Department of Public Enterprises examined the matter in view of the practice being followed by some of the major PSEs. They observed that the procedure for recruitment of Management Trainee varied from organisation to organisation. While majority of PSEs were making recruitment through open competition, comprising of written test and interview, some of the PSEs were making selections only on the basis of "Walk-in-Interview".

The Department of Public Enterprises have since directed all PSEs to have detailed Recruitment Rules for the post of Management Trainees by open competition. The other mode of recruitment like Campus Recruitment from reputed institutions or through Walk-in-Interview, however,

may be adopted in rare circumstances, keeping in view exigencies of work, and that too with the approval of the Board of Directors.

#### 7.6.2 **NATIONAL INSTITUTE OF HEALTH AND FAMILY WELFARE**

Following a fatal accident in a lift in one of the residential blocks of the National Institute of Health and Family Welfare, Munirka, New Delhi, the Ministry of Urban Development requested the Commission to get a study conducted on safety of lifts in public buildings. The study was entrusted to a committee of professionals headed by the Chief Technical Examiner borne on the strength of the Commission. The seven-member committee consisted of officers from various Govt. Departments with sufficient experience in the field of installation, operation, maintenance and management of lifts in multi-storeyed buildings. Suggestions were also invited from a number of agencies and experts. The final recommendations made by the Committee were as under: -

- (a) While examining the possible causes of accidents in lifts, it was observed that if the lift car stops away from the floor level, there was a possibility of wide gap between the sill and the lower edge of the toe guard due to smaller length of toe guards provided in the lifts. In order to reduce the gap between the landing sill and lower edge of toe guard so as to prevent any accidental fall through the gap, the Committee recommended that the minimum length of toe guard should be 700 mm for lifts with speeds of 1.5mps and 1000 mm for lifts with speeds above 1.5 mps.
- (b) Another potential cause of accidents could be the attempts made to open the landing door lock of lower floor in case the car stops away from floor level due to power failure. Since the car door can be opened in case of power failure so as to improve the ventilation and avoid claustrophobic situations etc. as outlined in IS- 14665 (part 2/Sec.-1) : 2000 para 10.9.1., there is a tendency among trapped passengers to make attempts to open any accessible landing door which can be opened by a electromechanical latch in the landing door as the lock is accessible through open car doors. This attempt in panic may result in accidental fall into the lift pit. In order to ensure that the trapped passenger do not attempt opening the landing door, the electromechanical latch should be so designed that it is inaccessible or invisible to the passengers in the car.
- (c) Though para 8.4.3 of IS-14665 (Part 2/Section 1): 2000 recommends for provision of either an emergency signal or a telephone inside the car but as a general experience, it is seen that over a period of time these devices become inoperative due to one reason or the other. Therefore, in order to have at least one device of communication functioning at all the times, as an

alternative arrangement, it is recommended that the provision of both i.e. telephone with minimum two connections- one at the operator's room and other a guard room and the emergency signal with re-chargeable batteries as source of supply be made in the lift cars.

- (d) The device used for emergency signals should incorporate a feature that gives a immediate feedback to the car passengers that the device has worked properly and the signal has been passed on to the intended agency.
- (e) The Automatic Rescue Devices (ARD) meant for the purpose of bringing the lift car to the nearest landing doors, are being used selectively and is generally restricted to commercial buildings having heavy traffic. However, frequent power failures being the common phenomenon, it is recommended that provision of ARD should be made mandatory in all the lifts in public buildings.
- (f) Frequent power failures from regular sources of supply has been a major cause of concern for the equipments and machinery driven by electric power. Therefore, standby source of supply has become indispensable. Though in commercial buildings the standby supply is generally provided but in residential buildings, the provision of standby supply is still a lower priority. In order to avoid any accidental trappings because of power failure, in residential buildings, DG sets of suitable capacity with AMF panel should be provided as back up for the lifts.
- (g) In order to avoid accidental closure of doors while boarding or alighting the car, normally infrared cells are provided in the doors. But it has been experienced that there is a possibility of tampering with the devices by blocking the holes etc. to keep the doors open for longer time. To avoid this, it is recommended that a tamper keep the doors open for longer time. To avoid this, it is recommended that a tamper proof infrared curtain covering the entire height of the door should be provided in the lift doors.
- (h) It is seen generally, that though the instruction on Do's and Don'ts, as per provisions of the relevant IS, are displayed in lift cars but the same are either displayed in inconspicuous location, or are very small in size or are in one language only. To make these instructions serve the intended purpose, and not a mere compliance of relevant IS clause; it is suggested that these instructions should be displayed at a conspicuous location with larger and understandable script and should be written in Hindi, English and regional language.

- (i) The name, purpose and numbering of the push buttons/phone/alarm should be displayed clearly and in the same sequence as indicated in the instructions should against point (8) above. It is worthwhile to mention here that due to long and continuous use of buttons, the numbering and indications on the buttons get fades over a period of time. Necessary preventive arrangement may be made to make the same as fade-proof.
- (j) Apart from the written instructions in the lift cars as suggested against point (8) and (9) above, possibility of providing recorded audio clipping in the passenger cars may be considered. The clippings may run continuously and sequentially in Hindi, English and regional language giving instructions on Do's and Don'ts for safety of the passengers.
- (k) A load plate along with overload alarm, giving the rated load and permissible maximum number of passengers should be fitted in each lift care in a conspicuous position.
- (l) For the purpose of identification, the lift number should be displayed outside the landing door, inside the car and in the machine room. This numbering may be used as reference for the purpose of routine/preventive maintenance, for operating from machine rooms and reporting of any incidents etc.
- (m) All the electrical supply lines and apparatus in connection with the lift installation should be so constructed, installed, protected, worked and maintained that there may be no danger to persons there from. To do that, all the exposed parts should be duly insulated, equipments should be securely earthed in accordance with the recommendations made in IS: 3043 and also in conformity with the latest provisions of Indian Electricity rules.
- (n) The machine rooms and all other rooms containing lift equipment should be provided with adequate illumination. The lux level should be at least 200 lux. Provision of adequate lighting in the entire life shaft should be made mandatory.
- (o) The provision of Fireman's control/switch for the purpose of using the lift for carrying out fire control exercise as per provisions of relevant IS specifications should be made mandatory.
- (p) There have been quite a few instances, wherein the accidents do occur due to machinery failure which in turn is attributed to the human failure occurred in one or the other form like deploying of unskilled personnel or due to mishandling of the equipments etc. The reasons for such occurrences are the

inherent shortcomings and ad hocism in the award of the work of maintenance/operations to inexperienced and less reputed firms. The task of maintenance and operation should be entrusted to reputed and experienced agencies, which deploy only skilled persons. As far as possible the manufacturer of the lift should be considered for undertaking maintenance and operation so as to make the system more accountable.

- (q) There are some cases in which serious and fatal accidents happened during rescue operation for taking out the trapped passengers. Such accidents occur due to improper handling of rescue operation or inadequate accessories required for rescue purpose. In order to avoid such occurrences, it is strongly recommended that personnel engaged for rescue operation should be fully equipped and trained in handling the rescue operation. It is essential to carryout the rescue exercise in accordance with the instructions contained in para 10.10 of IS-14665 (part 2 Section 1): 2000.
- (r) It is felt necessary to maintain a logbook containing all the details viz. lift number, names and addresses of the operators/maintenance personnel, details of the agency undertaking maintenance and operation and details of Routine/Preventive maintenance of lifts etc. The logbook should be duly authenticated by a competent authority and also by a representative of residents in case the lift is installed in residential area.
- (s) The mock drill exercise for all the lifts should be made mandatory and should form part of Annual Maintenance Contracts. The responsibility of conducting mock-drills on regular pre-decided periodicity should lie with the agency undertaking the AMC and the same should be duly vetted by the resident's representatives.
- (t) All the suggestions brought out in the above paras should be considered in addition to and/or in conjunction with the relevant IS specifications and may not be deemed to have superseded any IS specification relevant to the lifts. In case of any clash the more stringent measure should be considered for implementation purpose.

### 7.6.3 **DELHI DEVELOPMENT AUTHORITY (DDA)**

In the Delhi Development Authority (DDA), conversion of lease-hold properties into free-hold is widely perceived as an area of corruption. There have been allegations of harassment, long delays and involvement of touts, etc. The Commission, therefore, set up a committee to study the existing systems and procedures relating to conversion of lease-hold properties into free-hold. Some officers from the DDA were also associated

with the committee, headed by the Chief Technical Examiner, borne on the strength of the Commission. The committee examined various aspects of the problem, studied complaints received, spoke to some members of the public and then made the following observations and recommendations: -

- (a) The Committee, while scrutinizing the procedures followed in DDA for grant of conversion from leasehold to freehold, observed that the root of all delays in processing of cases was the absence of records about the properties and the payments received from the lessees. Even if files were traced, relevant papers were, at times, not available. The crucial difference, not just in processing but also in honing accountability as well as in building transparent administration, could be made by computerising the records of DDA. It was understood that all current records had been computerised. But in the context of conversion, which generally covers old cases, this transformation to an electronic data base needs to be expedited. A specific time-frame of six months can be allowed for this project. DDA can be advised to appoint a project head for this special responsibility.
- (b) Concomitantly, since this project would involve culling out of details from existing files which may themselves have gaps in them, reconstruction of files can also be taken up simultaneously by calling for such particulars as are not available, either from the banks or from the allottees whenever required.
- (c) In the process itself, it has been observed that applications for conversions are filed at various nominated banks. This system was introduced to provide greater convenience to the applicants; alongwith the applications, the bank collects the fees and the required documents. The former is credited to the account of the DDA and the latter alongwith the forms are dispatched to DDA. Very often, the bank consolidates the applications and forwards them at intervals, which serve to delay the process. It is, therefore, recommended that the applications should be forwarded by the banks at fortnightly intervals.
- (d) The process of verification involves check of documents required for conversion and the files of the DDA itself, whether of the concerned wing or of finance. Deficiencies could arise on account of failure to submit the required documents. Banks are expected to verify, against a checklist, the documents submitted by the applicant. Hence, when DDA informs the applicant that some documents were missing in the application, the applicant may feel aggrieved and there is no accountability for seeking remedies for the deficiencies. Therefore, to streamline the process, it is recommended that the scrutiny



should be the responsibility of the banks and banks should not accept incomplete applications.

#### 7.6.4 **MINISTRY OF RAILWAYS**

On going through an investigation report, the Commission observed that a piece of Railway land at Betul Railway Station, Central Railway was leased out to M/s Burmashell as early as in June, 1974 and was being renewed at nominal rates through it was not being used for the purpose for which it was initially leased out. Considering that it could create complications for the department when it comes to retrieving the land, in future, for the department's own use, the Commission advised the department that it would be desirable to have the lease agreement with the party terminated at the earliest, or at least when the validity of the existing lease agreement expired. Thereafter, if the department really did not require the land for own use, immediately, the same could be leased out to another party through public auction etc., in which case there was also a possibility of fetching better revenue for the department.

#### 7.6.5 **MINISTRY OF RAILWAYS**

While examining an investigation report against a Divisional Commercial Manager, posted in Jhansi Division of Central Railway, alleging his connivance in the procurement of sub-standard mineral water for supply to Railway passengers, the Commission observed that all was not well with the system of procurement and that the existing quality control measures for mineral water were perhaps not adequate. Considering that the Railways had an obligation to ensure that only good quality water was supplied to the public, they were advised to ensure that the water so provided to the public conforms to the prescribed specifications. The Commission also advised the department to organize surprise checks, random checks, etc., more frequently into such areas.

#### 7.6.6 **MINISTRY OF RAILWAYS**

While looking into a complaint alleging irregularities in the matter of conduct of Periodical Medical Examinations (PMEs), the Commission observed that there had been undue delays in the matter of carrying out PMEs of the staff attached to the Chief Yard Master, Gomoh. According to the Railway Board, this delay was, however, attributable to the controlling/administrative authorities, and not to the doctors concerned, who defaulted in referring the staff on time to the hospitals/doctors. While the Railway Board had recommended closure of the case from vigilance angle, the Commission had observed that the Administration was not taking the matter with the seriousness it deserved and that instructions/guidelines relating to PMEs were being flouted with impunity. Observing that train accidents were on the increase and many a time human error turned out to be the main cause for most of the accidents, the Commission pointed out to the Railway Board that no compromise/leniency should be permitted in the matter of periodical medical examinations of the running staff and that the existing

rules/procedures relating to the subject needed to be complied with strictly. In fact, there was also a strong case for periodical reviews of the existing rules with a view to plug the loopholes and grey areas therein.

#### 7.6.7 **MINISTRY OF RAILWAYS**

In a complaint relating to alleged irregularities in the purchase of 'line printers' by the Centre for Railway Information System, it was alleged, inter-alia, that a distributor of the successful bidder also was one of the tenderer. As per the complainant, the modus operandi was that if the distributor was to become the L-1, and the principal company L-2, the former would quietly withdraw his offer, thus making the principal firm the obvious choice, at a higher rate. Commenting on this, it was conceded by the Railway Board that out of the nine firms picked up initially for the limited tender, some were agents/dealers of the principal/reputed firms. The Commission, therefore, advised the Railway Board to be vigilant about such trends and that in the matter of limited tenders, tender papers should not normally, and ideally, be issued to dealers etc. if the same are being issued to the principal firms. They were also advised to find/device ways and means of ensuring that a dealer/agent is not brought to the scene as a proxy (dummy) by a principal firm with a view to bagging a contract or supply order at higher rates. In order to counter such situations in which the dealers etc., who quote lower rate and then opt out subsequently, the Railway Board was advised to consider making counter offer to the L-1 amongst the remaining valid bidders at the rates quoted by the original L-1.

#### 7.6.8 **MINISTRY OF RAILWAYS**

In a case referred to the Commission, one of the allegations pertained to wrongful discharge of the tender floated, in February, 1998, by Pune Division of Central Railway for a particular work. As per the report furnished by the Railway Board, three bids were received and the lowest bid was 81% above SOR (Schedule of Rates). The Tender Committee met on 20.5.98 and recommended acceptance of the said bid. This was approved by the Tender Accepting Authority also. It was, however, observed that the estimate of the tender had yet not been sanctioned by the Finance branch. The estimate was sanctioned only on 25.6.98. However, by that time, the validity of the offer of the lowest bidder had expired, and the firm refused to extend the date of validity. Thus, the work was retendered in August 1998. This time, the lowest offer was from another firm whose bid was 171% above SOR, which was accepted.

As per instructions, tenders have to be floated/invited only after formal sanction of estimates. In cases of exigencies, where floating of a tender cannot wait for formal sanction of estimates, the Executive must prominently highlight the fact that tender has already been floated and that the estimate must be sanctioned before a particular date. If the Finance Department have any disputes/doubts/reservations about the estimate, the concerned officers should discuss the matter across the table and sort out things then and there. If the matter in the present case was handled in this

manner, the Railways could have made a saving of Rs.3.09 lacs in a work costing around Rs.10 lacs only. The Railway Board were thus advised to lay down a procedure, as indicated above, to be followed by all concerned in similar situations.

#### 7.6.9 **MINISTRY OF RAILWAYS**

While processing a case relating to alleged irregularities in the matter of local purchases by the office of the Assistant Controller of Stores, NE Railway, the Commission observed that several items had been purchased repeatedly through different purchase orders, probably on the basis of demands placed by various individual users. The Commission, therefore, suggested to the Railway Board to consider evolving a proper system/procedure whereby the total requirement of each item, for a given period of six months or one year, is estimated in advance and steps taken to procure such items in one go from reputed manufacturers/firms at competitive rates, and that local purchases should be restricted to the barest minimum, to be resorted to only in emergencies and unforeseen exigencies.

#### 7.6.10 **MINISTRY OF RAILWAYS**

A source information was received in the Vigilance Department of SC Railway that “point relays”, which is a safety related item and a propriety product of a reputed firm, were being supplied to the South Central Railway by various contractors. The Vigilance Department observed that in ten cases, out of a total 11 cases scrutinized by them, the purchases were made from the contractors/suppliers, who had falsely claimed that the product was that of the original manufacturer. It was also observed that the condition of pre-inspection by the RDSO was not incorporated in the contract agreements. The Commission observed that everyone in the department should have taken precautions to ensure that safety related items, being procured, were genuine and original. As against this, the materials supplied by small-time contractors had been accepted and made use of in as many as ten contracts. This only betrayed the carelessness and apathy of officers entrusted with the responsibility of ensuring safety of Railways. Further, the contractors had succeeded in passing off spurious items because the clause relating to RDSO inspection was done away with and, secondly, even the clause relating to ‘inspection by RITES’ had been ‘modified’ to “inspection by the consignee”. The Commission therefore advised the department that taking a clue from the instant case, they should streamline the procedures/instructions relating to procurement, inspection and quality control of safety-related items.

#### 7.6.11 **MINISTRY OF RAILWAYS**

One lot of “Over head alignment materials” was disposed off by the Railway Electrification, Ambala, through open tenders, in 1996, for Rs.25,17,000. On the basis of a complaint made by one of the bidders, the matter was investigated. It was found, inter alia, that most of the iron poles, which formed bulk of the materials, had embedded within them “cast iron foundation base” weighing about 50 kg per pole and that this item was not one

of the items which had been specifically indicated in the tender notice. According to vigilance, therefore, the successful bidder should not have been allowed delivery of this item and it should have been retained by the department. Thus, at the instance of vigilance, the cost towards this particular item had been subsequently recovered from the contractor.

The Commission noted that the advertised tender, on one side indicated and named, specifically, the various materials offered for sale, and on the other hand, it also stated that the sale will be on “as is where is” basis. Obviously, there was an element of contradiction in the tender notice. Such ambiguities were liable to be exploited by the vested interests. The Commission, therefore, suggested to the Railway Board to constitute a Committee of sufficiently senior officers, belonging to respective disciplines, before call of tenders, for making an on the spot survey/assessment of the materials to be disposed of and to prepare a proper estimate about the cost of the materials. Tenders may be invited only thereafter and the tender should also name the specific items available for disposal with a specific provision that if any new/additional material is subsequently found at the time of lifting the lot etc., the contractor will have no claim to the same and that department will have the right to retain the same with it and/or to dispose off the same separately as it deems fit.

#### **7.6.12 MINISTRY OF RAILWAYS**

In a case relating to alleged irregularities in the procurement of nickel wire by DCW, Patiala in June 1998, the Commission observed that the quantity of the material in stock with the organization was adequate for more than six years, going by the consumption pattern. According to the department, this was on account of “defective procedure of estimation of annual requirement in which the actual annual consumption is not getting reflected”. This explanation, in the Commission’s view, failed to carry conviction. On the contrary, it appeared to be a case where the item was being purchased in gay abandon with ulterior motives. In fact, such situations provided ideal and ample scope for misappropriation also. Huge stock piling of stores is neither desirable nor advisable for other reasons also; e.g. the quality of materials does deteriorate with the passage of time; huge stock pilings lead to blockage of precious funds; and it also involves storage – congestion. The Railway Board was, therefore, advised to take necessary action with a view to setting things right insofar as material management at DCW is concerned.

#### **7.6.13 MINISTRY OF RAILWAYS**

In February 2001, Railway sought the Commission’s advice in a case relating to alleged irregularities in the matter of award of contract for allotment of a refreshment room, in 1996, at Khagaria station under NE Railway. It was observed that the selection of the contractor was finalized through a “screening” process followed by a “selection” process. The screening process was aimed at short-listing the eligible applicants; and during the selection process, the parties thus short-listed were interviewed. The job

of initial scrutiny of the applications was carried out by a duly constituted "Screening Committee" and the latter exercise, i.e. interviews etc. was carried out by a "Selection Committee". It was rather interesting to note that both these Committees comprised of the same set of officers. In the Commission's view, the very purpose of having two separate Committees is defeated if they are to be manned by the same set of officers. This was pointed out to the Railway Board for appropriate action.

#### 7.6.14 **MINISTRY OF RAILWAYS**

The Commission advised, on 22.8.2000, minor penalty action, inter-alia, against an Office Superintendent of Central Railway for claiming double payments, i.e. both over time allowance and honorarium, for certain additional work done by the official beyond his normal duties. The Commission's advice was communicated by the Railway Board to the Central Railway on 1.9.2000 but it was received by the latter only on 28.9.2000. Thereafter, a draft charge sheet was put up to the concerned disciplinary authority on 5.10.2000 for his approval. However, the file reached the disciplinary authority only on 19.12.2000, whereas the official had already retired from service on 30.11.2000. As such, it was no more possible to impose a minor penalty on the official.

In the Commission's view, it was rather surprising and incredible that the communication from the Railway Board took almost one month to reach the Central Railway and, what more, it took two and a half months for a file to reach the "disciplinary authority" whose office was within the same station. The explanation for the latter delay was that the file was forwarded through the "station dak". In the Commission's view, such delays were totally inexcusable and unacceptable. The Commission therefore advised the Railway Board to ensure that the loopholes/bottle-necks responsible for such delays are plugged.

## CHAPTER - 8

### FUNCTIONING OF DELHI SPECIAL POLICE ESTABLISHMENT (CENTRAL BUREAU OF INVESTIGATION)

8.1 The Hon'ble Supreme Court of India in the case - Vineet Narain & others Vs. Union of India & another [Writ Petition (Criminal) Nos. 340-343 of 1993 decided on 18.12.1997] had directed, inter-alia, as under:-

"The CVC shall be responsible for the efficient functioning of the CBI. While Government shall remain answerable for the CBI's functioning, to introduce visible objectivity in the mechanism to be established for over-viewing the CBI's working, the CVC shall be entrusted with the responsibility of superintendence over the CBI's functioning. The CBI shall report to the CVC about cases taken up by it for investigation; progress of investigations; cases in which charge sheets are filed and their progress. The CVC shall review the progress of all cases moved by the CBI for sanctioning of prosecution of public servants which are pending with the competent authorities, specially those in which sanction has been delayed or refused."

8.2 The Hon'ble Supreme Court had also directed in the aforesaid case that the statutory status should be conferred upon the Central Vigilance Commission. In order to comply with the Supreme Court's directive, the President of India promulgated the Central Vigilance Commission Ordinance, 1998 (Ordinance No.15 of 1998) on 25.08.1998, which was re-promulgated on 08.01.1999. The Ordinance empowered the Central Vigilance Commission to - (a) exercise superintendence over the functioning of DSPE insofar as it relates to the investigation of offences alleged to have been committed under the PC Act, 1988; (b) to review the progress of investigations conducted by the DSPE into offences alleged to have been committed under the PC Act, 1988; and (c) to review the progress of applications pending with the competent authorities for sanction of prosecution under the PC Act, 1988. Since, the CVC Ordinance, 1999 was to expire on 05.04.1999, the Central Government resolved on 04.04.1999 that the Central Vigilance Commission constituted under the Ordinance would continue to discharge its duties and exercise its powers under the Resolution which shall come into operation immediately after the expiry of the ordinance. Thus, the Commission continued to perform its duties in exercising superintendence over the functioning of the CBI during the year 2001.

#### 8.3 **REVIEWING PROGRESS OF INVESTIGATIONS:**

The Central Vigilance Commission held eleven meetings with the Director, CBI during the year 2001. In those meetings, the progress of individual cases pending investigations against senior officers of the Central Government, senior executives of the public sector enterprises and the political leaders were reviewed and necessary directions given to the CBI, wherever necessary. The Central Vigilance Commission also reviewed the status of those cases in which the CBI had recommended prosecution of public servants for commission of offences under the PC Act but launching of prosecutions was pending for want of sanctions from the competent authorities, so as to get the matters expedited. In these meetings some vital issues also came up for consideration. These are discussed below:-

(i) **Registration of cases against the Central Government Employees posted in States' territories:**

It was observed that the CBI, in terms of Section 5 of the Delhi Special Police Establishment Act, could not exercise powers in the areas other than the Union Territories or Railways, unless its powers and jurisdiction are extended by the Central Government to other areas. Thus, if the CBI proposes to register a case against a Central Government Employee, posted in the territory of a State, the consent of the concerned State Government is required. While some of the State Governments have given blanket consent to the CBI to register cases against the employees of the Central Government and its public sector undertakings posted within their territories, the consent of the State Governments in Karnataka has to be obtained by the CBI on case to case basis. Such consents sometimes take unduly long time. The Central Vigilance Commissioner had, therefore, taken up the matter with the Chief Minister of Karnataka, in March 2000, to give blanket consent to the CBI for registration of cases against the Central Government employees and employees of Central Public Sector Enterprises, posted within the territory of that State, on the lines of such consents given by other State Governments. The Commission continued to pursue the matter with the State Government, as decision of the Government was not communicated during the year 2001.

(ii) **Expediting trials in trap cases :**

While reviewing position of cases pending trial in courts, involving public servants, for commission of offences under the PC Act, it was observed that a number of trap cases had been pending in various courts for quite sometime. It was observed that the number of witnesses in trap cases were limited, unlike other cases under the PC Act. The Central Vigilance Commissioner, therefore, took up the matter with the Chief Justices of 17 High Courts requesting them to accord priority to such cases as speedy decisions would have a healthy impact on checking of corruption. At the Commission's instance, the CBI also instructed its branches to ensure that all witnesses are produced well in time, at least in trap cases, so that the courts are not required to adjourn the cases.

(iii) **Difficulties in filling up posts of Dy. SsP in the CBI :**

There are 236 posts of Deputy Superintendents of Police in the CBI. As per the recruitment rules, 40% of these posts are to be filled up by promotion from the cadre of Inspectors with eight years' regular service; 50% by deputation/absorption from the officers under the Central/State Police Organisations holding analogous post on regular basis or with eight years regular service in the pay scale of Rs.6,500 - 10,500; and 10% by direct recruitment. The post of Dy. SP was upgraded to group 'A' on the recommendations of Fifth Pay Commission, and therefore, the posts are required to be filled up in consultation with the UPSC. It was observed that nearly 47% posts at the DSP's level were vacant which affected the CBI's work adversely. The CBI had taken up the matter with the Department of Personnel & Training seeking exemption from consultation with UPSC. The CVC assured the Director, CBI that he would take up the matter with the Secretary, Department of Personnel and the Chairman, UPSC with a view to ensuring that the vacant posts are filled up at the earliest possible.

#### 8.4 WORK DONE BY THE CENTRAL BUREAU OF INVESTIGATION

- (a) **Registration of cases:** During the year 2001, the CBI registered 1104 cases. Out of these, 909 cases were against public servants. It included 595 cases against gazetted officers involving 1115 officers.
- (b) **Investigations conducted by the CBI:** During the year 2001, the CBI handled 2659 cases including those carried over from the previous years. Out of these, 606 cases have been sent for trial and 344 cases have been reported for departmental action. The remaining cases are either still under investigation or have been dropped.
- (c) **Cases sent for trial:** 999 public servants were prosecuted during the year, 2001. It included 538 officers of gazetted rank.
- (d) **Conviction:** 448 cases, filed by the CBI in various courts, were decided during the year 2001. Of these, 292 cases ended in conviction. The remaining 156 cases ended in acquittal/discharge or were otherwise disposed of. Leaving apart the cases otherwise disposed of, the percentage of conviction during the year 2001 was 70.3%. The convictions included 123 officers of gazetted status.
- (e) **Departmental Punishments:** 478 departmental proceedings were concluded during the year 2001. Of these, 397 cases (i.e. 83%) resulted in punishment.
- (f) **Savings:** On the basis of cases and reports made by the SPE in courts or before departmental authorities, savings to the Government have been effected to the extent of Rs.1,85,16,000 during 2001 as fines imposed by Courts.



## CHAPTER - 9

### A CRITICAL ANALYSIS OF THE CASES REFERRED TO THE COMMISSION BY THE ADMINISTRATIVE AUTHORITIES

9.1 The Commission carried out a critical analysis of the cases referred to it by the administrative authorities involving officers of Indian Administrative Service, employees of the revenue collection organisation viz. the Central Board of Excise & Customs and the Central Board Direct Taxes; the employees of the public utility organisation viz. the Railways and DDA. The purpose of such studies was to locate the areas which need special focus in terms of preventive and other measures. The results of these studies are indicated below:-

#### 9.2 **An analytical study of cases involving officers of Indian Administrative Service:**

##### INTRODUCTION

9.2.1 The present study focuses on the advices tendered by the Commission during 1998, 1999 and 2000, in respect of the members of the Indian Administrative Service, the country's premier civil service. The objective behind the present study was to make a quantitative and qualitative analysis of the advices tendered by the Commission and examine whether any inferences could be made with regard to:

- (i) nature and gravity of lapses reported;
- (ii) present state of the vigilance mechanisms dealing with the Service; and
- (iii) how these can be further strengthened so as to further help the Service to better realise the objectives for which it was created.

9.2.2 The study has important implications. The state of probity within the Service directly affects the quality of governance and the effectiveness of the developmental efforts undertaken by the Central and State Governments. The Commission found it worthwhile to undertake this study in the first instance for this very reason.

##### SCOPE OF STUDY

9.2.3 Broadly, this report confines itself to the study of:

- (i) the nature of misconduct committed by the officers concerned in the cases reported;
- (ii) the view taken by the Commission in respect of such misconduct or negligence; and

(iii) the inferences and conclusions that can be drawn therefrom.

**METHODOLOGY** 9.2.4 The Study is limited to 133 cases reported to the Commission during the years 1998, 1999 and 2000. Records of all these 133 cases were studied. This includes 20 cases where the Commission suo moto advised investigation to either the Department of Personnel & Training or the State Governments on the basis of complaints/source information received by it.

**CLASSIFICATION** 9.2.5 The lapses of the officers concerned could broadly be classified into the following six categories:

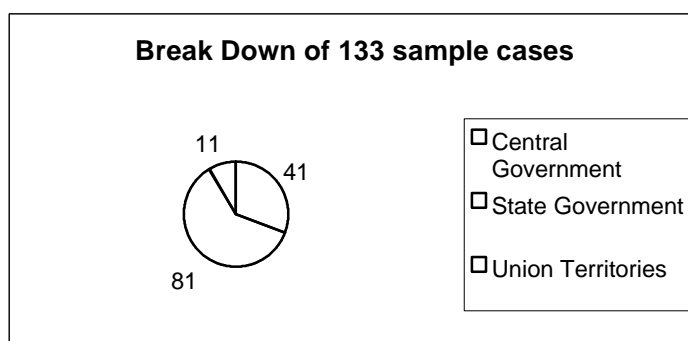
- (i) Possession of assets disproportionate to the known sources of income;
- (ii) Misuse of official position and violation of prescribed rules, regulations, procedures or norms;
- (iii) Showing undue favour to private parties for monetary considerations/ causing loss to the State Exchequer;
- (iv) Violations of Conduct Rules;
- (v) Gross negligence of duties and inadequate supervision; and
- (vi) Demand and acceptance of bribes and illegal gratification.

**ANALYSIS** 9.2.6 Breakdown of the sample

41 out of 133 cases (30.8%) emanated from the Central Government.

81 out of 133 cases (60.9%) related to the State Governments.

11 cases out of 133 cases (8.27%) emerged from the Union Territories.



Further details are as follows:

**TABLE - I**

<b>Year</b>	<b>No. of Cases emanating from Central Government</b>	<b>No. of Cases emanating from State Governments &amp; Union Territories (Figure in brackets are for U.Ts.)</b>	<b>Total</b>
1998	6	26 (6)	32
1999	17	20 (1)	37
2000	18	46 (4)	64
<b>Total</b>	<b>41</b>	<b>92 (11)</b>	<b>133</b>

This data now needs to be correlated with the number of officers deployed in the Central Government on the one hand and the State Governments and Union Territories on the other.

**TABLE – II**

<b>Year</b>	<b>No. of Cases emanating from Central Government</b>	<b>No. of officers working in the Central Govt. *</b>	<b>Col. 2 as % age of Col.3</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1998	6	734	0.82
1999	17	741	2.30
2000	18	753	2.40

\*as on 1.1.98, 1.1.99 and 1.1.2000 respectively - source: DOPT.

**TABLE – III**

<b>Year</b>	<b>No. of cases emanating from UT/State Govts.</b>	<b>No. of IAS Officers working in State Govts./ U.Ts. as on 1.1.2000 **</b>	<b>Col.2 as %age of Col.3</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1998	26	4208	0.62
1999	20	4202	0.48
2000	46	4399	1.05

\*\* Source: Civil List, 1998, 1999 and 2000.

**FURTHER INFORMATION**

9.2.7 Further information is still required in 34 cases (25.56% cases) as the references made in those cases were incomplete, thus further depleting the miniscule size of the statistical universe.

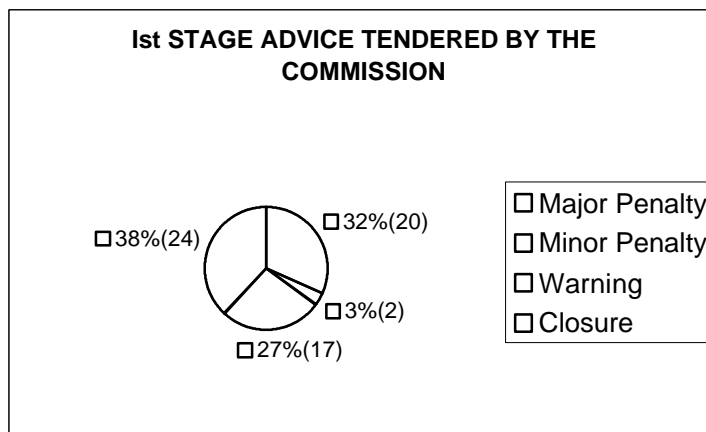
**PROSECUTION**

9.2.8 The Commission advised the issue of prosecution sanction in 23 out of 133 cases (17.29%). According to the information available with it, the competent authorities sanctioned prosecution in 22 cases. Simultaneous departmental action was recommended by the Commission in 3 cases: two for major penalty proceedings and one for cut in Pension. Information as to whether such action has been taken or not is still awaited.

**COMMISSION'S  
FIRST STAGE  
ADVICE ON  
INVESTIGATION  
REPORTS**

9.2.9 Out of 99 (after ignoring 34 cases returned for further information) cases referred to the Commission, 63 were for first stage advice. The Commission advised:

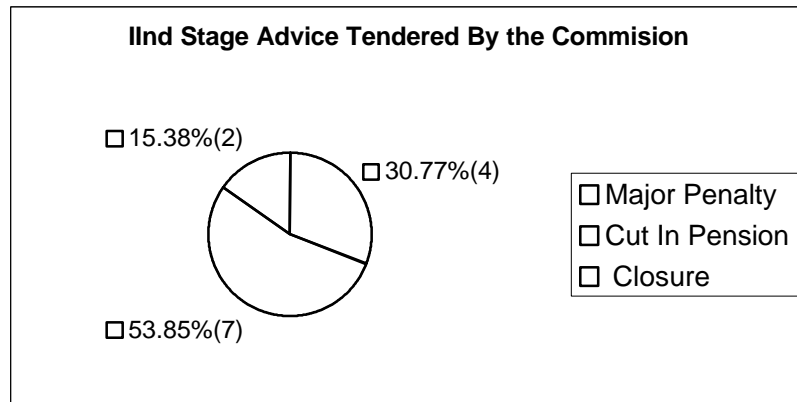
- (i) major penalty proceedings or cut in Pension in 20 cases (31.75% cases)
- (ii) minor penalty proceedings in 2 cases (3.17% cases)
- (iii) Administrative warning, reprimand, displeasure, other administrative action, less than a formal penalty, in 17 cases (26.98% cases).
- (iv) Closure in 24 cases (38.10% cases).



**COMMISSION'S  
SECOND STAGE  
ADVICE ON  
INQUIRY  
REPORTS**

9.2.10 13 cases were referred to the Commission for second stage advice. The Commission advised:

- (i) imposition of a suitable major penalty in 4 cases (30.77%).
- (ii) imposition of a suitable cut in pension in 7 cases (53.85%).
- (iii) closure in 2 cases (15.38%).



**LAPSES NOTICED** 9.2.11 The study revealed a wide gamut of lapses. The exact statistics are as follows (the figures within brackets indicate the percentage of cases in which a particular lapse figures)

- (i) Possession of assets disproportionate to known sources of income (10.53%)
- (ii) Abuse/misuse of official position in violation of prescribed norms, rules and regulations (66.17%).
- (iii) Showing of undue favours to private parties and/or causing loss to the exchequer (50.38%).
- (iv) Violations of Conduct Rules (9.77%).
- (v) Gross negligence of duties and inadequate supervision (6.77%).
- (vi) Demand and acceptance of bribes (6.02%).

9.2.12 The most common lapse related to the failure of the officers concerned to observe the limits of their delegated powers, conferred on them either statutorily or administratively. This misconduct figured in 66.17% of cases. In a large number of cases, this was also accompanied by the charge of showing undue favour and/or causing undue loss to the organisation. This charge figured in 50.38% of the cases. Other serious charges noticed by the Commission were assets disproportionate to the known sources of income (10.53%); violations of conduct rules (9.77%); gross negligence and supervisory failures (6.77%) and demand and acceptance of bribes (6.02%).

9.2.13 The total, it will be noticed, adds up to more than 100%. This is because a case might actually have more than one charge. Typically, certain kinds of misconduct were found to be closely associated with one another: Exceeding delegated powers was

accompanied by conferring undue favours or causing undue loss to the organisations concerned. Abuse of official position has been accompanied by violations of Conduct Rules. Similarly, possession of assets disproportionate to known sources has been associated with the charge of violation of Conduct Rules (failure to send intimations of dealings in movable and immovable property) or misuse of official position or causing wrongful loss to the State/conferring undue favour to a private party. As expected, the charge of disproportionate assets has also been found associated with demand and acceptance of bribes. Misuse of official position, again not unexpectedly or unnaturally, has also been accompanied with negligence of duties. Thus, a series of permutations and combinations of charges have been reported in the cases referred to the Commission.

9.2.14 Overall, the study appears to point to the existence of a whole gamut of administrative and managerial malpractices that appear to co-exist. These could possibly be symptoms of the same disease and thus also be treatable by the same set of remedies.

## **FINDINGS**

9.2.15(i) Use of Performance Indicators in public management requires great care; for example, the decline in the number of arrests in a police district could either be the result of inefficient functioning of the police or a decline in the crime rate. Caution is, therefore, warranted in drawing inferences from a data which might easily lend itself to diverse interpretations.

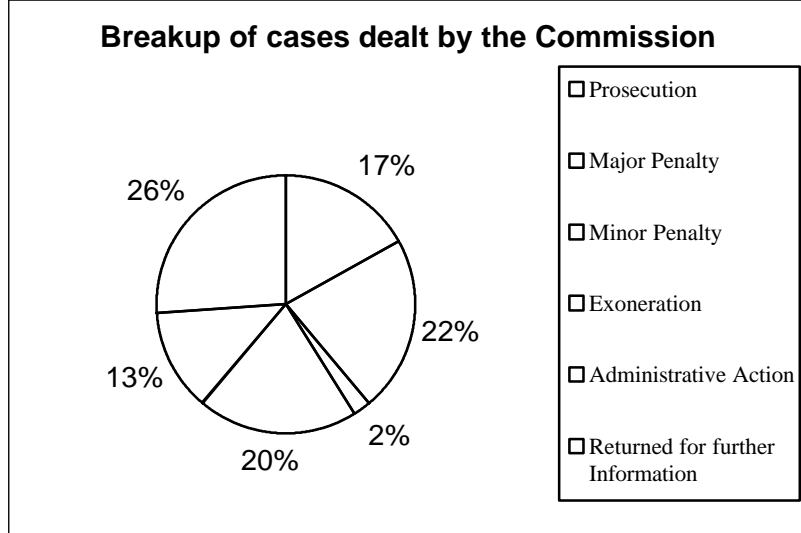
(ii) The study has used 3 kinds of performance indicators: "dials", "alarms" and "tin openers". As the terms themselves suggest, 'dials' merely indicate routine information. In the cockpit of an aircraft, during the course of a flight, a dial may indicate the height at which the aircraft is flying, its speed, the velocity of the wind, etc. Sometimes, however, 'dials' may indicate an alarming state of affairs, for example, the altitude at which the aircraft is flying may be too close to the ground for comfort. A red light by way of an 'alarm' may then get triggered. 'Tin openers' are an invitation to an observer to open a closed can and find out the nature of the contents within. Typically, policy studies often develop and utilize this kind of indicator. This study has made use of all the three indicators, discussed above.

(iii) Since the statistical population of cases is small, it would be hazardous to infer any secular time trends or attempt any cross-sectional analysis. Any such temptation has, therefore, been scrupulously avoided.

(iv) Tables II and III supra, together, reveal that the number of vigilance cases reported during each of the three years

constituted an iota of the total number of officers of the service sanctioned for/deployed in the Central Government on the one hand and the States/Union Territories on the other. The indicators clearly point towards the overall ineffectiveness of the investigative agencies in unearthing cases of corruption both at the Centre and in the States/U.Ts.

- (v) Perhaps, another reason for the poor percentages could be that all the vigilance cases, particularly those relating to less serious lapses committed by the officers, who were involved in the affairs of the States, are not reported (and indeed, are not required to be reported) to the Commission. Rule 7(b)(i) of the All India Services (D & A) Rules, 1966 empowers the State Governments to decide a large number of disciplinary cases of the members of All India Services on their own, when a misconduct occurs in connection with their affairs. The Central Government is to be consulted by them only when they propose to prosecute an officer under the Prevention of Corruption Act, or impose a penalty of dismissal or removal or compulsory retirement. All other penalties may be imposed by the State Governments without consulting the Centre. Despite this justification, the microscopic size of the statistical universe of this study constitutes a cause for serious concern.
- (vi) The ineffectiveness of the vigilance machinery is further brought out by the fact that out of 63 first stage advices, the Commission advised major penalty proceedings in only 32% of the cases. This figure compares unfavourably with the banking sector, where at the first stage, the Commission advised major penalty proceedings in 50% of the cases.
- (vii) The figures for second stage advice and prosecution reflect more favourably on the functioning of the vigilance mechanisms. The Commission advised issue of prosecution sanction in 17.29% of the cases and imposition of major penalty/cut in Pension in nearly 85% of the cases referred to it. This percentage does not appear to be insignificant.
- (viii) Overall, out of every 100 cases dealt with by the Commission, 17 appear to end in the advice for prosecution, 22 for imposition of major penalty (or cut in Pension), 2 for imposition of minor penalty, 20 for exoneration, 13 for appropriate administrative action (namely, issue of a displeasure, reprimand or administrative warning). 26 cases are returned for further information.



- (ix) The data collected in the study would seem to suggest that the Central Ministries and Departments as well as State Governments have also not paid enough attention to preventive vigilance. Supervisory failures and gross negligence accounted for nearly 7% of the lapses reported. The levels of efficiency and effectiveness in public management could well be expected to improve substantially if such supervisory lapses and negligence could be minimized. This is perhaps possible only if officers are made more accountable for their performance. The vigilance mechanisms of an organisation are only one of the means available for achieving this subject. The disadvantage of this mechanism is that it comes into play after the event has occurred. Staff accountability exercises are, therefore, always in the nature of post-mortems.

Effective preventive vigilance, on the other hand, can transcend such limitations of a punitive approach and instead, make use of other available tools to ensure that supervisory failures are minimized.

The annual confidential report is one such mechanism available for performance measurement. This could be effectively used to ensure that an officer is held accountable for the contribution - both positive as well as negative - that he makes. Organisations would perhaps have to shift the emphasis in such assessments, from comments on personal qualities to objective measurement of actual qualitative and quantitative achievements against targets and goals. In conjunction with other measures, this may bring greater accountability within the system.



- (x) This study has revealed numerous instances of misuse of official position either with or without undue loss to the Exchequer or wrongful gain to third parties. Some instances are:
- (a) irregular appointments, selections and promotions;
  - (b) misuse of official vehicles and staff for personal purposes;
  - (c) financial improprieties;
  - (d) irregular admissions in academic and training institutions run by the Government;
  - (e) failure to follow codal formalities in awarding contracts or making procurements
  - (f) misuse of powers for conversion of land use from agricultural to residential or commercial purposes or from residential to commercial purposes;
  - (g) diversion of funds from schemes, such as, the Jawahar Rozgar Yojana etc....; and
  - (h) exceeding powers delegated either statutorily or administratively.
- (xi) The instances of misuse of power figuring in the study appear to indicate that the checks and balances prescribed under the existing system do not appear to be working satisfactorily. Also, there is still vast scope for simplification of procedures. Areas of discretionary decision-making are still very large and afford considerable scope for corrupt practices to flourish.

One possible approach to tackle this problem could be to minimize discretion in administrative and quasi-judicial decision-making and thus make systems more mechanical. In a taxing statute, for example, it might make sense to prescribe a minimum punishment when a citizen fails to comply with a mandatory provision (such as a failure to file a return or pay taxes by a particular date). No discretion on whether to levy or not to levy a punishment may be vested in those officials who are implementing the statute.

## **CONCLUSIONS**

9.2.16 We may not agree with theories that tend to view corruption as a cultural trait. This study appears to show that corrupt practices are possibly much more a function of needlessly complex systems and procedures. Future reforms could thus be directed towards

putting in place systems that make decision-making less complex and more open and transparent. The CVC's directive on banning post-tender negotiations except with L1 was primarily directed towards achieving this objective. Such efforts need to be accompanied with other reforms that reduce areas of discretionary decision-making.

9.2.17 Case studies forming the basis of the present analysis have also indicated a possible linkage between bureaucratic and political corruption. The officers concerned could, at best, plead that they acted under pressure; in the worst scenario, they could be (and indeed have been) accused of conniving with their political masters. Regardless of the individual merits of the facts and circumstances of the different cases - which are now being tried by different courts of law and other departmental forums - all of them point to the need for independent civil services boards at the Centre and in the States to ensure impartial selections for key and sensitive posts. The Boards could play a coordinating role in:

- (i) insulating the civil services from political pressures; and
- (ii) ensuring that selections and promotions are fair and based only on suitability and merit.

9.2.18 An important finding that emerged in the earlier part of this study, relates to the fact that currently the State Governments are required to report to the Central Government (and the Commission) cases only where they propose to impose the penalty of dismissal, removal or compulsory retirement. It would seem that Rule 7 of the All India Services (D & A) Rules, 1966, needs to be amended so as to make a reference to the Commission mandatory in all cases where State Governments propose to impose any penalty in a case with a vigilance angle. This would ensure objectivity and fairness on the one hand and a uniformity of approach from case to case, on the other, as in the case of all other organisations that come within the Commission's purview. The Commission would provide the much needed externality to the system for the achievement of these objectives.

9.2.19 One of the findings in this study related to supervisory failures and lack of accountability. Apart from making annual confidential reports more effective (which has already been discussed), another system needs to be revived. Upto about the middle of the last century, the Central as well as State Governments had an excellent system of inspections in place. Every supervisory officer mandatorily had to inspect the functioning of each of his subordinates at least once a year. Over the decades, this system has fallen into disuse.

9.2.20 There is an old adage that man does only what his boss inspects: nothing could be truer. If a factory manager is ready to accept cloth of the width of a ribbon, the workers would not think of producing cloth of the width of a curtain. It is therefore, imperative for all supervisory levels in the Government to measure performance of their immediate subordinates and comment on the shortcomings noticed by them. This is how subordinates will improve. Further, such inspections would constitute a much more solid basis for writing annual confidential reports than mere impressions. The inspections could also unearth vigilance lapses on a systematic basis. Governments would, therefore, do well to revive this institution.

9.2.21 Last but not least, there has been thinking in certain quarters that there has been too much vigilance in Government and that this phenomenon impairs decision-making. This study does not support this conclusion; on the contrary, it clearly indicates that there has not been too much but too little vigilance, especially preventive vigilance.

### **9.3 Pattern of Vigilance Activity in Relation to Revenue Collection – Indirect Taxes**

9.3.1 The collection of indirect taxes – primarily the Customs and Central Excise duties- is the responsibility of the Central Board of Excise & Customs (CBEC). Constituted by the Central Board of Revenues Act, it functions under the Government of India in the Department of Revenue of the Ministry of Finance. The total strength of the staff under the CBEC is 71,000 comprising of 1710 Group ‘A’ officers, 6473 Group ‘B’ officers, 44673 Group ‘C’ officials and 18148 Group ‘D’ officials. Since the advisory jurisdiction of the Commission is limited to gazetted officers only, the data available with the Commission pertains to 12% of the total staff collecting customs and central excise duties.

9.3.2 The Commission has observed that the employees in the Central Board of Excise & customs are required to perform following functions:-

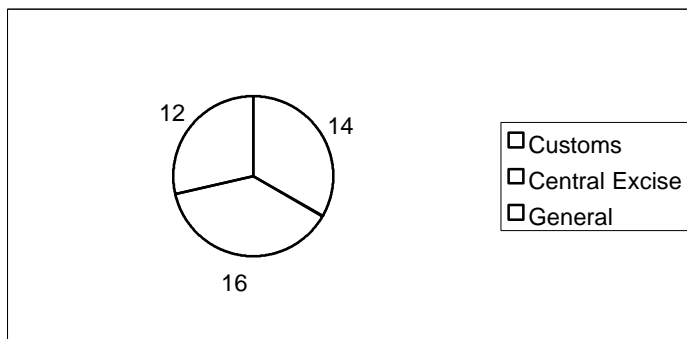
- (a) Indirect taxes are collected by officers under the Central Board of Excise & Customs on declarations of quantity, value and classification made by manufacturers/importers/exporters – the assessment function.
- (b) Indirect tax collectors also perform enforcement functions by controlling manufacturers’ premises, supervision over carriers of import and export goods as well as custodians of international cargo and policing the coastline and entry points for contraband movement – preventive function.

- (c) Indirect tax collectors also act as facilitators of the trade and export promotion policies formulated by the Ministry of Commerce.
- (d) Growing liberalisation and dismantling of the control regime have reduced the stringent checks that a manufacturer / international trader was subject to.
- (e) It is inherent in the nature of the tax payer to avoid paying taxes that he can evade without too much risk. The importer/exporter/manufacturer have a tendency to misdeclare quantity, value or the rate applicable. The smuggler may like to import/export prohibited goods.
- (f) Since the tax is collected for the State thereby distancing it from the personal interest of the tax collector, a tax collector may collaborate with the duty evader to receive undue benefits by undervaluation of imports/ manufactured goods, overvaluation of export goods, by misdeclaration of goods to render the goods classifiable under a more beneficial head; these are the discretionary functions of the tax collector and is given effect to by the assessment and adjudication functions.
- (g) The enforcement and facilitating functions can be termed as *mala fide* when the tax collector collaborates to permit removal of goods from customs area or factory without payment of duty or despite prohibitions imposed on movement of specified goods. These are situations where the tax collector aids and abets in smuggling/illicit removal.
- (h) Incidental to both these functions are certain procedural and statutory requirements which may have been contravened by the tax official.

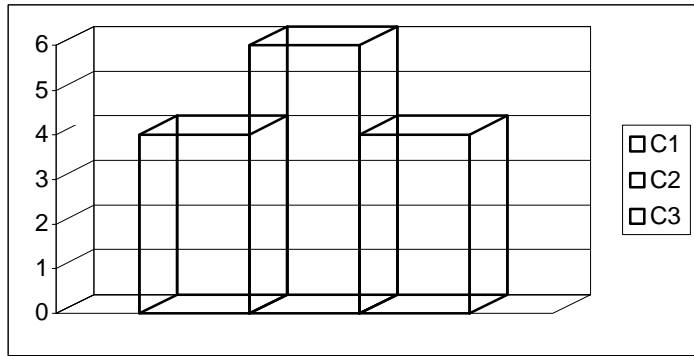
9.3.3 Vigilance action may be contemplated against indirect tax administrators for improper assessment/ adjudication and for aiding and abetting in illicit movement of dutiable/prohibited goods and for procedural/ statutory violations in addition to the normal administrative misconduct that any other government servant can be charged with. The first category of cases have to be dealt with in the context of the exercise of quasi-judicial authority in assessment/ adjudication. Thus the vigilance cases can be classified as follows:

<b>General:</b>	<b>Code</b>
Illicit Gratification	G1
Misleading superior authority	G2
Administrative Fraud/Misconduct	G3
 <b>Central Excise:</b>	
Abetting in removal of goods	E1
Misdeclaration of description	E2
Misdeclaration of value	E3
Exemption misuse	E4
MODVAT misuse	E5
Refund Fraud	E6
 <b>Customs:</b>	
Misdeclaration	C1
Abetment of smuggling	C2
Incorrect application of law/ Failure to safeguard interests	C3

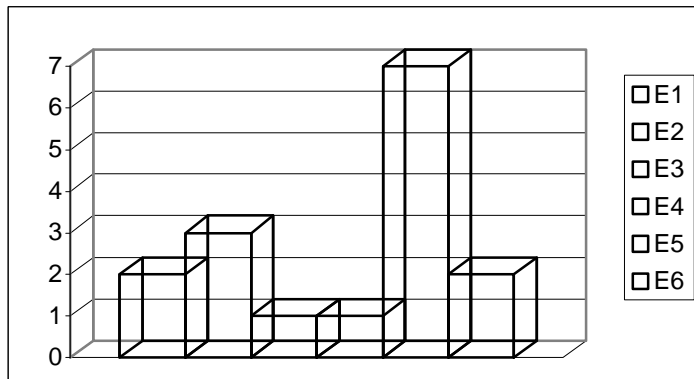
9.3.4 It is in this context that the references dealt with in the Commission in 1999, 2000 and 2001 are analysed for certain distinguishing features. Out of the cases examined the following are revealed:



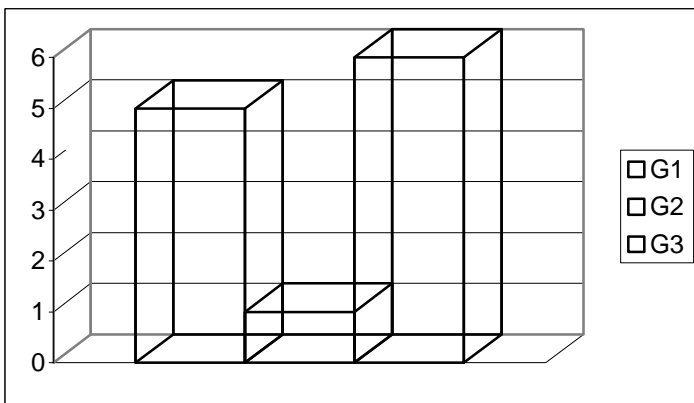
While there is an equitable distribution of the cases across the broad categories, the distribution of types within cannot be said to be so.



Customs related misconduct



Central Excise related misconduct



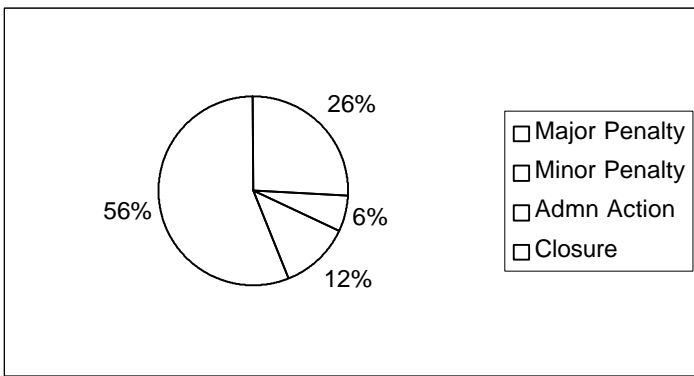
General misconduct

From the above it would appear that all acts of misconduct are related to abuse of discretionary power in collection of taxes and demands for illicit gratification.

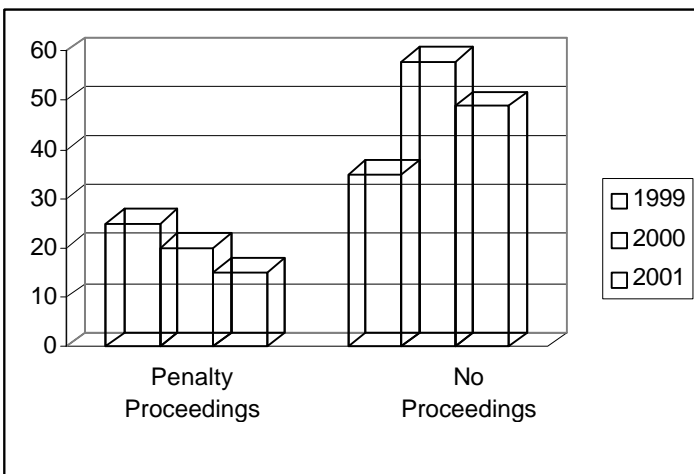
### 9.3.5 Action taken on investigation reports

During the period, the CBI on the basis of its source reports and, on the basis of references made by the Commission and the CBEC, had carried out investigations against officers under CBEC; likewise, the CVO's unit had also carried out investigations on its own. On completion of investigations, further action could be initiated after obtaining Commission's advice for closure, administrative action, regular departmental action for major/minor penalty proceedings or prosecution under the Prevention of Corruption Act. Between 1999 and 2001, the Commission advised appropriate action in 191 cases relating to officers/staff under the CBEC. The success of the investigations carried out by these agencies can be gauged by the number of criminal and disciplinary proceedings initiated. Over this period, the success rate has improved.

#### Distribution of action taken on investigation reports received in the Commission

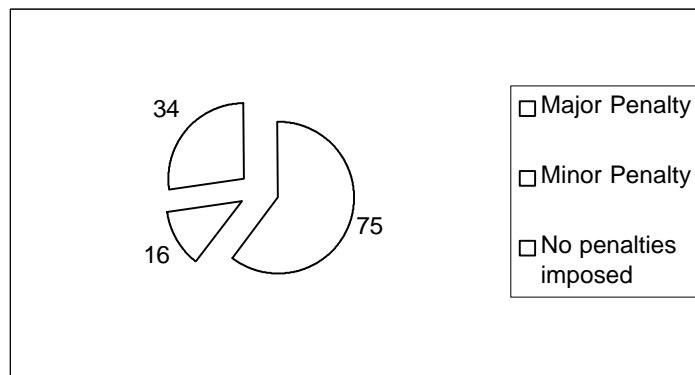


The success rate of the two agencies i.e the CBI and CVO across the three years reveals the level of activity.

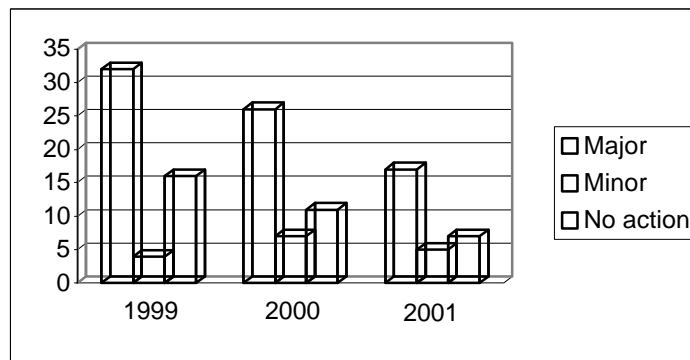


Year-wise proportion of successful investigations

9.3.6 The ultimate test of any investigative activity is the successful prosecution of the case. A vigilance case that results in imposition of major or minor penalty can be seen as the consummation wished for and justifying the time and expense involved in going through the process established by law to penalise errant public servants. The Commission is concerned with cases in which, it had in the first stage, advised commencement of major penalty proceedings. Such proceedings entail inquiry by duly constituted authority, who could be a Commissioner for Departmental Inquiries (on the rolls of the Commission) or an authority from within the department. During the three years, the Commission examined 125 inquiry reports from both sources.

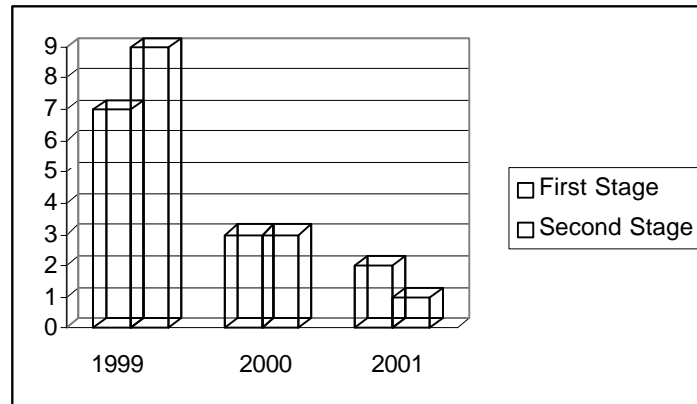


The number of reports submitted have declined over the three years and there has been a corresponding decrease in the cases resulting in imposition of penalties.





It was also disappointing to note that the CBEC had disagreed with the Commission in implementation of the advice rendered as below:



### 9.3.7 Radical requirements

- The above study reveals that the main problem in the offices of the CBEC is one of improper placement and lack of uniformity which has arisen from the extensive discretion allowed to officials at all levels without corresponding accountability. There is, therefore, need for information interchange. This can be achieved by across the board computerisation and data linkage which should also be accessible to other agencies and the public. This would introduce the much needed level of accountability.
- Simultaneously, there is need to identify the corruption prone posts and identify corruption officials so that they are not entrusted with such duties.
- Since there is a perceived level of difference between the sensitive and non-sensitive posts, the rotation between these and also locations needs to be strictly followed.

Only by such a prescription can the CBEC become the epitome of an ideal tax administration: thus plugging all loopholes, deterring the potential evader and performing its role as a servant of the public.

## 9.4 Pattern of vigilance activity in relation to revenue collection – Direct Taxes

### INTRODUCTION

9.4.1 The study relates to cases referred to the Commission by the CBDT during the period Jan 1999 to Dec 2001. The scope of the study focuses on quantitative / qualitative analysis of

- (i) Nature of Lapses Committed by the Officers;
- (ii) Problem Analysis; and
- (iii) Proposed Solutions

**METHODOLOGY**

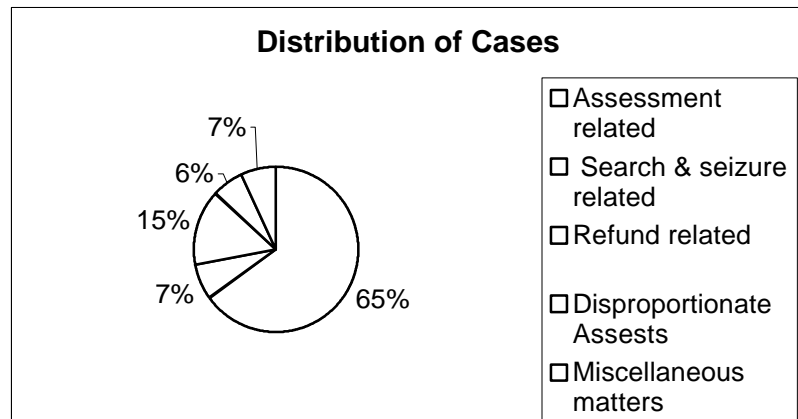
9.4.2 Cases pertaining to three years from Jan 1999 to Dec 2001 were taken up for study and critical analysis. All the files were individually studied and it was found that the nature of lapses, which occurred during this period, could be classified under five broad categories; as under:

- (A) Assessment related
- (B) Search & seizure related
- (C) Refund Related
- (D) Cases of Disproportionate Assets etc.
- (E) Miscellaneous

**DISTRIBUTION OF CASES**

9.4.3 A quantitative analysis of the data available for three years shows that a major portion, i.e. 65% of the cases, pertained to assessment matters. About 15% of the cases related to refunds. 7% cases pertained to search & seizures and about 6% cases related to possession of disproportionate assets etc. Remaining 7% of cases can be categorised as miscellaneous cases.

9.4.4 It needs to be stated that a refund problem could be part of an Assessment related case also. In that sense these classifications cannot be treated as water-tight compartments and many of the problems / lapses in the various categories could be co-related and overlapping.



**PERCENTAGE OF ACTION TAKEN**

**9.4.5 Commission’s 1<sup>st</sup> Stage Advice on investigation reports:**

Data reveals that in the year 1999, only 33% of the cases were recommended for action i.e. major / minor in the 1<sup>st</sup> stage as against 24% in the year 2000, and 50% in the year 2001. This goes to demonstrate that the commission has shown extreme caution and has judiciously selected only those cases for initiation of inquiry, which really deserved to be inquired into.

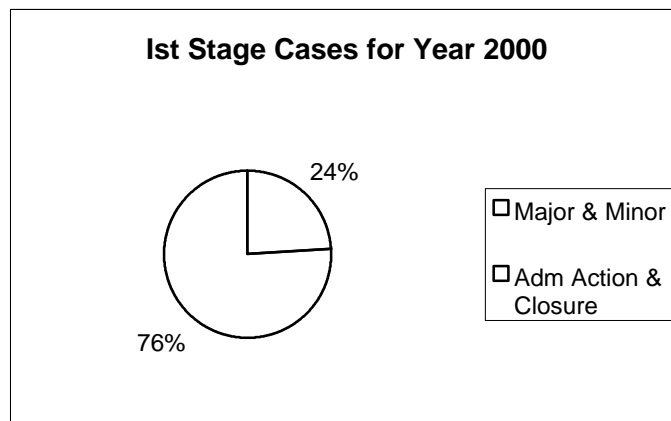
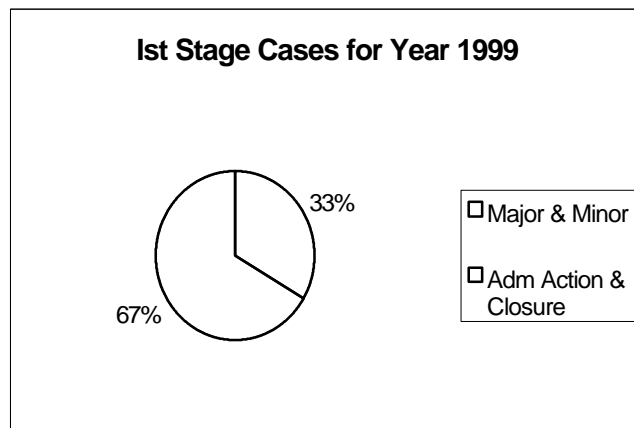
#### 9.4.6 Commission's 2<sup>nd</sup> Stage Advice on inquiry reports:

In the year 1999, only in 40% of the cases, imposition of a Major/Minor penalty was proposed. In the year 2000 this figure dropped to 35% and in the year 2001 imposition of Major / Minor penalty was proposed only in 27% cases.

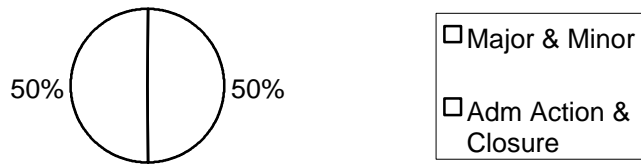
#### PERCENTAGE OF AGREEMENT

9.4.7 If the figures related to percentage of Agreement/ Disagreement on advices are analysed, it will be observed that during the three years, the Agreement rate / factor has ranged from 95% to 98% for both first stage and second stage advices.

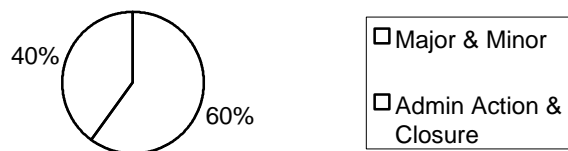
9.4.8 If the Agreement factor is examined and analysed against the backdrop of cases discussed above, in which action was taken, it will be seen that even at second stage, the Commission is not shy of exonerating an officer if the case so merits. Of course, many of the cases do fail due to technicalities of inquiry proceedings and other factors.



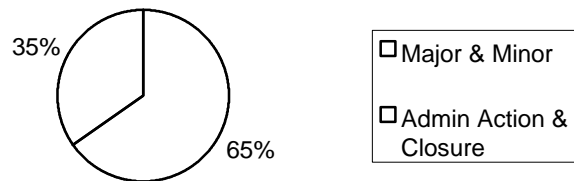
### Ist Stage Cases for Year 2001

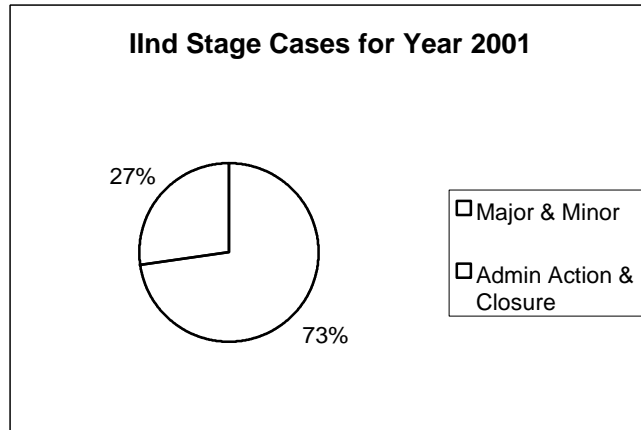


### IInd Stage Cases for Year 1999



### IInd Stage Cases for Year 2000





**9.4.9 Comparative chart of Major and Minor penalty cases - 1<sup>st</sup> stage and 2<sup>nd</sup> stage.**

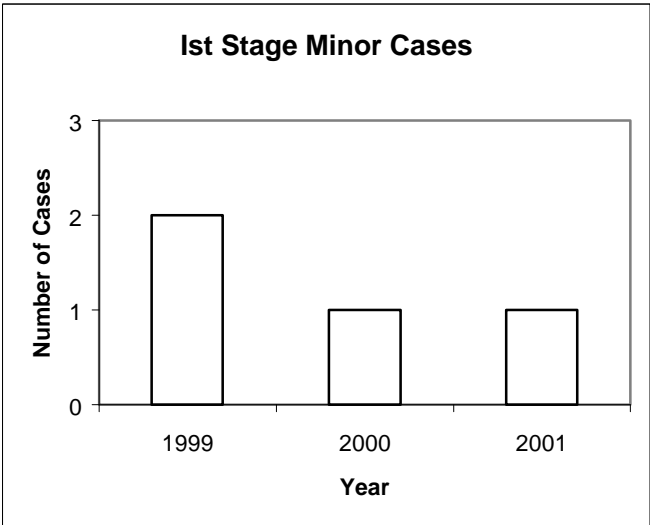
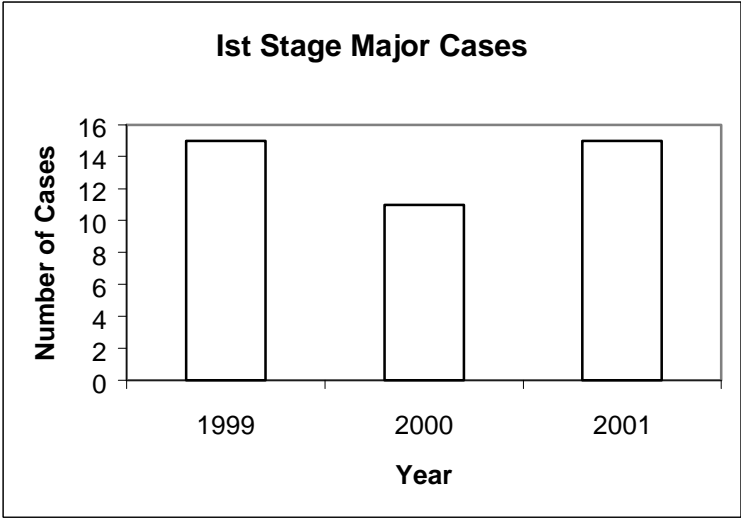
(i) In the year 2000 number of recommendations for Major Penalty action in the first stage dropped, but picked up again in the year 2001.

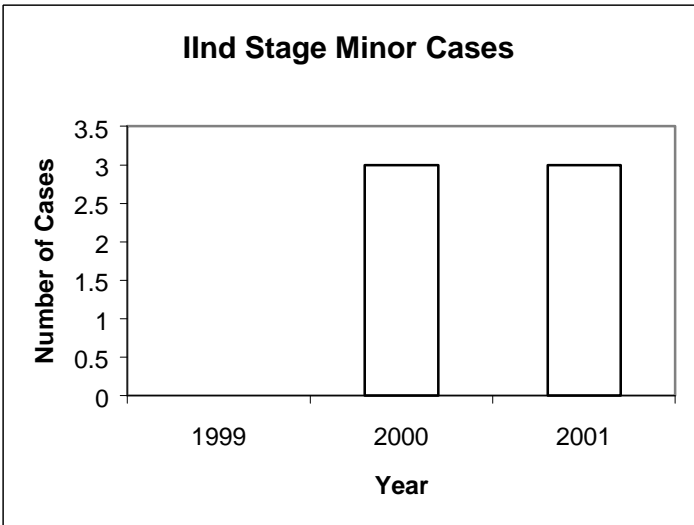
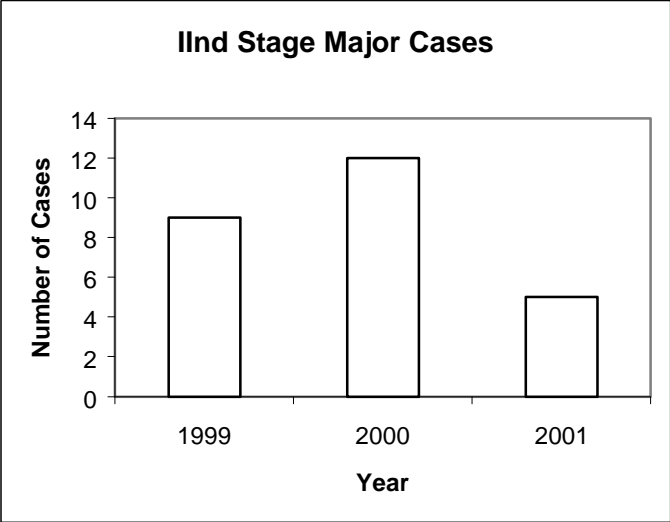
(ii) In the year 2000 number of recommendations for major penalty imposition went up, but dropped again in the year 2001 in the 2<sup>nd</sup> stage.

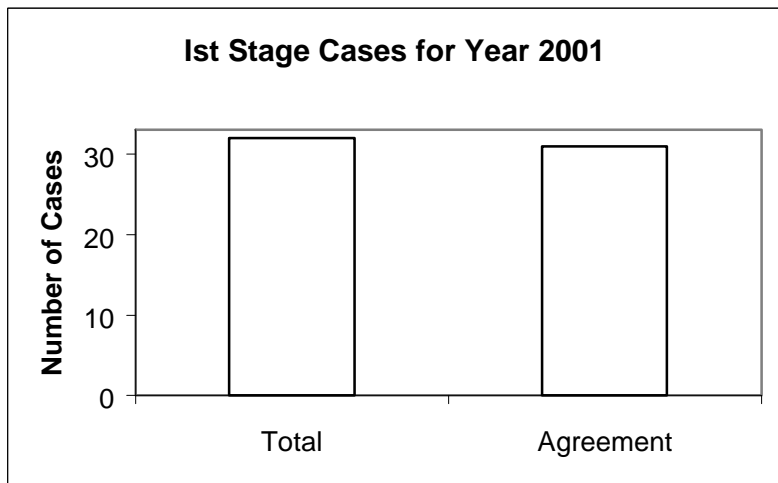
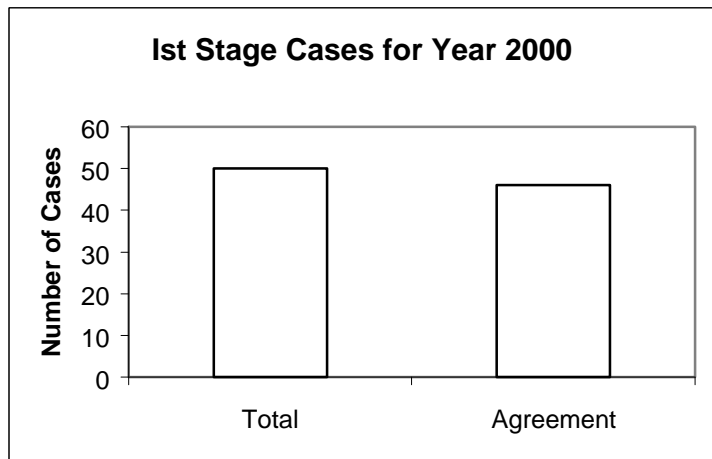
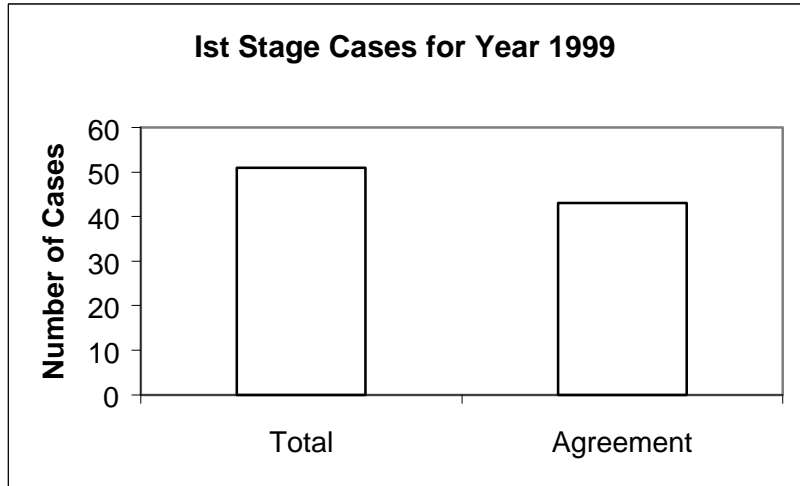
(iii) Number of proposals for minor penalty action in the first stage came down in the year 2000 and remained steady in the year 2001.

(iv) In the year 1999, there were no cases where minor penalty was recommended in the 2<sup>nd</sup> stage. However, for the year 2000 and 2001 the figure remained constant.

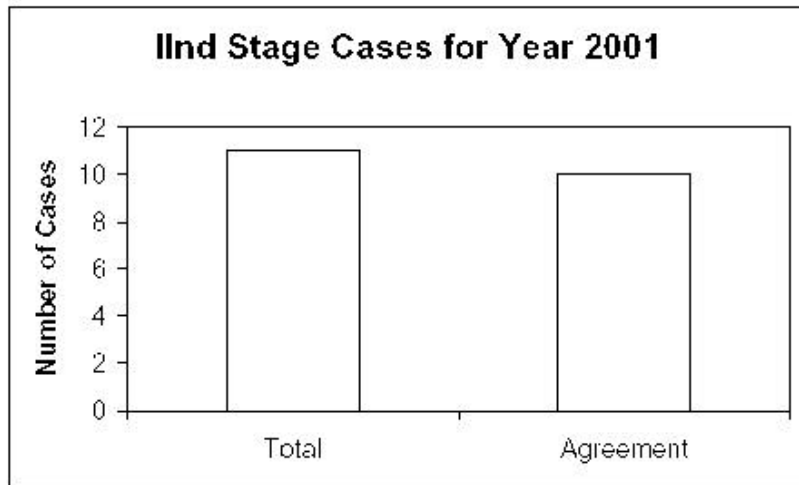
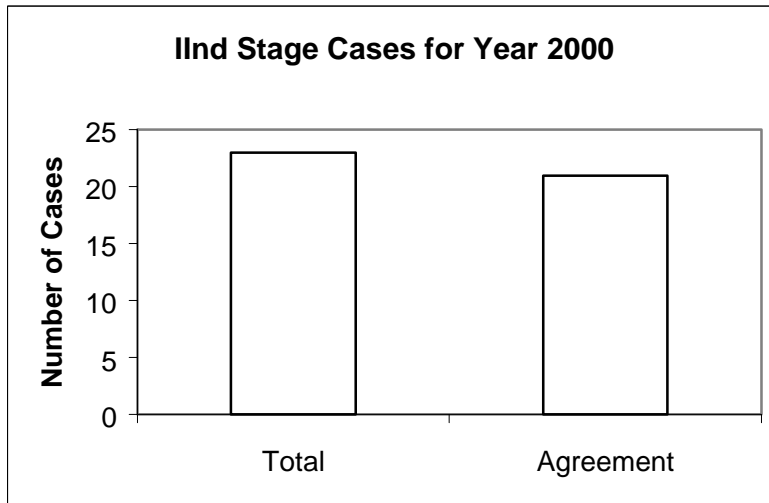
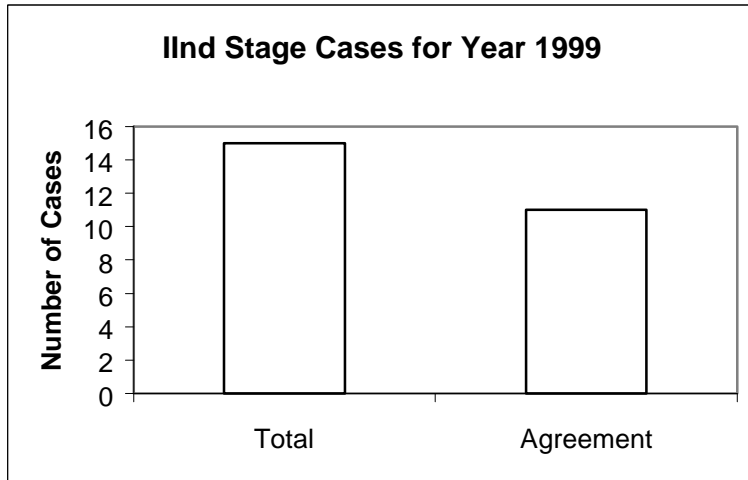
(v) Since the variations in all these cases are only marginal, no reasons can really be attributed for the increase or decrease. Also, despite the fact that files for three years were taken up, the sample size/data remained fairly small.











9.4.10 As stated in para 9.4.2, the misconduct of officials can be broadly categorised under the following heads:

- (A) Assessment related
- (B) Search & seizure related
- (C) Refund related
- (D) Cases related to demand/acceptance of bribe/disproportionate assets etc.
- (E) Miscellaneous matters

**ASSESSMENT  
RELATED**

9.4.11 The returns of income filed by various classes of assessees during a financial year are scrutinized and processed by the Assessing Officer under whose jurisdiction these returns are filed. Thereafter, a certain percentage of the returns are selected for scrutiny assessments, as per the instructions/guidelines issued by the CBDT for the period under consideration. As assessment related work is the major work of the Department, apart from collection of demand and issuance of refund, it is noticed that about 60% of the misconduct relate to the irregularities committed by officials right from the selection of cases for scrutiny assessment upto the finalisation of the assessment proceedings. These irregularities are either procedural or substantive in nature, meaning thereby that at times, the procedure established for selection of cases or maintenance of notesheets, service of notices have not been followed, while on other occasions, the substantive part of making investigation of certain facts claimed by the assessee or application of relevant provision of law has been ignored. A study of the irregularities in assessment proceedings has been made and this has been classified in two categories for study of the problem and proposed solutions. The first one is Pre-Assessment irregularities and the second one is irregularities committed during assessment proceedings.

(a) **Pre-Assessment irregularities:**

- (i) Selection of cases for scrutiny assessment, not made in a systematic manner, and in violation of CBDT's guidelines.
- (ii) Cases selected for scrutiny, without approval of the higher authorities or without having jurisdiction over the case.
- (iii) Scrutiny assessment made even without issuance of statutory notice u/s 143(2) or without any evidence of service of such notice. In some cases, ante-dating of notices for hearing have also been noticed.

- iv) The ordersheet/notesheet maintained for the day-to-day assessment proceedings have not been properly maintained, no dates of attendance recorded, no queries calling for the details or what transpired on a particular day of hearing has been recorded. At times, interpolation in ordersheet and even the fact that all the dates of the ordersheet have been entered on one particular date has also been noticed.

### **Solutions**

(i) Though the guidelines of CBDT are circulated every year, it is felt that the field formations at times are unaware of the existing guidelines. It is, therefore, required that there should be strict instructions to all Assessing Officers not to select any case for scrutiny without seeking prior approval of their supervisory officers, which should invariably be in writing. Further, reasons must be recorded regarding the grounds/points on which the cases have been selected for scrutiny and in depth investigation must be made with reference to these points before finalisation of assessment. It would also be a welcome move on the part of the Department, if limited publicity is given to the instructions/guidelines issued by the CBDT for selection of scrutiny assessment cases for returns filed for a particular financial year. This would make the public aware of the existing norms for selection of cases and thereby minimise the complaints of harassment often made by the assesseees on this account. At times, certain code numbers have been issued by the supervisory officers, for selection of scrutiny assessment from returns filed during the particular year. However, for proper working of this system, it is mandatory that all returns filed are entered in the return receipt register on day-to-day basis and in a systematic manner. For if this is not properly done, the allocation of code would not work in an objective manner. Strict instructions for proper maintenance of receipt register in which entries of returns received by the Department are instantly made, must be issued. Surprise checks are also required to be made by the supervisory authority to see that these instructions are complied with.

(ii) So far as issue of statutory notices within time is concerned, a proper record of the mode of service, whether through RPAD or the notice server, should be maintained by the Assessing Officer. Instructions are also required to be reiterated regarding proper maintenance of notesheet, which should truthfully and correctly be recorded by the Assessing Officer and be a reflection of what has happened during the course of proceedings. The replies filed, the notices issued, the dates of adjournment granted and the inquiries/investigation made should all be recorded on the ordersheet. It is required that the instructions on the issue of passing of assessment order, within a reasonable time, say within 10 days of completion of assessment proceedings, must be reiterated for strict

observance by the Assessing Officer. In case, due to exigency of work it is not possible to follow such guidelines, necessary prior approval of the supervisory officer must be taken in this regard.

(b) **Irregularities committed during assessment proceedings:**

Some of illustrative mistakes are as under :

- (i) Cash credits/squared loans are not properly verified.
- (ii) Introduction of loans/advances/deposits/gifts – sources or genuineness thereof is not properly examined.
- (iii) The reasons for substantial fall in GP rate are not properly examined.
- (iv) Claim of loss or bad debts have been allowed without proper verification.
- (v) Claim of extra ordinary expenses, which have been claimed for the first time, have not been properly examined.
- (vi) Acceptance of foreign remittance as genuine gifts, without proper verification.
- (vii) Non-verification of claim towards brokerage or commission paid.
- (viii) Allowing deductions u/s 80 HH and 80-I, without examining whether all conditions for claim of such deduction are fulfilled by the assessee.
- (ix) Acceptance of the documents/evidences filed by the assessee without proper cross-verification, in cases of doubtful claims.
- (x) Retraction of earlier admission made by an assessee of earning of unaccounted income, accepted without any supporting evidence or without any investigation.
- (xi) High pitched assessments have been made by Assessing Officer, without making any worthwhile inquiry.
- (xii) Reassessment completed adopting the originally assessed income in spite of clear order of supervisory authority to probe source of investment in house property.

- (xiii) Ignoring the cost of construction determined by the Valuation Cell of the Department and instead, choosing to apply rates without assigning any reasons.
- (xiv) Perfunctory additions are made in a casual and arbitrary manner, without making any proper inquiry.

## **PROBLEM ANALYSIS**

9.4.12 The assessment proceedings are quasi-judicial in nature and is a highly technical and specialised subject. The Assessing Officers are required to be not only professionally sound but also upto date with regard to the latest provisions in the IT Act and Rules, rulings of the Supreme Court and High Courts and instructions/circulars issued by the higher authorities, from time to time. It is also understood that the number of assessments required to be finalised by Assessing Officers every year, is quite large. Thus, there is always a possibility of a mistake in an assessment order due to the ignorance or pressure of work on the Assessing Officer. It is, therefore, required to make a distinction between a bona fide mistake and a mala fide and deliberate act of omission or commission of an Assessing Officer during the assessment proceeding. Though the dividing line between negligence and vigilance is thin, but at the same time, it is real and can be ascertained by a discerning eye on examination of the assessment records, for the reason that records have a tendency to speak for themselves. Thus, it is not every bona fide mistake, which necessarily has a vigilance angle to it but then, at the same time, it is required to take action against the erring officials, who have completed the proceedings in gross violation of instructions, guidelines, provisions of law, in order to confer benefit to the assessee.

### **Solution**

9.4.13 Assessment proceedings being a quasi-judicial function, it is not possible to lay down objective and standard parameters for completion of the proceedings, as each case depends upon its own facts and circumstances. Moreover, the Assessing Officers are required to finalise the assessments within a stipulated time frame, which is in addition to the work relating to collection of demands, issue of refunds and other action plan targets for the year. Further, each and every aspect of the case cannot be investigated from all angles of tax avoidance/evasion by an Assessing Officer. However, efforts can be made to minimise the subjective element in an assessment proceeding by creating certain institutional safeguards, which are as under:

- (a) The number of scrutiny assessments to be finalised by an Assessing Officer in one financial year should be brought down to a realistic and optimum level, which should not be more than 40 assessments in a year. By this reduction, the quality of assessment would

become more focused and the chances of technical errors being committed would be negated.

- (b) It should be mandatory that the first questionnaire issued by the Assessing Officer is with the approval of his supervisory authority, and must focus on the examination of particular issues for which the case was selected for scrutiny.
- (c) The progress of investigation of the scrutiny assessment must invariably be monitored, by way of written instructions, issued by the supervisory authority from time to time.
- (d) Instead of the present system under which the assessment is done by an officer individually, a thought may be given to assign the task of investigation/inquiry on receipt of the replies of the assessee to a group of officers upon whose recommendation the case may proceed further for finalisation. This institutional correction may lead to improvement in quality of assessment and make it more objective. This would also reduce the complaints of harassment, which may occur due to the individual indiscretion of an officer.
- (e) In the present system of assessment, the replies filed by the assessee and the supporting books of accounts and documents are examined by the Assessing Officer, while sitting in his office. In this way, the Assessing Officer is able to examine only those aspects, which are produced before him. Such assessment proceeding can be termed as 'arm chair assessment'. It is required that the role of the Assessing Officer be made more proactive in the sense that he may be asked to examine the records, documents and books of accounts of assessee for which he should make visits to the office/factory/business premises of the assessee, where he may, not only examine the process of manufacturing/trading, but also see in depth whether the claims of depreciation, investment allowance etc. have been made in accordance with law, and that the machinery claimed to have been purchased, have actually been installed for business purposes.

**SEARCH/SURVEY  
RELATED  
PROBLEMS**

9.4.14 The nature of irregularities committed during search and seizure, and survey proceedings are as under:

- (i) Reasons for conducting surveys are not recorded.

- (ii) Approval of the Competent Authority is not sought before conducting surveys.
- (iii) Satisfaction note recorded after the search operation was conducted.
- (iv) Search premises put under restraint many times before conclusion of search.
- (v) Search conducted in very casual and non serious manner and the seized documents improperly numbered.
- (vi) Incriminating seized documents not confronted by the authorised officer during the search operation or even before the preparation of appraisal report.
- (vii) Tampering seized documents, either in investigation wing or with the Assessing Officer.
- (viii) Instructions regarding operation of strong room where seized valuables are kept, not followed and custody of keys and visitors' registers not maintained properly leading to loss of valuables.

### **Solutions**

- (a) Strict instructions may be issued to the effect that no survey operation would be conducted without prior recording of reasons and prior approval of the Commissioner of Income-tax. The survey party should consist of officers and inspectors from the other Assessing Officers' jurisdiction and this should be rotated periodically. The survey report must be submitted to the supervisory officer within 24 hours of the conclusion of the survey.
- (b) Of late, it is observed that the earlier existing practice of recording statement on oath of the searched party with respect of incriminating seized document have been given a go-by. Instructions may be issued for invariably recording of statements at the time of search or immediately thereafter, before the assessee has time to think and create fictitious evidence in support of his bogus claims. By this process, not only the quality of search operation would improve but also the search assessment would yield excellent results. Also, the tampering of documents by the assessees would go down once their statements have been recorded with reference to the seized material.

- (c) The practice of putting unnecessary restraints on lockers and cupboards should be discouraged for which necessary instructions be issued.
- (d) Though it is not possible to maintain photocopy of all seized documents at end of investigation by the Investigation Wing which had conducted the search operation but then necessary instructions may be issued by the CBDT to the effect that copies of all incriminating documents about which reference has been made in the statement on oath or in the appraisal report are kept in the custody of the officer conducting the search, after getting it authenticated from the Officers to whom these are being handed over, at least upto the time the search assessments are completed. This would result in practically reducing all cases of tampering of seized documents by the assessee, through the officials of the Department.

9.4.15 The instances of complaints under this head are as under :

**REFUND  
RELATED  
COMPLAINTS/  
IRREGULARITIES**

- (i) Returns are not processed in a chronological order. Refunds are not issued segmentially.
- (ii) Refunds are not issued by registered post and are rather handed over to the assessee, in person.
- (iii) Refunds issued on the basis of invalid return, returns not signed by the assessee and returns filed without jurisdiction.
- (iv) Refunds issued on basis of bogus returns filed in the name of fictitious persons.
- (v) Inordinate delay in issue of refunds on which substantial interest has been given.
- (vi) Returns proceeded out of turn without approval of supervisory officer.
- (vii) Entries in respect of refund vouchers not mentioned in D&C Register.

**Problem analysis**

9.4.16 The issue of refunds to the assessee has always been perceived to be a matter of harassment for them. However, in this regard, it may be seen that the officers and staff of the I.T.Department also work under the constant fear whether they are issuing refunds on the basis of properly paid challans and genuinely deducted TDS. There is no ready method to ascertain the above



pitfalls and any delay in issuing of refunds is interpreted as motivated delay. At the same time, there is no denying the fact that there are isolated cases of harassment to assessees and also pick and choose cases in issue of refund.

### **Solution**

9.4.17 In order to reduce the complaints in the area, the following proposals are for consideration :

- (a) There should be strict instructions that all returns must be processed in chronological order and this aspect of work must be monitored by the supervisory officers on fortnightly basis. Any deviation from chronology can be made only with the prior approval from the CIT.
- (b) All evidence of despatch of refund certificates through RPAD must be maintained at the end of the Assessing Officer and no refund should be given in person.
- (c) In all cases where a TDS certificate appears to be doubtful, proper inquiry be made from the officer where the TDS return is filed by the other party.
- (d) In all cases where advance tax or self-assessment challan appears to be doubtful, proper inquiry be made from the bank where such challan has been deposited.
- (e) The Department may also give a thought of creating a separate cell for processing of returns and issue of refunds to the assessee, before these returns are finally sent to the Officer under whose jurisdiction the case of the assessee lies. This Cell should have no public contact and refunds of smaller amounts may be issued, across the counter within a few days of the filing of the return.

### **DEMAND/ ACCEPTANCE OF BRIBE/ DISPROPOR- TIONATE ASSETS**

9.4.18 On an average, 6% of the cases relate to demand/acceptance of bribe/disproportionate assets. At least in two cases Rule 19 of the CCS (CCA) Rules was invoked as the Charge Officers were successfully prosecuted in the Court of Law.

### **MISCELLANEOUS COMPLAINTS**

9.4.19 The following irregularities were noted:

- (i) Unauthorized absence.
- (ii) No Objection Certificate, not issued by administrative machinery of Appropriate Authority, though signed by the members of Appropriate Authority.

- (iii) Inconsistent approach in granting relief on identical issue by CIT(Appeal).
- (iv) Stay of demand by CIT(A) without giving opportunity to the Assessing Officer to present the Department's case.
- (v) Appeal decided on a date, which was earlier to the date when the case was next fixed for hearing. This pre-dating was done by the CIT(A) as the jurisdiction of appeal stood transferred.
- (vi) Valuation of property improperly done by the Valuation Officer.

## **NEED FOR COMPUTERI- SATION**

9.4.20 The Income Tax Department has undertaken large scale of computerisation and has been allotting PAN No. to its assesseees. However, this limited exercise may not serve the purpose. It is felt that CBDT should not only issue PAN Nos. to all the assesseees, but also start the process of carrying out assessments through the aid of computers, which will naturally require capturing of data and WAN based linkages to access online information of transactions entered into by the assesseees. Various assessment processes can be computerised and an effort should also be made to process and issue refunds electronically.

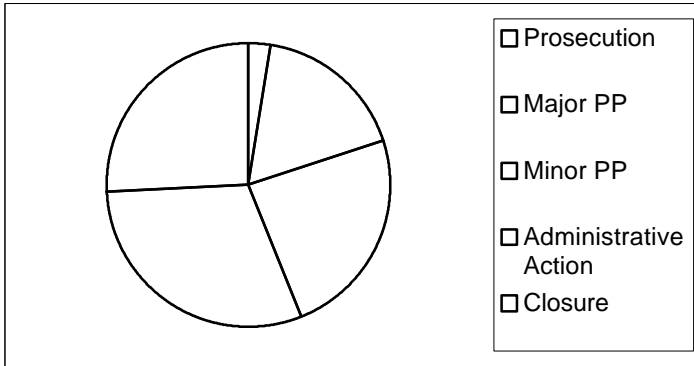
### **9.5 An analytical study on trends/features noted in cases relating to Railways:**

9.5.1 In terms of the sheer size of the Organization, the total work force on its pay-rolls etc, the Indian Railway is unquestionably the largest Public Sector Enterprise in the Country. Naturally, therefore, Railways also account for quite a large number of complaints, allegations and vigilance cases. In fact, as a single unit, the Railways continue to be the Organization/Sector, which gives rise to the maximum number of vigilance cases and, in that sense, the Railways, as a single entity, is the biggest "client" of the Commission.

9.5.2 This study is based on a critical and intensive scrutiny of all the first stage advice cases (totaling about 340) handled by the Commission during the year 2000, including cases investigated by the CBI. Out of the said 341 cases, no individual names (of the accused/defaulting officials) figured in about 40 cases where the allegations were of general/sweeping nature. In the remaining cases, (i.e. about 300), the number of officials involved was around 800. The action advised by the Commission against these officials is as under:

Prosecution	- 19
Major pp	- 142
Minor pp	- 192
Administrative Action	- 243
Closure	- 207

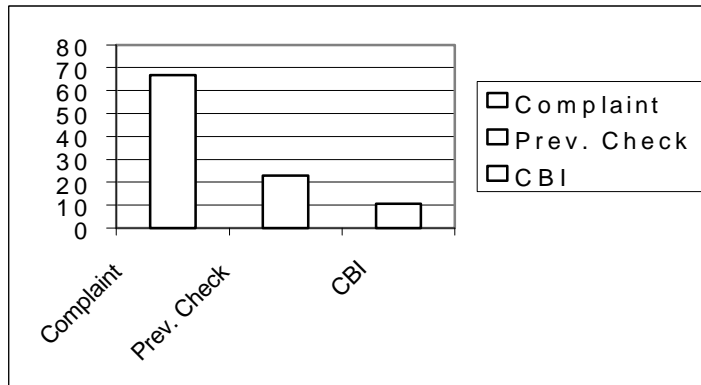
[Note: 'Administrative action' included counseling/warning, issue of recorded warnings, issue of Govt. displeasure in the case of retired officials – and the like].



9.5.3 Of the total cases in question, 227 emanated from complaints and 78 from 'preventive checks' undertaken by vigilance units or from suo-moto investigations carried out by the department on receipt of information/intelligence of commitment of irregularities. The remaining cases (36) were those booked and investigated by the CBI.

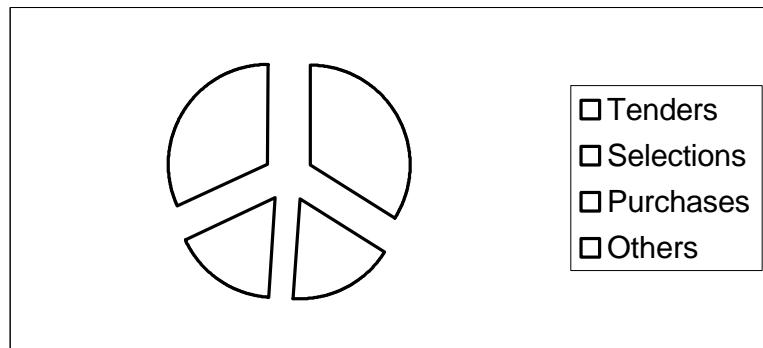
9.5.4 The common allegations/irregularities which have figured in the cases under study are as below:

- (i) Manipulations in award of tenders/contractors.
- (ii) Irregularities in recruitments/appointments, promotions – etc.
- (iii) Irregularities in Purchases.



In the remaining cases, the allegations included, inter alia,

- (a) Malpractices in Stores, Commercial & Traffic Branches.
- (b) Misuse of office and official facilities (like vehicles, telephones etc.) for private/personal purposes.
- (c) Misappropriation of money, materials etc.
- (d) Demand/acceptance of bribes.
- (e) Misuse of Railway pass – facilities.
- (f) Preferring false/inflated claims (like TA, Medical bills and the like).
- (g) Carrying out medical tests by doctors perfunctorily, resulting in unfit candidates being declared as fit.



Sometimes, money also changes hand in the process.

9.5.5 Percentage-wise, the cases taken up for analytical study fall under the following categories in terms of ‘misconduct’ alleged:

- (i) irregularities in award of tenders/contracts : 34%
- (ii) irregularities in selections/appointments, promotions etc. : 17%
- (iii) irregularities in purchases : 17%
- (iv) others (miscellaneous) : 32%

9.5.6 The number of cases relating to the engineering discipline – and involving engineering officials at various levels – accounted for, roughly, 34% of the total cases subjected to analytical scrutiny. This, it has been observed, is in ‘tune’ with the general pattern/trend which has emerged over the years. One might also say that there is nothing unusual about this because construction and engineering activities are, understandably, a permanent feature of Railways.

9.5.7 The common allegations/irregularities observed in the cases relating to award of contracts for execution of works, for

procurement of materials etc. were as follows:

- (i) Award of contracts at exorbitant rates.
- (ii) Execution of substandard works.
- (iii) Acceptance of substandard supplies.
- (iv) Over payments – i.e. payments made for works not executed.
- (v) Failure to carry out quality checks.
- (vi) Misappropriation of materials by contractors and/or officials, in conspiracy with each other.
- (vii) Manipulations at the tender – processing stage with a view to favour a particular contractor and/or to eliminate a more deserving/eligible one.

9.5.8 Irregularities & manipulations/maneuverings in the award of contracts are the most commonplace allegation involving engineering officials. Such allegations are targeted, naturally, against the Tender Committee Members and, at times, against the Tender Accepting Authorities (TAA). Railways have, broadly speaking, three systems of tenders. These are: (i) the open tender system, (ii) the limited tender system and (iii) the single tender system. In the open tender system, the tender notice is given due publicity through prescribed channels/media and anyone (any individual or firm) who is desirous of taking up the contract is eligible to bid for the work. Under the limited tender system, tender notices are issued only to select-firms/entities which are short-listed in advance on the basis of their credentials, expertise and specialization vis-à-vis the kind of work in question. In other words, such agencies are those who are supposed to be borne on the 'approved list' being maintained by the department. Single tender system, on the other hand, is taken recourse to only in emergencies and exceptional cases – where the other tender-routes cannot be followed on account of exigencies of the given situation.

9.5.9 The procedures governing the open tender and limited tender system are, no doubt, well defined. At the same time, it is still possible to manipulate the system to benefit/favour a particular tenderer at the cost of a more deserving one – and, thus, at the cost of the department itself. In fact, if the Tender Committee is bent upon patronizing a particular bidder, things can be twisted, manipulated and managed to project the said bidder as the most 'suitable' one. The TAA is, many a time, left with no option but to endorse the TC's recommendations, more so when the subject matter (i.e. the kind of work/project in question) does not fall within his own discipline/specialization: and when the recommendations of the TC are unanimous. In fact, only in very rare instances, a TAA may reject, reverse or modify the TC recommendations.

9.5.10 From a critical study of the cases involving allegations about irregularities in the processing & award of tenders/contracts, it has been observed that it is the TC which turn out (predictably) to be the

villain of the piece – i.e. when the allegations are proved to be correct. By the very nature/scheme of things, a TC can resort to twistings, suppressions, exaggerations, manipulations and half truths with the object of ‘projecting’ a particular bidder as the most suitable and depicting a better-placed bidder as unsuitable or less suitable. The various modus operandi adopted by the TC in this regard are commonly as under – as noted from the history of the cases under review:

- (a) Exaggerating the ‘track record’ of the ‘favourite’ bidder.
- (b) Suppressing and/or down-playing his past failures.
- (c) Exaggerating the past failures of his main rival.
- (d) Ignoring/suppressing the otherwise satisfactory credentials of the main rival.
- (e) Projecting, falsely, that the lower rates offered by the main rival are “unworkable” on the basis of the estimated cost which, in the first place, was exaggerated deliberately.
- (f) Projecting undue/artificial “urgency” and then by-passing the lower offer on the ground that the party already has some works on hand and that, therefore, it may not be trusted to complete the subject-work within the stipulated time-frame. [In reality, it has been observed, once the tender is awarded to the other party on these premises, the party is merrily granted extension after extension (of time) either with token penalties or with no penalties even].
- (g) Certifying, falsely, that the quality of the product/material offered by the ‘favourite’ contractor is okay (vis-à-vis the specifications)
- (h) Painting, deliberately, the quality of the product offered by the better placed bidder (who has quoted lower rates) as unsatisfactory/unsuitable.
- (i) Exaggerating the capacity/resources of a favourite contractor and down-playing that of his rival (lower bidder).

9.5.11 Normally, a TC consists of three Members. The first of these who is designated as the Convenor Member is an officer from what could be called the user-Department. He is also expected to be an expert in the given subject. The 2<sup>nd</sup> Member is the representative of the Finance Deptt. and the ‘3<sup>rd</sup> Member’ is an officer drawn from any other discipline.

9.5.12 Cartel formation amongst the bidders is another feature which has been noted in many cases relating to award of contracts - whether it is for execution of works or supply/procurement of machineries and stores. Technically, one might say that the officers/engineers concerned cannot be blamed for the ring formation of the contractors. This might be true at times: but fact of the matter, it has been noted, is also that in a majority of cases this ring

formation is done by contractors in active collusion with the concerned engineers/officers. Needless to say that such ring formations lead to elimination of competition and award of the works/procurement orders at exorbitant rates at the cost of the department. Of course, it is next to impossible to prove the un-holy nexus between the officials and the contractors which, therefore, has to be inferred from the totality of circumstances of the given case.

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

9.5.14 The common irregularities noted in the processing & finalization of tender cases and contracts are as follows:

#### **High-pitching of estimates**

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

#### **‘Doctored’ Briefing Notes & Comparative Statements**

(ii) Briefing Notes and Comparative Statements are prepared for the perusal, guidance and benefit of the TC Members (i.e. to facilitate the TC’s job) by an officer of the user-department who is

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

### **Maneuverings in TC minutes**

(iii) It goes without saying that it is the TC which decides, practically speaking, the outcome of a tender, because as noted earlier, many a time the TAA is guided and carried away by the TC's recommendations – right or wrong. And even amongst the TC members, it is the first Member (i.e. the Convenor-Member) whose role is most pivotal. If the TC Members have no 'hidden agenda', they may differ in their views/assessment and recommendations. This is NOT TO SAY that when the recommendations are unanimous it is an indication of any unholy "nexus" amongst the TC members & contractors. All the same, in majority of the cases the TC's recommendations turn out, invariably, to be unanimous. This unanimity may not always be on account of a genuine consensus amongst the Members. On the other hand, the same is attributable, many a time, to : (a) either a "meeting of minds" amongst the TC members or (b) sheer absence of application of mind, independently, by the Finance-Member and 3<sup>rd</sup> Member of the TC who have a tendency, very often, to sign blindly on the dotted lines as drawn by the Convenor-member. In fact, when irregularities/maneuverings are detected subsequently in the processing of the tenders, the common refrain of the 2<sup>nd</sup> and 3<sup>rd</sup> members (of the TC) is that their own accountability in the matter is 'nil' since they have only endorsed the views of the Convenor – Member who was the 'authority' on the subject. Sometimes, the Deptt. also tend to support this view – more so in the case of the 3<sup>rd</sup> member. The Commission had occasions to point out, in this regard, that this argument (which in effect amounts to saying that the 3<sup>rd</sup> Member is only a rubber stamp) is an unacceptable proposition even if his own culpability may not to be equated with that of the Convenor-Member and the Finance Member. In fact, if the so-called 3<sup>rd</sup> Member's role is wholly peripheral, it will be totally redundant to associate him with the TC proceedings. Surely, the 3<sup>rd</sup> Member also is expected to apply his mind carefully, independently and dispassionately into the merits of the case and to bring own record his own considered views, regardless of the recommendations of the other two. If, on the other hand, the 3<sup>rd</sup> Member is supposed to be only a mute spectator, one might as well say that there is simply no need for a 3<sup>rd</sup> member in a TC.



## **Non application of mind by Tender Accepting Authorities (TAA)**

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

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

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

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

- (i) Generating artificial ‘demand’ for materials to justify purchases.
- (ii) Splitting up of demands/quantities with a view to bringing each case under the financial powers of the local purchase officer like the ACOS, DCOS etc.
- (iii) Projecting artificial urgency to the purchase although no such urgency actually exists.

- (iv) Obtaining “supporting quotations” from fictitious/non existant entities where the quoted rates are invariably higher vis-à-vis the rates of the pre-determined supplier.
- (v) Effecting redundant purchases at exorbitant rates.

9.5.17 In purchase/procurement cases, the quantum of items proposed to be procured is invariably to be specified in the NIT. True, at times it may not be possible to assess with accuracy the exact requirement: and in such cases the quantity is indicated as ‘approximate’. It has been observed in many cases that when the requirement is huge, the idea/intention is to split the quantity amongst several eligible bidders at the rate quoted by the L-1 bidder (by making counter-offers to the other bidders at the rate quoted by the L-1) provided, of course, the L-1 bidder’s rate is acceptable to them. While this is okay, this ‘intention’ of the department (of splitting the quantity amongst all valid bidders) is many a time not indicated in the NIT. This leads to a situation where every bidder quotes his rates under the presumption that the entire order is meant to be given to the lowest valid tenderer – and he quotes his rates accordingly. It is a matter of common knowledge that the rate quoted is, many a time, w.r.t. the quantity involved : i.e. the higher the quantity, the lower the rates and vice-versa. When a successful bidder is told, subsequently, that he will be given order for only a certain percentage (of the total quantity), disputes arise about the rates and sometimes he may even withdraw his offer. Needless to say that such difficulties/problems can easily be avoided if it is clearly mentioned in the NIT itself that the order is proposed to be split amongst all valid/eligible bidders and, accordingly, rates are solicited w.r.t. slabs of quantities.

9.5.18 The common irregularities noted in the Traffic & Commercial disciplines are briefly as under:

- (i) Preferential treatments (favouritism and/or discrimination) in the matter of allotment of rakes and wagons.
- (ii) Waival of demurrage and wharfage charges with a view to benefiting, at the cost of the department, private parties.
- (iii) Violation of norms/guidelines in the matter of allotments of vending stalls
- (iv) Favouritism in the allotment of catering stalls.
- (v) Irregularities in the procurement of catering items.
- (vi) Irregularities in fixation, periodical revision, recovery etc. of license fees from vendors and contractors
- (vii) Malpractices in the booking of goods like underweighing, over-loading, wrong classification of the nature of goods, wrong calculation of distance, booking of goods under ‘paid traffic’ (where a

- concession of 15% is allowed) by showing, falsely, that the party had made payment in advance etc.
- (viii) Manipulations in the handling of parcels like surreptitious transportation of unbooked parcels, charging of lower rates, violations of priority & the like.
- (ix) Permitting unauthorized vendors to sell their wares on platforms and other restricted areas.
- (x) Permitting vendors to sell unauthorized items.

9.5.19 Recruitments/appointments, promotions (on the basis of departmental tests) etc. are also areas which generate sizable number of vigilance cases. True, direct recruitments are mostly limited to Group C and D staff. While Group D staff (watermen, casual labours, Khalasis etc.) is recruited at Zonal Railway level, direct appointments to Group C posts are made by RRBs, i.e. Railway Recruitment Boards. True, every recruitment is made by a duly constituted selection committee consisting of senior officials who carry out/finalize the selections on the basis of prescribed written tests, physical tests, viva-voce and the like: but despite all these, complaints are made alleging favouritism and/or discrimination in the matter of such recruitments. A close study of the cases falling under this category has shown that such complaints/allegations are attributable, inter alia, to the following factors/irregularities:

- (a) Screening of applications. When recruitments are made on mass scale, the number of applications will be, obviously, quite huge. It is therefore essential to have a preliminary scrutiny/screening of the applications with a view to rejecting those which do not fulfill the eligibility criteria. This job is normally entrusted to a duly constituted Screening Committee. It has been observed, in several cases, that this Committee goes about its job in a casual manner, many a time, with the result that quite a few number of ineligible applications get into the list of eligible applications and vice-versa. Since this is the elementary stage of the selection – exercise, malafides may be ruled out behind such inept handling/scrutiny of the applications. But, all the same, one cannot also totally condone such lackadaisical approach, which may ultimately result in the selection of ineligible candidates and or rejection of otherwise eligible candidates in the very first round itself.
- (b) Irregularities in the conduct of written test. This is an area which gives rise to the maximum number of allegations, complaints and vigilance cases. Here, the evaluator (examiner) is accused of double standards, lack of uniformity etc. in the evaluation job and in the award of marks. It has been observed in many a case that such

allegations very often turn out to be true. In fact, when it is found that there is absolute lack of uniformity on the part of the Examiner in the matter of award of marks, one has to conclude, per se, that his evaluation was subjective with a view to favouring certain select candidates at the cost of more deserving ones. Malafides and quid-pro-quos in such situations are only a matter of natural inference. The common refrain of the accused officials caught in such situations is that they had to undertake/complete the evaluation job in addition to their normal duties, that the time available (for completing the job) was too inadequate and the like. Although there might be some substance in such submissions, one cannot straight away absolve the officials concerned of malafides by accepting such defences/excuses at its face value.

While there are strict instructions/guidelines relating to evaluation of answer sheets (The 'do's and 'dont's of it), it has been seen that these are violated in gay abandon by many of the Examiners. For example, instructions stipulate clearly that an Examiner should not be revising or enhancing the marks already allotted by him, that he should not be resorting to over writing/erasing (of marks) and the like. However, it has been noted in a number of cases that such instructions are openly violated. When confronted with such irregularities, the officer concerned tries to take shelter under the shield of ignorance of rules/instructions. Normally, such a plea cannot be accepted at its face value because Examiners are fairly senior level officers who are expected to know, whatever discipline they may belong to, the fundamentals and the basic 'do's and 'don'ts' to be observed by an Examiner. Even granting that a particular officer may truly be not conversant with the impugned instructions, he is supposed to acquaint himself with the instructions at least after he is entrusted with the job of evaluation in a particular case. And hence, in short, wide variations/discrepancies in evaluation/allotment of marks, absolute lack of uniformity, manoeuverings and manipulations in the award of marks etc. have to be construed, ordinarily, as instances/evidences of ulterior motives on the part of the concerned Evaluator.

- (c) Malpractices in viva-voce tests. Manoeuverings have also been noted in the conduct of the viva-voce proceedings as well. It is true that in a viva-voce test, marks are allotted to the candidates on the basis of the subjective evaluation/assessment of the members of the interview committee: and that, naturally, there will be an element of subjectivity in it. However, it has been observed that

candidates who get through the written examination with the barest minimum marks manage to score unbelievably high marks in the viva. Since such a thing is normally not possible and not believable, it gives rise to suspicions of malafides on the part of the interview committee members.

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

9.5.21 Mass recruitments are made to Group 'C' posts by the RRBs (Railway Recruitment Boards) functioning under various Zonal Railways. Large scale irregularities used to be reported and detected in the past in the selections finalized by the RRBs also. One of the main reasons for this was that the Boards used to be headed by political appointees. Sometimes, a good number of the Members of the Board also were political appointees. Obviously, such political appointees were beyond the purview of any disciplinary rules of the department and this provided them with a sort of impunity with the result that they could get away with almost everything. Resultantly, complaints and cases of selections based on monetary considerations were galore. However, the system of appointing politicians in the RRBs has since been dispensed with – and RRBs are now being manned exclusively by serving officials of the department. This has, no doubt, resulted in appreciable reduction in the various irregularities which used to take place, in selection exercises, in the past, obviously because the officers are aware that in case they are caught resorting to maneuverings, they can be taken up under the disciplinary rules and brought to book appropriately.

9.5.22 It goes without saying that medical fitness of the operating staff is extremely important from the point of view of safety of the Railways. As such, recruitments are made against such posts only after the candidates are subjected to due medical checks and after they are found/declared to be fit in all respects. In addition, such officials are also required to undergo periodical medical tests at regular/prescribed intervals. It has been found in many cases that such medical tests are carried out rather perfunctorily many a time. Cases have also been noticed where unfit candidates are declared fit

in return for considerations. Again, although periodical medical checkups are mandatory for such staff, the instructions are not adhered to quite often. Needless to say that this is an extremely vulnerable area. The imperative of ensuring total rigidity and objectivity in the conduct of the medical tests of the operating staff can hardly be over emphasized. Similarly, it also needs to be ensured that instructions relating to periodical medical examinations are adhered to unfailingly.

9.5.23 Irregularities have also been noted, in several cases, in the issue of “sick” and “fit” certificates. Many a time, such irregularities are committed, it has been noted, in return for monetary considerations. Here, the employees who want to avail of leave for some reason or the other report to the nearest health unit and request to be placed on the sick list for a given number of days. The officials in the Health Unit (including the Medical officer) readily oblige the so-called ‘sick’ man for a prescribed fee. The amount to be paid for the purpose is pre fixed and the total amount would depend on the number of days the employee desires to be placed on the sick list. True, this is an example of what could be called petty corruption or small-time corruption but, all the same, this practice has become institutionalized almost everywhere in the Railways.

9.5.24 Speaking about vigilance cases emanating from the Railways, a word of appreciation is due to the vigilance set up of the Railways also. As a matter of fact, Railways have a very good and well organized vigilance set-up. At the apex level (i.e. in the Railway Board) it is headed by an Additional Secretary level officer designated as ‘Advisor (Vig.)’ He is assisted by two Jt. Secretary level officers (designated as Executive Dir./Vig.), about half a dozen Director – level officers, followed by Jt. Directors, Dy. Directors etc. At the level of the Zonal Railway, the vigilance set up is headed by an SAG level officer (designated as Sr. Deputy General Manager) and he is assisted by one or two officers of equal rank plus other officers and subordinate staff. It has also been observed that the quality of the investigations reports received from the Railways is, generally speaking, upto the mark. More importantly, fact also is that almost every case receives due and adequate attention at the level of Sr. functionaries in the deptt. both at the zonal level and also at the level of the Railway Board. It is heartening to note proper application of mind even at the level of the General Managers of the Railways in the processing/examination of vigilance cases. An equally important feature of the Railway cases which goes to the credit of the vigilance department of the Railway Board is that while seeking the Commission’s advice in every case, the case is examined and presented in a proper manner, where all relevant aspects of the case are discussed and incorporated and the case is presented to the Commission through a self contained and detailed reference.

## 9.6 An analytical study of cases involving officials of DDA:

### INTRODUCTION

9.6.1 The present study of vigilance cases pertaining to DDA seeks to identify major irregularities prevailing in the organization. The purpose is to locate the areas which need special focus in terms of preventive and other measures. The study is also intended to see if irregularities are being detected and culprits being identified in commonly perceived corruption- prone areas.

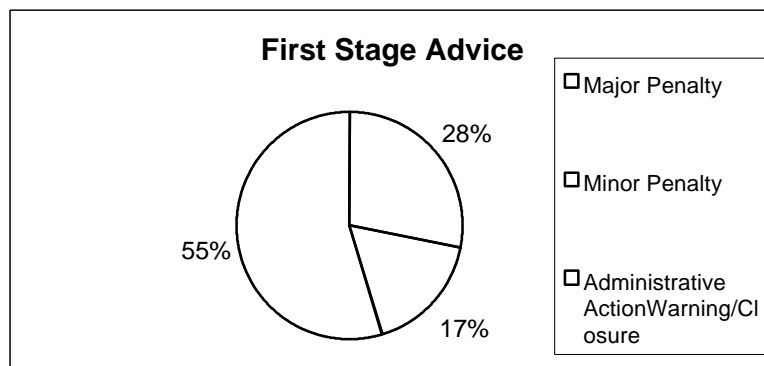
### METHODOLOGY

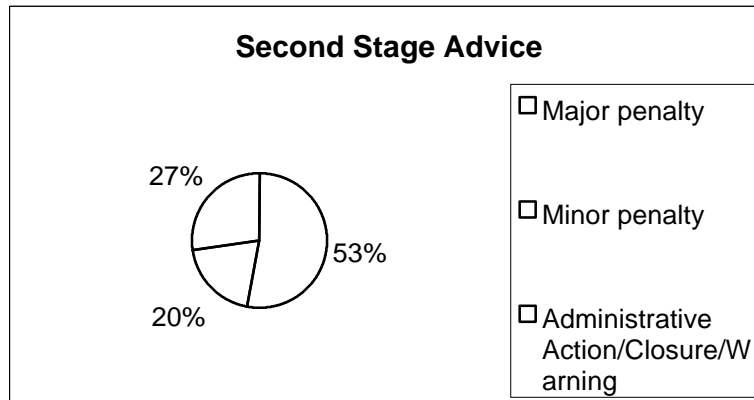
9.6.2 Cases pertaining to 1997, 1998, 1999 and 2000 have been analyzed for the study. In cases where second stage advice has been tendered, first stage advice has been ignored for avoiding duplication. For the same reason, wherever reconsidered advice has been tendered, only such advice has been taken into consideration. Cases where closure/administrative action/warning/exoneration has been recommended have not been taken into account for identifying irregularities. At the first stage, where a number of officials may be involved, the strongest action advised has been taken into account. At the second stage, each charge-sheeted official's case has been taken as a separate case.

### 9.6.3 Nature of advice tendered

### FINDINGS

During the period of study, the Commission advised initiation of disciplinary proceedings in 92 cases. It also advised imposition of major/minor penalties in 158 cases. 171 cases resulted in the advice of closure/exoneration/administrative action/warning, etc.





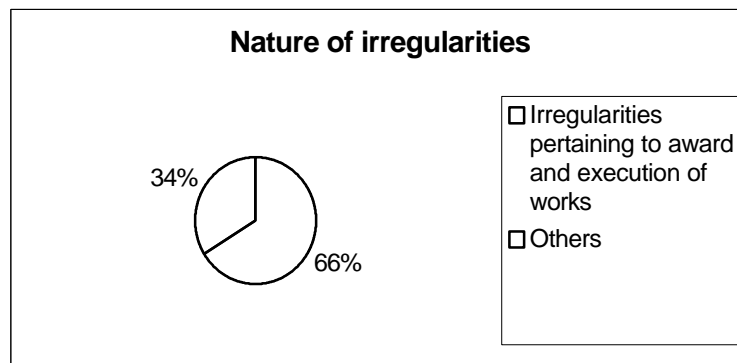
**IRREGULARITIES DETECTED**

9.6.4 After study of individual files, the following position emerged regarding the irregularities.

Categories	Percentage of cases (approx.)
(i) Irregularities in execution of works	45
(ii) Irregularities pertaining to award of works	10
(iii) Irregularities pertaining to both award and Execution of works	11
(iv) Encroachment and u/a construction	13
(v) Miscellaneous	21

**DETAILS OF IRREGULARITIES DETECTED**

9.6.5.1 As can be seen from para 9.6.4, most irregularities pertain to execution of works. These include acceptance of sub-standard work, over-payment to contractors, huge deviations without approval of the competent authority, acceptance of sub-standard/short materials, non-levy of penalty for delay in completion of work, sanctioning extra items at exorbitant rates, recording of over-measurements, failure to test-check measurements, failure to withhold sufficient amount from contractors' issue of excess material, non-checking of bills and non-maintenance of records pertaining to construction, etc.





9.6.5.2 Irregularities pertaining to award of works include award to contractors other than L-1, preparation of inflated justification, award of works at exorbitant rates, award of works long after opening of tenders, award of works beyond one's powers, sanctioning work orders beyond prescribed limits without urgency, call of tenders without publicity, keeping estimated cost deliberately low, splitting of works, failure to obtain AA&ES and sale of tenders after last date, etc.

9.6.5.3 Irregularities pertaining to encroachment and u/a construction include submission of misleading inspection reports, failure to detect encroachment and u/a construction and inaction in the matter of removal of encroachment and demolition of u/a construction.

9.6.5.4 Miscellaneous cases include irregularities pertaining to purchase of stores, connivance with contractors in arbitration cases, non-intimation of transactions of property, etc.

**LACK OF CASES  
PERTAINING TO  
CORRUPTION-  
PRONE AREAS**

9.6.6 Surprisingly, there are hardly any cases pertaining to areas like draw of lots, allotment and possession of land/houses, allotment of institutional land and conversion of property from lease hold to free hold. These are the areas in which there is a public perception of large scale corruption.

**LACK OF CASES  
AGAINST SENIOR  
OFFICERS**

9.6.7 There are very few cases against senior officers. Officers at the level of Director/SE figured only in about 10% cases. There was hardly any case against officers above this level.

**DELAY AT  
VARIOUS STAGES  
IN HANDLING  
VIGILANCE  
CASES**

9.6.8 Cases which resulted in the Commission's advice of imposition of a penalty were studied to see the types of delay occurring at various stages of the proceedings. As per the Commission's norms, charge-sheet is required to be issued within one month of receipt of the first stage advice. But in about 25% cases, charge-sheet was issued after more than one year of receipt of the Commission's advice. In about 30% cases, IO's appointment itself took more than a year after the charge-sheet was issued. A lot of delay seems to have taken place in completing inquiry proceedings. This is indicated by the fact that in about 82% cases, the second stage advice of the Commission was sought more than one year after the IO's appointment. In 32% cases, the gap was more than two years. It is possible that in some of these cases, the inquiry was completed within 6 months in accordance with the Commission's norms, but the Deptt. took long time to make up its mind about the inquiry report and the action to be taken.

**CONCLUSIONS**

9.6.9 As most irregularities pertain to award and execution of works, there seems to be a need to ensure greater adherence to procedures contained in the CPWD Manual. Strict monitoring of the quality of works being executed is also necessary. In areas which are not throwing up cases despite public perception of large

scale corruption, increased effort seems to be required to detect irregularities. Responsibility at senior positions also need to be fixed when irregularities come to notice.

\*\*\*\*\*

# ANNEXURES

\*\*\*\*\*

**ANNEXURE - I**  
(Para 2.10.1)

**ORGANISATION-WISE DETAILS OF PUNISHMENTS IMPOSED DURING 2001 IN  
RESPECT OF CASES WHERE COMMISSION'S ADVICE WAS OBTAINED**

<b>S. No.</b>	<b>NAME OF THE DEPARTMENT/ ORGANISATION</b>	<b>PROSE- CUTION</b>	<b>MAJOR PENALTY</b>	<b>MINOR PENALTY</b>	<b>ADMN. ACTION</b>
1.	Airports Authority of India	0	0	15	10
2.	Allahabad Bank	0	20	8	2
3.	Andaman & Nicobar Administration	0	2	1	0
4.	Andhra Bank	0	19	2	2
5.	Bank of Baroda	0	22	13	7
6.	Bank of India	0	66	12	9
7.	Bank of Maharashtra	0	7	1	0
8.	Bharat Coking Coal Ltd.	0	1	0	0
9.	Border Roads Development Board	0	5	4	1
10.	C.S.I.R.	0	8	0	2
11.	Cabinet Secretariat	0	0	1	0
12.	Canara Bank	0	9	3	1
13.	Central Bank	0	17	3	1
14.	Central Board of Direct Taxes	4	9	0	0
15.	Central Board of Excise & Customs	2	40	5	11
16.	Central Bureau of Investigation	0	1	1	0
17.	Central Public Works Department	4	2	4	15
18.	Central Warehousing Corporation	0	0	0	1
19.	Chandigarh Administration	0	0	0	1
20.	Chennai Port Trust	0	1	0	1
21.	Corporation Bank	0	4	0	0
22.	D/o Agriculture & Co-operation	0	1	2	0
23.	D/o Animal Husbandry & Dairying	0	0	1	0
24.	D/o Coal	0	1	0	1
25.	D/o Company Affairs	2	1	0	1
26.	D/o Defence Production & Supplies	0	8	11	7
27.	D/o Education	0	1	0	0
28.	D/o Industrial Policy & Promotion	0	0	0	2
29.	D/o Mines	0	1	2	0
30.	D/o Personnel & Training	10	4	0	0
31.	D/o Posts	0	4	4	4
32.	D/o Science & Technology	0	3	8	3
33.	D/o Supply	1	0	2	0
34.	D/o Telecom	0	36	54	64
35.	D/o Women & Child Development	0	0	3	0
36.	D/o Youth Affairs & Sports	0	0	1	0
37.	Damodar Valley Corporation	0	2	0	0
38.	Delhi Development Authority	0	45	50	51
39.	Delhi Jal Board	0	2	9	3
40.	Delhi Transport Corporation	0	0	0	1

41.	Delhi Vidyut Board	0	83	61	10
42.	Dena Bank	0	5	2	2
43.	Eastern Coalfields Ltd.	0	3	1	0
44.	Employees Provident Fund Organisation	0	0	1	0
45.	Employees State Insurance Corporation	0	3	0	0
46.	Govt. of N.C.T. Delhi	0	9	6	6
47.	Hindustan Copper Ltd.	0	0	1	0
48.	Hindustan Petroleum Corporation Ltd.	0	0	4	0
49.	Hindustan Steel Works Construction Ltd.	0	0	2	0
50.	Hotel Corporation of India	0	1	1	0
51.	Housing Urban Development Corporation	1	1	0	0
52.	I.C.A.R.	0	0	1	0
53.	Indian Bank	0	10	0	1
54.	Indian Oil Corporation Ltd.	0	0	6	3
55.	Indian Overseas Bank	0	16	5	1
56.	Kandla Port Trust	0	1	0	0
57.	Kendriya Vidyalaya Sangathan	0	2	0	0
58.	Life Insurance Corporation	0	0	2	2
59.	M.M.T.C. Ltd.	0	1	0	0
60.	M/o Civil Aviation	0	0	0	1
61.	M/o Defence	4	7	2	3
62.	M/o Environment & Forest	1	0	0	0
63.	M/o External Affairs	0	3	2	0
64.	M/o Finance	0	1	0	0
65.	M/o Health & Family Welfare	2	3	0	0
66.	M/o Home Affairs	0	2	5	0
67.	M/o Information & Broadcasting	0	2	4	2
68.	M/o Information Technology	0	3	0	0
69.	M/o Railways	1	144	177	184
70.	M/o Shipping	1	2	0	2
71.	M/o Steel	0	0	1	0
72.	M/o Textiles	2	1	0	0
73.	M/o Urban Development & P.A.	0	12	6	22
74.	M/o Water Resources	0	6	0	0
75.	Mahanadi Coalfields Ltd.	0	2	0	0
76.	Mumbai Port Trust	0	1	1	0
77.	Municipal Corporation of Delhi	0	24	13	0
78.	NABARD	0	2	0	0
79.	National Building Construction Corporation	0	2	6	7
80.	National Consumer Co-operative Federation Ltd.	0	4	6	0
81.	National Insurance Co. Ltd.	0	1	0	0
82.	National Small Industries	2	0	0	0

	Corporation				
83.	Navodaya Vidyalaya Samiti	0	1	0	0
84.	New Delhi Municipal Council	0	7	7	1
85.	New India Assurance Co. Ltd.	0	2	1	1
86.	New Mangalore Port Trust	0	0	0	6
87.	North-Eastern Electric Power Corporation	5	0	0	0
88.	Northern Coalfields Ltd.	0	1	0	0
89.	O/o CGDA	0	18	0	0
90.	Oriental Bank of Commerce	0	9	8	3
91.	Oriental Insurance Co. Ltd.	0	6	5	1
92.	Paradeep Port Trust	0	0	1	0
93.	Punjab & Sind Bank	4	15	10	3
94.	Punjab National Bank	0	42	36	16
95.	SIDBI	0	0	0	1
96.	State Bank of Bikaner & Jaipur	0	9	1	0
97.	State Bank of Hyderabad	0	10	12	2
98.	State Bank of India	3	139	180	157
99.	State Bank of Indore	1	2	1	0
100.	State Bank of Mysore	0	13	11	1
101.	State Bank of Patiala	0	11	6	5
102.	State Bank of Travancore	0	1	0	1
103.	State Trading Corporation	0	3	0	0
104.	Steel Authority of India Ltd.	0	0	2	0
105.	Syndicate Bank	2	20	11	2
106.	UCO Bank	0	6	7	0
107.	Union Bank of India	0	36	22	12
108.	United Bank of India	0	1	1	0
109.	United India Insurance Co. Ltd.	0	5	2	2
110.	UT of Daman & Diu and Dadra & Nagar Haveli	0	1	0	0
111.	Vijaya Bank	0	5	0	0
112.	Visakhapatnam Port Trust	1	5	1	0
	<b>TOTAL:</b>	<b>53</b>	<b>1067</b>	<b>861</b>	<b>661</b>

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

**I. CIVIL ENGINEERING WORKS**

**A. GOVERNMENT DEPARTMENTS**

**A. 1. CENTRAL PUBLIC WORKS DEPARTMENT**

**A.1.1 Construction of accommodation for SSB at Gwaldam.**

Labour licence was not obtained by the agency. Engineer, as per qualification in agreement, was not employed by the contractor. Completion of work has been delayed but no action has been intimated against agency/official responsible for delay. Hindrance register was not maintained properly. Testing of various materials was not done as per specifications. Recovery of secured advance was not made even after utilisation of material in the work.

**A.1.2 Construction of 168 Nos. Staff Quarters at Puri (SH:C/o 34 Type III Qrs.).**

Tender documents were issued to contractor without ascertaining the prescribed criteria. Time taken in acceptance of tender by accepting officer was much more than stipulated. Labour licence was not obtained by the contractor for complete duration of contract. No action has been taken against agency/officials responsible for delay in execution of work. Door frames were of sal wood instead of 'T' iron frames though steel windows have been provided. Large deviation was observed in AHR items. Testing of materials was not carried out as per specifications.

**A.1.3 Construction of A.G. Staff Quarters at Guwahati.**

Delay of 5 years observed in planning and award of work resulting in increase in cost. Work has been awarded to L-3 contractor at an amount higher than the amount approved by the administrative authority. Pile foundation work was executed without engaging specialised agency. Labour licence was not obtained by the contractor. Extra items not admissible were sanctioned and paid. Measurements were not recorded properly resulting in benefit to the contractor. Works contract tax was not recovered. Design of pile foundation was uneconomical.

**A.1.4. Construction of new academic complex of IIFT at B-15, Qutab Institutional Area, New Delhi.**

Consultants for architectural and structural services were appointed though in-house expertise was available with CPWD thereby avoidable expenditure to the tune of Rs.20 lacs was incurred. Though 10(ten) firms were eligible for pre qualification for civil construction work as per prescribed eligibility criteria, only four firms were short listed thereby restricting the competition leading to award of work at higher rates. Completion of work was delayed for more than 16 months but no action taken against the contractor. Several deficiencies were observed in execution of work.

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

### **B.1 INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)**

#### **B.1.1 Interior furnishing of Delhi Office premises of IDBI.**

Technical Sanction to detailed estimates was not accorded. Pre-qualification of Consultants was done arbitrarily. Fee for consultant was fixed arbitrarily without calling for quotation/competitive bids. Tender documents were not prepared properly by the Consultants. Market rate justification was not prepared to assess the reasonability of tendered rates. No action has been taken against the Consultant/Contractor due to delay in completion of work. Compliance to instructions issued to the contractors were not recorded. Recoveries on various accounts from contractor was not made as per agreement.

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

#### **B.2.1 Construction of LHO Building at Aparna Complex, Chennai.**

Technical Sanction to detailed estimates was not accorded, Consultancy work was awarded on ad hoc basis without call of competitive bids. The work was awarded to Consultants in 1986 but work physically commenced after 11 years. Delay occurred during execution also. A separate Consultant for supervision of work was appointed though provision for the same exists in earlier contract. Estimates were not prepared properly and not scrutinized resulting in large number of extra items/substitute items and deviation in quantity. Rate only items were kept in the tender documents. Recovery on account of various defects in execution of work has not been made from the contractor. Testing of various materials was not done as required as per specifications.

#### **B.2.2 Construction of staff qtrs. at Faraday Avenue, Durgapur(WB).**

The work was awarded to M/s Hindustan Prefab Ltd. at a cost of Rs.64175433/- who assigned entire execution job to M/s Singh Construction on back to back contract basis at Rs.30 lacs lesser cost. M/s Singh Construction Corporation were already disqualified by the Bank. As such work was executed by a disqualified agency and bank had to pay Rs.30 lacs extra to the principal agency without any direct contribution. Approx. 950 MT of tor steel of unapproved brands costing Rs.1.50 crores was procured by the agency and used in the work. Wt. of tor steel of different sizes was found less. Mandatory test of glazed tiles was found less. Several deficiencies were observed in execution of work.

## **C. PUBLIC SECTOR UNDERTAKINGS**

### **C.1 BHARAT COKING COAL LTD.(BCCL)**

#### **C.1.1 Repair/Strengthening of roads in different areas of BCCL.**

Pre-qualification criteria given in the tender documents was not followed while pre qualifying the agencies. Purchase preference was not given to PSU even though the amount quoted was within 10% of amount quoted by L-1. Insurance policies were not obtained by the contractor. The work was to be executed on priority basis and completed in 6 months but the progress of work was 58% even after 3 years of award. No action is being



taken by Deptt. to execute balance work. Measurements were not recorded as per BIS code/specifications. Testing of most of materials used in work was not carried out, Coarse aggregate not confirming to specification was used in work.

C.1.2 Construction of 96 Units, 'B' Type Quarters at Bhuli, Township.

NIT published in Hindi and English newspaper was at variance. Insurance as per provisions in agreement was not obtained. Provision of wooden doors and windows was made in the work inspite of a ban by Govt. Market rate justification was not worked out properly to assess the reasonability of accepted rates. No action was taken for use of reinforcement and concrete below specified strength. Measurements were not recorded properly. Most of the materials incorporated in works were not tested.

C.2 BHARAT SANCHAR NIGAM LTD.(BSNL)

C.2.1 Construction of second hostel block in RTTC compound, Mysore.

Tenders were issued to contractors without verifying the criteria stipulated in notice. Stone masonry was not carried out as per specifications. Measurement of brick work was not done as per BIS/Specifications applicable to the work. Cement and steel, issued by Department, was not tested before use in work. Cuttings/overwritings in site documents were not certified.

C.3 NATIONAL DAIRY DEVELOPMENT BOARD

C.3.1 Civil, Structural & other Ancillary Works of KMF, Bangalore.

Consultancy work was awarded on ad hoc basis without call of tenders. Structural design submitted by the consultant was not checked for soundness and economy. Performance security was not obtained as per provision in agreement. Recovery of advance given to contractor was not made as stipulated. Reinforcement used in work was not purchased from main producers as stipulated. Compliance of various instructions given through site order book was not recorded. Concrete mix design was not revised due to change in source of ingredients. Measurements were not recorded as work proceeds.

C.4 IRCON INTERNATIONAL LTD.

C.4.1 Extension of Runway at Bhubaneswar.

Agencies selected for works were qualified arbitrarily and competition in tendering was inadequate. Market rate justification was not prepared to assess the reasonability of rates. Insurance was not obtained as per agreement. Work was awarded before the site was made available and the delay in completion occurred due to the above. Commencement was delayed by contractor resulting in delay in completion of work. Machinery for which no provision exists in agreement was issued before finalisation of hire charges. Coarse sand and morrum used in work was not confirming to specifications.

C.4.2 Construction of Superstructure with PSC Box Girder for Metro Rail at Chennai.

Tender procedure adopted was not transparent and competitive. Market rate justification was not prepared to assess the reasonability of awarded rates. Maintenance cost of machinery issued to contractor was to be borne by the contractor. However, amount spent by Orgn. for maintenance was not recovered from the contractor. Machinery for which no provision exists in agreement was given to the contractor. Recovery on account of items not executed in the L.S. contract has not been made. Escalation paid to the contractor though no provision for the same exists in the agreement. No liquidated damages levied due to delay in execution of work.. Site Records were not maintained properly.

C.4.3 Construction of Outer Ring Road between Magadi Road 4 Tumkur Road at Bangalore.

Pre-qualification of contractors was not done properly. Sufficient competition was not generated in tendering. Market rate justification was not prepared to assess the reasonability of rates. Labour licence was not obtained by the contractor. Engineer and staff to be employed were not employed by the Contractor. Recovery has not been made from payments made as per agreement provision. Measurements were recorded on loose sheets instead of MB. Concrete mix design was not done.

C.5 CENTRAL POWER RESEARCH INSTITUTE

C.5.1 Construction of Equipment Vibration Testing Project.

Pre qualification criteria stipulated in tender documents was not followed while qualifying agencies for consultancy work and execution of work. Structural drawings submitted by the consultants were not checked for economy and structural soundness. Cement 43 grade has been purchased at higher rates than rates quoted for 53 grade cement. No action has been taken against contractor for delay in execution. Measurements were not recorded as per specifications. Compliance to various instructions given through site order book were not recorded. Actual weight of certain reinforcement and structural steel used in work was less than paid.

C.6 POWER GRID CORPORATION OF INDIA LTD.

C.6.1 Construction of Quarters at 765 KV S/S Meerut.

Pre qualification criteria stipulated in the tender documents not followed. The work has been delayed by the consultant. However, no action has been taken against him. Excavated earth has been disposed off within 1 km. instead of 5 km. as per agreement. Estimates were not prepared properly and large deviation was observed in various items. Hindrance register was not maintained properly.

C.6.2 Construction of recreation centre, guest house and admin building etc. at 765 kv S/S Mumbai.

Market rate justification was not prepared to assess the reasonability of tendered rates. Timber door frames were not kiln seasoned and chemically treated. Site documents were not maintained properly. Testing of various material was not carried out as per specifications. Measurements of certain items were not recorded as per specification.

## C.7 NATIONAL HIGHWAYS AUTHORITY OF INDIA

### C.7.1 Construction of Jaipur Bye pass.

No formal A/A and E/S for the work has been issued. Estimates were prepared as per earlier tendered rates/amount instead of departmental schedule of rates. Consultancy work was awarded on ad hoc basis without call of competitive bids. Technical sanction to detail estimates was not accorded. Market rate justification was not prepared to assess the reasonability of accepted rates. A separate contract for repairs to service roads was awarded to the same contractor without call of tenders. Interest free mobilisation advance has been paid. Recovery for advance was not made as per agreement provisions. Tack coat and weep holes have been paid separately though the provision for the same is included in related agreement items.

### C.7.2 Four laning and strengthening of existing two lanes from Rani Ganj (Km. 474.00) to Panagarh (Km. 575.236) Section of NH-2 in West Bengal.

Abnormal delay occurred in finalizing tenders. The work has been awarded at 31.19% above the estimated cost whereas tenders are normally awarded for such works at 30-35% below the estimated cost. No market rate justification has been prepared to justify the tendered rates before award of the contract. The recovery of interest free advance was not made on time. Due to the above, undue benefit has been shown to the contractor. Additional interest free machinery advance has been paid to the contractor without any provisions for such advance in the agreement to give undue financial advantage to the contractor. Inferior specification for earth fill was allowed. However, the benefit to the tune of Rs.135.85 lacs availed by the contractor due to the above was not recovered. Similarly, inferior specification was allowed in the drainage way. Recovery of Rs. 13.14 lacs paid to the contractor due to the above, was not made. An amount of Rs. 123.2 lacs has been paid for cutting and removal of stumps. However, the above payment is not admissible as per provisions of the agreement. No hindrance register has been maintained. The work was delayed considerably and no liquidated damages were recovered from the contractor. Many deficiencies were observed during execution of work.

### C.7.3 Chennai Bye pass connecting NH-45 with NH 4 (about 18.8 Km long) Tendered Cost-Rs. 50 crores.

No market rate justification has been prepared to assess the reasonability of the tendered amount before award of the work. Interest free mobilisation advance was allowed which is against the directions issued by CVC. Contractor is liable to pay liquidated damages for the delay which occurred due to fault of the contractor. As such an amount of Rs. 1.35 crores is payable by the contractor towards the delay. The above huge sum has not been recovered from the contractor. Testing charges to the tune of Rs. 2.5 lacs had not been recovered from the contractor for the pipes supplied. An amount of Rs. 42 lacs towards filling in the well etc. has been paid to the contractor. The above additional work was neither covered in the original agreement nor in the estimates which was prepared by consultants after thorough survey of the site. An amount of Rs.1.2 crores has been spent by NHAI for removal of soil to facilitate the contractor for movement of equipment and machinery which is not admissible since the contractor was supposed to incur the above expenditure and quote rates accordingly. An amount of Rs. 90.00 lacs has been spent in filling a pond with granular material and undulating slushy ground to give undue benefit to the contractor since the above

item was not admissible due to the fact that the contractor is supposed to spend the above as he is responsible to carry out the work under the existing site conditions which was to be taken into account before quoting the rates. An additional amount of Rs. 20.38 lacs has been incurred by NHAI by substituting POT/PTFE bearings with POT/PTFE bearings of slightly higher capacity to give undue advantage to the contractor since the original item was an abnormally low rated item. The structural design of porur Tank bridge has not been checked by NHAI officials to ensure safety.

C.8 AIRPORTS AUTHORITY OF INDIA(AAI)

C.8.1 Strengthening of Runway and allied works at Guwahati Airport.

Specifications adopted were at variance with CPWD/MOST specifications. Market rate justification was not prepared properly. Machinery for execution of works was not deployed as per agreed time and progress chart. Tack coat was paid separately, though provision for the same exists in various agreement items for bituminous work.

C.9 DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION(DSIDC)

C.9.1 Construction of Effluent Treatment Plant at Mangolpuri.

Technical sanction to detailed estimate was not accorded. Separate consultants were appointed inspite of same scope exists in original agreement of consultant. Market rate justification was not prepared to assess the reasonability of rates and work has been awarded at very high rate as compared to the estimated cost. Alternative scheme proposed by the bidder, which was acceptable to consultant, was not considered resulting in excess expenditure of Rs.61 lakhs. No action has been taken against contractor for delay in completion even though drawings, design and procurement of stores were the responsibility of contractor. Rs.14.00 lakhs have been paid as an extra item though the same are not payable as per agreement. Testing of material/various components was not carried out as per specifications.

C.10 CHENNAI PETROLEUM CORPORATION LTD.

C.10.1 Construction of Hi-tech retail outlet at Sriperambdur–Phase- II Tamilnadu. Tendered Cost-Rs. 1 Crore.

The construction of this work commenced, prior to finalisation of tenders, drawings and contract amount of this lump sum contract. The work was awarded to a particular agency on nomination basis without call of tenders. No justification statement was prepared on the basis of prevailing market rates of labour and materials to assess the reasonability of tendered amount before award of this work. Measurements were not recorded to assess the quantity of work done. No tests/records for any material used at site had been conducted/maintained. Hindrance register has not been maintained at site for this so called urgent work for completion of the same within 45 days. Several deficiencies have been observed in execution of work.

C.11 INDIAN INSTITUTE OF TECHNOLOGY(IIT), DELHI

C.11.1 Construction of additional floor over academic area block II & V at IIT, Delhi.

Architects and structural consultants were appointed arbitrarily in violation to the guidelines issued by the Commission. IIT itself offers consultancy services for structural design to the other organisations but outside structural consultant was appointed for the above work. Short listing of contractors was done without giving press advertisement. The work was awarded at higher rates than the justified prevalent market rate thereby causing financial loss to IIT. Cement and steel were not tested to ascertain quality. Several deficiencies were observed in execution of work.

C.12           MECON LTD.

C.12.1         Design, engineering, supply, construction, installation and commissioning of POL depot at Sangrur(Punjab).

Tenders for the above work were issued to the agencies arbitrarily without any basis such as registration or pre qualification. Tender was accepted without assessing reasonableness of the quoted rates. Interest free mobilization advance was paid to the contractor which is in violation to CVC guidelines. Abnormally high rated items were deviated on higher side and low rated items not executed resulting into undue benefit to the contractor. Nominal Volumetric concrete mix was used instead of stipulated design concrete mix. Test results of concrete showed lesser strength than required. Several deficiencies were observed in execution of work.

C.13           INDIAN OIL CORPORATION LTD.(IOC)

C.13.1         Design and construction of industrial sheds at IOC's LPG Plant at Lucknow.

Detailed estimate was prepared in arbitrary manner without support of drawings and designs. The consultant for quality assurance was appointed in ad-hoc, pick and choose manner. Composite bank guarantee for an amount of Rs.2.18 crores was obtained instead of required Rs.4.36 crores. Major work was executed by IOC without even a single graduate civil engineer. Cement used in construction was not tested at all and steel was tested only once. Cheaper quality AC sheets were used in the roofing of sheds instead of specified brands. Several deficiencies were observed in execution of work.

C.14           TEHRI HYDRO DEVELOPMENT CORPN. LTD.(THDC)

C.14.1         Construction of hydro power plant(civil work) Package II at Tehri.

Very stringent criteria was adopted for prequalification of the tenders which resulted in prequalification of only two firms. Due to above, competitive rates were not possible. Total work of power house was split into three packages and all the three packages were awarded to one firm although firm was found not eligible to prequalify for the work as a whole. Two years were taken for prequalification which resulted in cost escalation. The accepted cost was more than 10 crores above the estimated cost. Due to ambiguity in provisions in tender document, contractor had raised claims of about 3.5 crores. Many deficiencies were observed in execution of work.

C.15           HINDUSTAN PETROLEUM CORPORATION LTD.(HPCL)

C.15.1 Construction of super structure at Petroleum House, Annexe building at Nariman Point, Mumbai.

Tender documents had not been approved by competent authority before invitation of tender for the work. Consultant was appointed for this project arbitrarily without resorting to open tender system. No market rate justification has been prepared to assess the reasonability of rates before acceptance of tender. The work has been awarded without availability of land. Due to which delay occurred in construction subsequently. Due to the above delay, escalation was paid @ 3% on original quoted rates which resulted in a loss of Rs.8 lacs. The period of construction was also increased from 12 months to 15 months arbitrarily after award of work. Before the termination of the first contract, tenders for remaining work were invited. Limited tenders were invited to execute the remaining work without giving an opportunity to the first contractor. This is irregular which may lead to award of huge amount in favour of the contractor by the arbitrator. Original contractor had already applied for Arbitration with claims amounting to Rs. 2.00 crores.

C.16 INDIAN PETRO CHEMICALS LTD.(IPCL)

C.16.1 Construction of Emergency township near Gandhar Petroleum complex, Dahej.

The detailed estimate prepared by consultant has not been checked by IPCL and no technical sanction has been accorded to his estimate. The consultants were appointed arbitrarily without resorting to open tender system, which is against the CVC's circular dt.10.9.92 issued in this regard. Only two parties were approved for award of road work without call of tender. No market rate justification was prepared to assess the reasonability of rates before acceptance of the tender. After receipt of tender for the whole work, three parties were awarded the work by splitting the work instead of one party without any specific provision in the tender document for the same. During the above process, negotiation was conducted with other than L-1 also for one part which is against the directions of the CVC. Finally, a part of work was awarded to the party other than L-1 which amounts to extending undue benefit to the contractor.

C.17 NATIONAL BUILDINGS CONSTRUCTION CORP.(NBCC)

C.17.1 Construction of Permanent NIFT Centre at Bangalore.

Work has been split up into 50 parts and executed by the subordinate officials without getting the approval of the competent authority. No proper records such as tender sale/opening registers, application for tenders, rejected tenders etc. have been maintained. Credentials of the applicants for tenders have not been verified before issue of tender documents. Works have been awarded without approval of competent authority. Proper market rate justification has not been prepared to assess the reasonability of tendered amount before award of the work to the contractor. Scope of the work was changed after invitation of tenders instead of calling fresh tenders after change of scope. Work was rescinded without levying liquidated changes etc. Balance work was awarded without call of tenders and that too after a delay of 10 months.

C.18 JAWAHAR LAL NEHRU PORT TRUST(JNPT)

C.18.1 Extension of Port craft berth at JNPT.

No detailed market rate justification has been prepared to assess the reasonability of tendered amount before award of work to the contractor. Work has been split up into two parts, resulting into a direct loss of Rs.1.57 crores (approx) to JNPT. Undue advantage to the extent of Rs.63 lacs had been extended to the contractor by way of providing excess area allotted to him than the agreed one, for storage space, labour camp, site office etc. Interest free mobilization advance had been granted to the contractor in spite of CVC's instructions dt.8.12.97 banning such an advance. Samples collected from reinforced cement concrete works had failed to meet the acceptability criteria.

C.19 RAIL INDIA TECHNICAL ENGINEERS SERVICE(RITES)

C.19.1 Construction of Staff quarters and Administrative Building for EPFO at Mangalore.

Detailed estimate has not been sanctioned technically to ensure the reasonability of rates as well as structural soundness of the bldg. The tender documents have not been approved by the competent authority. Appointment of consultants has been made arbitrarily and not in accordance to the guidelines issued by CVC in this regard. Payments to the consultants have been made for the item for which no such payment is permissible. Market rate justification has not been prepared to assess the reasonability of tendered rates before award of work.. Interest on mobilization advance has not been recovered till August, 2001 even though the same should have been recovered by June, 2000. Payment for extra items has been made at higher rates than permissible.

## **II. ELECTRICAL, ELECTRONICS/MECHANICAL AND OTHER ALLIED WORKS**

### **D. GOVERNMENT DEPARTMENTS**

#### **D.1 CENTRAL PUBLIC WORKS DEPARTMENT**

##### **D.1.1 Providing Auto fire alarm system for finishing and calendar cutting house and strong room at Security Paper Hoshangabad.**

Though the work was sanctioned by Ministry of Finance in the year 1994, the estimate was technically sanctioned by SE/CPWD only in 1998 i.e. after 4 years. The reasons for such abnormal delay were not available although the work was shown as of high importance. The works of auto fire alarm system and fire fighting system were tendered and awarded separately. NIT was published in local newspapers only resulting in poor competition . Only two offers were received for this work.

##### **D.1.2 Works for improvement of fire fighting system at Security Paper Mill, Hoshangabad.**

The Security Paper Mill at Hoshangabad had a fire fighting system with hydrants connected to common water supply distribution pipeline meant for drinking and air-conditioning etc. It was therefore, decided to provide for an independent hydrant network for

fire fighting purpose. Though the original estimate was prepared for augmentation of the existing system but the work has been finally executed as a new system independent of the existing one. The justification for the new system does not seem to have been established as the security paper mill is also equipped with fire engine station in its premises and also only some portions of the SPM are vulnerable to fire instead of the whole area. No details regarding the appointment of Consultant and payment terms etc. were available. The estimate for the project was initially made by the consultants for Rs. 68 lacs but the detailed estimate prepared by the Department was for Rs. 1.21 crores. The project was submitted to CPWD for execution in March, 1993 but action was taken after a lapse of more than 6 years. Reasons for such delay in taking up the work for execution were not available. The stipulated date for completion of the work was September 2000 but the progress in July, 2001 was only 65%. However, no liquidated damages had been levied for such abnormal delay in execution of the work.

**D.1.3 Air-conditioning of departure holding area of Guwahati Airport, Guwahati.**

There was no competition generated and the work was awarded to the only technically qualified firm. The price justification was therefore not established fully. In the technical negotiation a lump sum reduction of Rs. 50,000/- was not backed by due justification. The work got badly delayed but no liquidated damages were levied on the contractor. Some of the important site records viz. site order book, hindrance register etc. were not maintained.

**D.1.4 Installation and Commissioning of 11 KV diesel generating sets, HT voltage regulator, Capacitor Bank, etc. at Safdarjung Hospital, New Delhi.**

Against the initial sanction for provision of 2x1250 KVA DG sets; the work was executed to the enhanced capacity of 2x1700 KVA DG sets and the cost was revised from Rs. 2.70 crores to Rs. 3.63 crores. The insertion of NIT only in Delhi newspaper seems to have resulted in inadequate competition. Since this capacity of work is apparently being done in Delhi for the first time in Government departments; there was a need to give wider publicity to attract more competition of firms from all over the country. Some of the firms meeting PQ criteria were rejected. In contravention of the contractual provisions for payments, 80% payment was released on receipt of incomplete items, thus extending temporary financial benefit to the firm.

**D.1.5 Examination of airconditioning work of annexe of IIFT of Qutub Institutional Area. Executed by CPWD as Deposit work.**

In the estimates, three units of 75 TR-water chilled type were envisaged but actually offers were asked for three units of 80 TR chilling units. The model of Compressors were changed during technical negotiation and the models actually supplied were not found as agreed during technical negotiations. The cooling Towers were also of different ratings and were deficient of some items of specifications viz. ladder, foundation beaks etc. The competition was restricted as the work experience only of Govt. Deptts. was considered. No insurance cover was taken for men and material. Substituted items were accepted without techno-commercial reasonableness.

**D.2 DELHI DEVELOPMENT AUTHORITY**



D.2.1 Examination of electrical works for supply, erection, testing and commissioning of sub-station equipment at Rohini Phase II.

The tenders for the subject work were issued in May, 2000. Seven firms purchased the tender documents and after bringing the technical bids on a common platform, all the 7 firms were asked to submit price bids, which were opened on 25.08.2000. The contract was awarded to a firm who with 2.5% offered discount were evaluated the lowest at Rs. 89,54,083/-. However, it seems that another firm who had offered 2+2 % discount on quoted rates and were evaluated as L-2 at Rs. 89,55,634/-, were actually lower as their evaluated rate works out to Rs. 89,51,904/-. Thus it seems that the contract was not awarded to the lowest evaluated bidder. The impulse test had been carried out on transformers manufactured by GEC Ltd. whereas the transformers supplied are of Alstom make.

D.3 SOUTHERN RAILWAY

D.3.1 Examination of electrical work of replacement of the existing under rated switchgears and equipment to suit 21.6 MVA transformer, at Avadi 110/25 KV Traction sub-station of Southern Railways, Chennai.

The estimate had been prepared on the basis of rates of similar work with an increase of 10% each year on the quoted rates. This is not a realistic method for preparation of the estimate, as it does not takes into account the prevailing market rates of items, especially for cables etc. where firms are offering discounts of up to 60% on the listed prices.

D.4 M/O ENVIRONMENT & FORESTS

D.4.1 Air – conditioning and provision of 250 KV DG set at the Herbarium-cum-office Building of Botanical Survey of India, at Dehradun.

Two entirely different kinds of works viz. air-conditioning and provision of DG sets were clubbed together. In the preliminary estimate, the total tonnage of 120 TR was envisaged for air-conditioning but in the NIT stipulation of 2 x 70 TR was shown which included one No. 70 TR as standby. However, the total load was only 68 TR. It seems to be a case of over design. The tenders were due to be opened on 23/8/99 but the sale of tenders by the consultants could be started only on 20/8/99; thus giving, a very short period to the prospective bidders for purchase and submission of tender documents. This seems to have resulted in inadequate competition. The lowest bidder who was awarded the contract was registered with CPWD for electrical works but not for AC works and did not have any past experience of executing such works. It seems the firm was wrongly pre-qualified and awarded the contract. It was noticed from the comparative statement that the offer of M/s. Delite Engineers was lower for 250 KV DG sets and the department would have saved substantial amount if tenders had been invited/decided separately for installation of AC plant and DG set, as both are independent works.

**E. BANKS , INSURANCE COMPANIES, FINANCIAL INSTITUTIONS**

E.1 STATE BANK OF INDIA

E.1.1 Examination of work for LT & MV installation at the new LHO Building of State Bank of India at Aparna Complex, Chennai.

The proposal for construction of the new LHO Building to house many of the offices of SBI in Chennai situated at different places, under one roof was conceived in December, 1983 and M/s. Chitale & Sons, Chennai were appointed as the consultants for the whole project in May, 1986. The estimated cost of the work was originally around Rs.20 crores and the abnormal delay in award and execution of works seems to have resulted in huge time and cost over-runs. The details of the original estimate were not available. The work was about 90% complete and the delay had rendered the huge investment of Rs. 20 crores with no profitable returns besides payment of high rental charges on the existing premises. M/s. Chitale & Sons were appointed consultants-out of the then existing panel of six consultants with the bank on the basis of workload in hand and their past performance/experience. This was not done in a transparent manner as the details on the basis of which they were appointed were not available and the appointment was made without calling for any tenders. Apart from the main consultants; M/s. SCS Engineers Pvt. Ltd. was also appointed as Project Management Consultants in 1998. It was noted that some of the services indicated in the agreement with main architects and project consultants are identical and are thus duplicated. Despite having two consultants to supervise the execution, the work was inordinately delayed. In fact this could be one of the reasons for delay. The mobilization advance of Rs. 5.11 lacs was given in contravention of CVC guidelines. The income tax and the mobilization advance up to the fourth RA bills had not been recovered. Similarly, the work contract tax (WCT) had also not been recovered giving financial advantage to the contractor. The work was delayed by more than 18 months but no liquidated damages had recovered from the bills, in terms of the contract.

## E.2 STATE BANK OF INDIA

### E.2.1 Inspection of work, for air-conditioning of the new LHO building of State Bank of India at Aparna complex, Chennai.

In response to the NIT for this work, out of 9 firms who applied for tender documents, 7 firms were rejected on the ground that they are not original manufacturers of centrifugal chillers in India. Surprisingly, there was no such condition in the bidding documents and thus rejection of the 7 firms was quite ad-hoc and arbitrary. In fact even M/s. Voltas and M/s. Blue Star who were pre-qualified were importing compressors from abroad and assembling the chillers using their own condensers. Reputed firms like Carrier Aircon and M/s. ETA who are in the field of air-conditioning for a very long time were rejected. The loading done on the basis of annual operating cost on M/s. Voltas offer by giving price preference to M/s. Blue Star to the tune of Rs. 18.37 lacs in evaluation of the offers was not correct. The item of building management system (BMS) which forms part of this tender for AC work was shown as a lot against the column of rate quoted by the consultant without giving any break-up of the detailed specification and analysis of rates. It is not clear as to how and on what basis were the quoted rates justified. Against the estimate of Rs. 50 lacs for this work; the firms quoted Rs. 25 lacs (Blue Star) and Rs. 15 lacs (Voltas) on lump sum basis. Thus, the estimate was grossly inflated and not based on prevailing market rates. Moreover, the building management system is a work of specialized and different nature and neither M/s./ Blue Star nor M/s. Voltas do this job themselves. This should have been assigned to the specialized firms which would have not only ensured quality but also saved middleman's profit. The work had also been abnormally delayed but no L.D had been recovered from the contractor's bills for this delay. The delay in completion of the work was also causing an indirect loss to SBI as it was incurring extra expenditure in the form of rent

for the present accommodation. Mobilization advance had been paid in contravention of the CVC's guidelines and contractual provisions. Instead of limiting the mobilization advance to Rs.13.22 lacs viz. 5% of the contract value in terms of the agreement, payment amounting to Rs.38.90 lacs had been made giving financial advantage to the contractor. The price quoted by M/s. Blue Star was inclusive of all prevailing taxes, on the date of opening of tenders i.e. 15/3/99. On examination of the documents, it was seen that WCT applicable in Tamilnadu for air-conditioning works on this date was higher, which had subsequently been reduced from 1<sup>st</sup> April, 1999. Since any reduction in the sales tax had to be passed on to the department, recovery on account of WCT which was inclusive in the offer of the firm has to be made by SBI.

### E.3 RESERVE BANK OF INDIA

#### E.3.1 Design, supply, installation, testing and commissioning of backbone/structured cabling for LAN Integration at Reserve Bank of India's Building in Bangalore.

It is surprising to note that RBI awarded separate contracts for similar works in 13 centres all over the country. Had the contracts been awarded in consolidated manner or at least zone-wise; it would have surely resulted in better competition and lower rates. The contractor has to provide charges for testing of the equipments at the manufacturer's factory in USA for 4 officials of the bank and thus for all the 14 contracts on this firm; they have to provide facilities for 56 officials. But it seems the facility was provided only to 4 officials resulting in financial benefit to the contractor. A separate work order for floor trunking for backbone/structural cabling was recommended for award to M/s. A.Nagaraj & Associates, Bangalore at the quoted rate of Rs.13.63 lacs by the RBI Headquarters, Mumbai. However, Regional Office at Bangalore represented that the performance of this firm is not satisfactory as they had delayed the earlier works although this firm was originally short listed by Regional office for issue of tenders. But the Central Office insisted that the contract be awarded to L1 and firm be asked to give bank guarantee and they be asked to start the work. The firm did not commence the work and tenders were re-invited from the short-listed firms and contract was awarded to M/s. Vasanth Enterprises, Chennai, in April, 2001 at the negotiated rate of Rs.13.83 lacs. The contract seems to have been awarded at higher rates as the comparison was made with earlier quoted rates of M/s. A.Nagaraj & Associates whereas the specifications in the second round of tendering had been diluted considerably.

### E.4 NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

#### E.4.1 Supply & Installation of HVAC system in Banks's Head Office Building at Bandra-Kurla Complex, Mumbai.

The appointment of consultants was done in a non-transparent manner. Out of 35 firms who responded, 3 were short-listed without any basis for such selection. Further payments were made to consultants on the total cost including escalations. The project was unduly delayed which resulted in the cost going up from Rs.97 crores to Rs. 120 crores. Similarly for appointment of Project Management consultants M/s. Engineering Project India Ltd. a PSU company were rejected on flimsy grounds and still worse the offer of L-1 firm was rejected without any convincing reasons. The contract was awarded to L-2 without any negotiations. The bank in a very, un conventional manner adopted mixed type of chillers – five water cooled and five air cooled. Against the contract value of Rs. 5 crores total payment

of more than Rs. 6 crores had been made with no rate justification for the extra/deviated items.

E.4.2 Complete Electrification of Bank's Head office Building at Bandra Kurla Complex, Mumbai.

The work was awarded by considering a firm which was not meeting any of the PQ criteria and rejecting a firm which was meeting all the criteria and had already worked successfully with NABARD. The firm who were awarded the contract had initially not been short listed by the consultants but were included by NABARD officials without any justification. Against the contract value of Rs. 2.99 crores, total payment of Rs. 3.64 crores had been made with no justification being available. Against the requirement of 400 Amps. and 125Amps capacity of rising main for Power & light circuits; the rising mains of lesser capacity i.e. 288 Amps and 45 Amps have been accepted with the connivance of architects and the contractor, causing potentially dangerous situation .

E.5 BANK OF INDIA

E.5.1 Fire protection work at Bank's proposed H.O Building at Bandra Kurla Complex, Mumbai.

The bank took a long period of 4 years for selection of the consultants and 18 months for appointment of PMC. The consultants/architects have designed the building without taking into account the optimum usage of the built-up area which is normally the guiding criterion followed in Govt. buildings especially, when the cost of land is very high Rs.112 crores in this case. It seems that the architects have experimented with the design at bank's cost. Although the consultants and PMC have been appointed who are responsible for timely completion of the project (totaling to Rs.175 crores invested by the Bank), but the project was badly delayed.

E.5.2 Electrical installation work for Bank's proposed Building (H.O) at Bandra Kurla Complex, Mumbai.

The Original estimated amount for this work was Rs.3.37 crores which was subsequently revised to Rs. 5.70 crores due to stated upward trend in prices. However it was noticed that there was downward trend in the prices of electrical items especially cables etc and as such it seems that the estimate was not prepared by the consultants on realistic basis. This is corroborated by the fact that all the firms had quoted rates much below the estimate viz 15.68% to 3.75%. Mobilisation advance was granted to the contractor that too with out any interest in violation of CVC guidelines. ALR/AHR items were not identified which can result in undue financial advantage to the contractor, if the execution of these items is not properly carried out.

E.6 BANK OF BARODA

E.6.1 Sub-Station electrical work for the proposed Corporate Headquarters Building of Bank of Baroda at Bandra Kurla Complex, Mumbai.

The Bank appointed three agencies viz., M/s. Pheroze/Kudianawala as Architects and Consultants, M/s. Stup Consultants as Project Management Consultants

(PMC) and Project Advisory Committee for advising the Bank on Project execution. This seems to have resulted in over-lapping of work and responsibilities and probably infructuous expenditure and delay in execution of the project. The pre-qualification criteria in the NIT was vague and conditions which were not in PQ were used to reject the firms. Out of the 32 firms who responded to the pre-qualification notice, PMC recommended 14 firms for issue of tenders but the Project Advisory Committee pruned it to only 3 firms on the plea that firms have not worked in multi-story buildings – which of course was not the PQ condition. The whole exercise of publishing the NIT had been rendered redundant. The price bids were received from only two firms and thus competition was restricted. The basis for justification of rates for awarding the contract was not available. The payments had been released to the contractors on the basis of certificates issued by the PMC and no scrutiny of the bills by bank officials was done. No test-check in respect quality of the work had been made by the officers of the Bank. Income tax and WCT had not been deducted from the bills. In contravention of the CVC guidelines, mobilization advance was given.

#### E.7 PUNJAB NATIONAL BANK

##### E.7.1 Air-conditioning work at Regional Training Centre of Punjab National Bank at Lucknow.

The first impression one gets on entering the premises is of extravagance, garish exteriors and sub-optimal use of resources. The buildings have been constructed only with two storeys and that too with slanting roofs or dome-type structures with no scope for future extension. All other buildings in the surroundings area are multi-storeyed ones with much more accommodation in smaller plots. It was surprising to note that acoustic insulation was provided on the walls in the reception area, exhibition room and the external walls of the auditorium which seems to be a completely wasteful expenditure as it is neither technical nor functional requirement. The size of the stage in the auditorium is disproportionately large in comparison to the sitting area. The PQ criteria for the AC work was vague as no condition regarding financial capacity of the firms and the total turnovers were mentioned. Completion period of the contract was not mentioned in the agreement. WCT was not recovered from the bills of the contractor. The whole project has been inordinately delayed resulting in abnormal cost over-runs.

#### E.8 SMALL INDUSTRIAL DEVELOPMENT BANK OF INDIA (SIDBI)

##### E.8.1 Airconditioning works at New H.O. Building at Lucknow.

The appointment of consultants was done in an adhoc manner. The guidelines for selection were vaguely specified in bid documents. One of the bidders was rejected on the ground that the firm had no experience of working in Lucknow which was not an essential condition. Ironically the firm who was awarded consultancy work had no office in Lucknow. Out of the total 9 firms who were called to make presentations, only two were short-listed and one of them was awarded the contract without evaluating the price bids.

For award of AC work, though the consultants recommended 4 firms for issuing of tenders, but SIDBI approved only two firms with no apparent basis of doing so. The firm which was awarded the work was rendered L-1 on the basis of 3% discount which was not indicated in the BOQ. Further additional discount of 5% was considered by changing payment terms and LD clause in favour of the successful bidder. An advance of 20% that too

without interest was given to the contractor, in contravention of CVC guidelines. The advance paid was not recovered in subsequent bills, WCT was not deducted and comprehensive all risk insurance policy was not taken thus giving financial advantage to the contractor.

## **F. PUBLIC SECTOR UNDERTAKINGS/AUTONOMOUS BODIES ETC.**

### **F.1 HOSPITAL SERVICES CONSULTANCY CORP. LTD.**

#### **F.1.1 Electrical works in the new building being constructed for Triple Vaccine Laboratory of CRI, Kasauli by Hospital Services Consultancy Corpn. Ltd.**

The tender opening was not done in a transparent manner. None of the firms including the one awarded the contract were meeting the complete pre-qualification criteria. The rates were quoted only in figures and not in words as required. Interest free mobilization advance amounting to Rs.39 lakhs (10% of the contract value) was given to the contractor, in contravention of the CVC guidelines. Surprisingly, M/s. HSCC though being consultants had also availed interest free mobilization advance amounting to Rs.10 lakhs from CRI. The work was badly delayed. Against the completion date of 8/6/2000, the progress of the work at the time of inspection in January, 2001 was only 55% and lot of equipment had not yet been supplied.

### **F.2 BHARAT SANCHAR NIGAM LTD.(BSNL)**

#### **F.2.1 Supply, installation and commissioning of three lifts at the administrative Building of BSNL, Ahmedabad at an estimated cost of Rs.56.40 lacs.**

The administrative approval and expenditure sanction for provision of passenger lifts at an estimated cost of Rs.19.35 lacs in their Administrative building was given by DG, P&T in October, 1982. However, no action was taken for a long period of eight years and revised administrative approval and expenditure sanction for a higher amount was conveyed in March, 1990. Again no action was taken for 5 years and in view of the increase in cost of the index, a revised sanction for electrical works, amounting to Rs.84 lacs with provision of three passenger lifts and one passenger cum goods lift for Rs.51 lacs was sent in December, 1995. The tenders were invited only in 1999 i.e. about 17 years after the original sanction of the project. This abnormal delay in execution of the project had resulted in increase in cost, in addition to the time overrun of the project. Based on the pre-qualification criteria laid in the bid documents, only four firms quoted. However, none of the firms prequalified the criteria laid down by BSNL but contract was awarded. No negotiation was conducted even for AHR items. Against stipulated date for completion by March,2000 the progress in Jan, 2001 was only 25%. In fact the lift wells were being used by the contractor for storing water. No recovery on account of liquidated damages had been made.

### **F.3 INDIAN FARMERS FERTILIZERS CO-OP.LTD.(IFFCO)**

#### **F.3.1 Supply and installation of flame and explosion proof light fittings in the plant area of IFFCO at Kalol, Ahmedabad.**

Instead of open/advertised tenders, limited tenders to a small group of vendors were issued, thus restricting the competition. The NIT was issued for work on a turnkey basis. However, the contracts were awarded separately for supply of materials and works, on request from the contractor which amounts to undue financial advantage to the contractor, by way of saving on work contract tax and by getting 100% payment for the materials without executing the work in terms of the original bid conditions. While, in turnkey jobs, the payments are released for the actual measurements but in this case, full payment for the supplies had been made but a very small portion of the supplies received were subsequently installed/erected benefiting the contractor. The firm had been paid interest free mobilization advance without any provision in the bid documents and in contravention of CVC instructions. This is a clear case of favoritism. The deviation statement showed that though all supplies were made but execution was only 33%, benefiting the contractor.

#### F.4 WATER & POWER CONSULTANCY SERVICES (WAPCOS).

##### F.4.1 Electrical installation work in WAPCOS office complex at Gurgaon.

The appointment of consultant for the project, including supervision of the works is not justified, as WAPCOS are themselves an engineering consultants. Further, the appointment of consultant was done in a very ad hoc, non-transparent and arbitrary manner. The consultancy was awarded to M/s. V.K. Bansal at an ad hoc amount of Rs.9.75 lacs i.e. nearly 3% of the estimated cost of the project though they had not quoted any rate and lower offers were ignored. Moreover, the consultant failed to perform and abandoned the project midway. The appointment smacks of favoritism. The preliminary estimate was not prepared and no administrative approval was accorded for this work. Further, the detailed estimate received from the consultant was not scrutinized by WAPCOS officers and no technical sanction was accorded by the competent authority before issuing the NIT. NIT was published in only one newspaper and it appeared in the entertainment page of the paper, thus restricting the competition. Further, the tender notice was deficient on many counts. The firm who were awarded the contract do not meet the prequalification criteria. The work has been badly delayed. Against the stipulated date of 30<sup>th</sup> September, 1999 for completion; it was still in progress at the time of inspection in March, 2001 and many major electrical items have yet to be supplied by the contractor. However, only one day hindrance has been recorded but no liquidated damages have so far been levied. The poor quality and abnormal delay establishes the inexperience and non-capability of the contractor for executing such works and also proves that they were wrongly pre-qualified for the subject work.

#### F.5 POWER GRID CORPORATION OF INDIA LTD. (PGCIL)

##### F.5.1 Supply and erection of switchyard package at the 400 KV sub-station of PGCIL at Nalagarh (HP)

The work inspected is part of the Northern Region Transmission System, being constructed by PGCIL, for evacuation of NJPC power from their Hydel Power Project in Himachal Pradesh. It was observed during the inspection that though the work at Nalagarh, Hissar and Abdullapur sub-stations is nearing completion but the system cannot be put to use as NJPC power is not yet available. The said hydel project of NJPC has been inordinately delayed. Thus the huge investment made by PGCIL for sub-station erection package and other utilities cannot be utilized at present. Against the tender opened in November, 1996 (single bid system) for switch yard package along with erection, the

contract was awarded to the lowest bidder at the total cost of Rs.13.85 crores, but separate contracts for supply and erection were placed. An advance of 10% amount was given to the firm within 4 days of the LOI without obtaining the details of design drawing and bar chart, etc. Similarly, second advance of 10% amounting to Rs.75 lacs was released without getting the detailed engineering drawings, quality plan and guaranteed technical particulars from the firm. The total payment made so far exceeds the contract amount but the work is still not complete. The issue of form 'C' for supplies of the equipment seems to have given financial benefit to the firm as in terms of the bid documents, the prices quoted were inclusive of all duties and taxes and no separate claim is to be entertained on this account.

## F.6 AIRPORTS AUTHORITY OF INDIA

F.6.1 Supply, installation testing and commissioning of HT & LT panels, transformers and earthing etc. at the Integrated Cargo Complex of Chennai Airport, Chennai.

Some of the variable consumption quality of items like cables were purchased by the department while equipments like transformers and panels had been included in the scope of work of this contract. This is contrary to the normal practice of either buying all equipments/materials and only giving execution contract or to give a turnkey contract so as to make the contractor responsible for quality of materials and for warranty obligations. Further on scrutiny of the documents it was seen that the cables were purchased during August, 1999 while the target date of completion of this work was August, 2000. Thus the warranty period of these cables would have expired long back- even before they were laid and in case of any defect, AAI would not be in a position to get claims from the manufacturers. (It is not clear as to why the turnkey contract was not finalized along with supply of cables as that would not have only ensured the warranty and the actual quantity executed/ used is paid to the contractor.) In this case it was learnt that only 35% of the purchased quantity against this project had been utilized in the work and the balance quantity was lying as dead stock, a case of in -fructuous expenditure.

## F.7 BHARAT ELECTRONICS LTD.

F.7.1 Electrical works in the Information Technology Centre of Bharat Electronics at Bangalore.

The limited tender was issued to 6 firms from the approved/short-listed panel of contractor. However, only three firms quoted and tenders were opened without calling the representatives of the bidders. The time given for submission of tenders was only one week and could be one of the reasons for poor response. Moreover, the tender was invited for a composite work involving civil and electrical works and was awarded to a civil contractor. This would have perhaps resulted not only in extra expenditure but restricted the competition to firms who are not well equipped and of repute to execute the electrical works. Similarly, the tender for air-conditioning was issued to only three firms out of which only 2 firms responded; thus the competition was inadequate. The corrections in the offers had been made in pencil and totals were not recorded in words by the tender opening committee. This can result in a tampering of offers after opening. The works had been in ordinately delayed, but no damages had been recovered.

## F.8 INDIAN OIL CORPORATION(IOC)



F.8.1 Electrical works for Bulk Petroleum Installation (BPI) at Leh.

The estimate of Rs.42.17 lacs seems to be highly inflated and not realistic as all the four firms quoted below the estimate and that too for a very hardship area like Leh where the availability of all the inputs like labour, materials, water electricity etc. is a major constraint and working period is restricted to only 4-5 months in a year. The short-listing of the firms seems to be questionable- one of the prequalified firms was deleted and a new firm who is a civil contractor was empanelled for the electrical works. Surprisingly, one of the empanelled firms is also consultant for the same work. This is highly objectionable and is against the sanctity of the tendering system. In contravention of CVC instructions, interest free mobilization advance of Rs.7.26 lacs was given without any justification. It was not clear from the test reports available whether the electrical equipments like DG sets etc. installed are fit to operate at high altitude and low temperatures at Leh which may go down to -30°C in winter.

F.9 NEW MANGALORE PORT TRUST

F.9.1 Design, manufacture, supply, erection, testing and commissioning of internal and external electrical installation for tanker jetty No.3 & 4 at New Mangalore Port Trust.

The consultants after evaluating the technical offers mentioned that none of the bidders met the tender conditions fully but at the same time they also suggested that those who have not complied with the major tender requirements as per the preliminary and present evaluation report be considered non-responsive and their prices may not be opened. Based on these recommendations only three bidders were considered and were asked to submit their price bids. This seems to have been done in arbitrary and ad hoc manner. The reasons stated for rejecting some of the reputed firms were frivolous. Moreover, these firms were rejected without any reference/clarifications from them whereas, the other short-listed were asked for clarification in respect of certain deviations in their offers. In contravention of CVC guidelines, interest free advance fees of 20% of the contract value had been given.

F.9.2 Design, manufacture, supply, erection, testing and commissioning, on turnkey basis of 11 KV 3 core aluminum armoured XLPE underground cables for tanker oil jetty No.3 & 4 at NMPT.

The appointment of consultant was not done in a transparent manner and the competition was inadequate. The firm who were appointed as consultants had in their offer of 1997 quoted an escalation of 10% per annum beyond March, 1998, whereas the completion period envisaged for various activities was beyond 24 months. Thus taking into account the increase of 10% per year, their offer becomes higher than the original L-2 offer. The tenders for the work were issued only in May, 2000 viz., more than 3 years after the consultants were appointed. An amount of about Rs.70 lacs i.e. 20% of the contract value was given as interest-free advance to the firm in contravention of CVC guidelines.

F.10 CHENNAI PETROLEUM CORPORATION LTD.

F.10.1 Addressable manual call point fire alarm system of Chennai Petroleum Corporation Ltd., Chennai.

The estimate initially prepared for Rs. 2.52 crores but revised detailed estimate was finally made for Rs.1.21 crores but no justification for scaling down the estimate was available. The estimate prepared does not seem to be on a realistic basis. The limited tender to the firms was issued in an ad-hoc and arbitrary manner as basis of their selection was not available; Out of 7 firms 5 responded and 4 were found acceptable. The system installed does not meet the safety requirements as envisaged in the initial proposal.

F.11 INDIAN RAILWAY CONSTRUCTION CO. (IRCON)

F.11.1 SITC of fire fighting work in NASE at Pusa Complex, New Delhi.

Limited tenders were issued but response was very poor. Out of 23 firms recommended by consultants, only 3 firms finally submitted bids. The firms were deleted on the basis of verbal discussions. A lot of discrepancies were found in execution of the work. The work had been badly delayed almost by 3 years but no damages had been recovered. No hindrance register was maintained at the site to record delays.

F.11.2 SITC of internal electrification for NASC at Pusa Complex, New Delhi.

The appointment of consultants was done in a very ad-hoc and arbitrary manner without obtaining any price bids. The short-listing of contractors for the work had also been done in an arbitrary manner with the contractors not fulfilling the prequalification criteria as required by the Deptt. The negotiations were conducted with all bidders without any justification and L-2 became L-1 and was awarded the contract. In contravention of CVC guidelines 10% interest free advance was given.

F.12 RUBBER BOARD

F.12.1 Electrification of Model TSR Factory of Rubber Board at Kottayam, Kerala.

The NIT was published only in one newspaper, thus restricting the competition. The detailed estimate and the comparative statement of tenders was not signed by the officials of the Rubber Board. The detailed estimate was not technically sanctioned by the competent authority. The original bid of the second lowest tenderer was misplaced and was not available for comparison with the lowest bid. Against the original award cost of Rs.26.76 lacs, a total amount of Rs.41.45 lacs including advance payments had already been paid. This is more than 54% of the quoted prices which shows that a lot of items have been deviated abnormally, after award of the contract indicating poor planning for the project and may have also resulted in undue benefit to the contractor. 10% mobilization advance was paid in contravention of the CVC guidelines. The bank guarantees furnished by the firm on account of bid security and mobilization advance, etc. are from a non-scheduled bank. Moreover the clause for advance payment had been deleted from the bid documents. For some of the items, payment at higher than the rates in the contract has been made causing financial loss to the Rubber Board.

F.13 BHAKRA BEAS MANAGEMENT BOARD(BBMB)

F.13.1 Procurement of 60 MVA, 220/11KVA spare transformer and other equipment by Bhakra Beas Management Board for their Ballabhgarh Sub-Station.

BBMB have installed a lower capacity transformer of 60 MVA as a stand by against the existing transformer of 100 MVA, thus jeopardizing the overall maintenance of full load supply in case 100 MVA transformer goes under break-down. No pre-qualification criteria was kept in the bid documents thereby selecting the firms in a non-transparent manner. Even after intervention of Hon`ble High Court of Punjab & Haryana, the firm with lowest offer was rejected on the plea of less experience and unproven performance despite a generally satisfactory feed back from TNEB, GEB and BBMB's own inspection team. The EMD was unrealistically low, a mere Rs.20,000/- for a high value work of Rs. 2.64 crores . WCT was not deducted from the bills of the contractor. MB was not maintained.

F.14 BORDER ROADS DEVELOPMENT BOARD (BRDB)

F.14.1 Providing Airfield lighting system circuit at Naval Air Station, INS, Hansa, Goa.

Despite DGBR's plea for lack of expertise and experience for this type of specialized job, the work was entrusted to them. The work was awarded to M/s. AMA Pvt. Ltd. Mumbai on single offer basis with no justification and ignoring all ethics of tendering procedures. No market rate justification was made and a large number of items were unreasonably high priced. The entire exercise of carrying out the work was far from transparent 20% interest free advance of was given to firm in contravention of CVC guidelines. The measurement books (MBs) were maintained in sketchy manner. The WCT and surcharge on Income Tax were not deducted as required.

F.15 GOA SHIPYARD LTD.(GSL)

F.15.1 Electrical installation in yard 1172 of Goa Shipyard Ltd.(GSL).

The tender notice was published in newspapers of Goa and Mumbai edition only; thus restricting the competition. Only six firms submitted their offers and three were technically considered suitable. The tender documents were issued to the firms without order copies and commissioning certificates as required in the bid documents for works done by the bidders. The successful bidder was not found meeting the pre-qualification criteria indicated in the tender notice. They did not have adequate experience which seem to have led to poor quality of work which is evident from the various letters written by GSL to the firm. On the other hand the rejection of certain other firms seem to suggest that the case was processed in such a way as to award the work to a particular firm. The payment of bills was being made in a very ad-hoc manner. Surcharge on I.T. was not deducted. The work had been badly delayed.

F.16 SCOPE

F.16.1 Installation of elevators and escalators in the SCOPE Twin Tower Complex at Laxmi Nagar, Dist. Centre Delhi.

The detailed estimate for the work was not prepared by the architects. The design of elevators with electro-magnetic controllers adopted for the work is obsolete as thyristor controlled lifts were available at the time of contracting. The use of out-dated elevators is likely to cause maintenance problems in future. The tenders were issued to only

two firms namely M/s. OTIS and M/s. Beacon-Kone and it was recorded that there were no other contractors in the country for lifts/escalators. This seems to be a wrong statement as at the time of tendering there were other firms in the country for supply of lifts/escalators. The checking of record of measurements and payment of bills showed that a total amount paid till the date of inspection was Rs. 6.31 crores against the contract amount of Rs. 3.99 crores. No justification for paying two agencies viz. M/s. NIDC and M/s. BBA for supervision of the same work over a long period of time was available. Further expenditure of Rs. 48 lacs was incurred for re-conditioning of elevators during defect liability period of the contract. The roller guides for the 24 lifts at the total value of Rs. 27.35 lacs were accepted without any competition. The non-provision of roller guides in the BOQ, huge expenditure on re-conditioning of the elevators, long delays in execution of the contract and payments of huge advances without any justification suggest that the consultants and SCOPE officials not only lacked the know-how and experience but displayed utter callousness in execution and supervision of the work. No liquidated damages have been levied. On the contrary, the total payment made is almost twice the original contract amount.

F.17                   INDIRA GANDHI NATIONAL OPEN UNIVERSITY (IGNOU)

F.17.1               Establishment of 66/11 KV grid sub-station and laying of earth mat in 66 KV yard at IGNOU executed by Delhi Vidyut Board.

Although the load requirement by IGNOU was indicated as 7.45 MVA but two transformers of 20 MVA each were installed. Such over design of the system would not only mean higher initial cost of the installation but would also result in higher standing losses thus perpetually incurring infructuous expenditure. DVB is buying all the equipments through their stores wing and getting the installation and erection of the equipment done through their construction wing. For the installation of 20 MVA transformers at the IGNOU site, the purchase was made for a total of 26 transformers through advertised tenders opened in September, 1999. The total purchase quantity of 26 numbers was divided among six suppliers and L-1 was given an order for just one transformer without any justification. Splitting of the order among different firms not only resulted in extra expenditure but would also create problem in maintenance due to interchangeability and the higher cost on account of spares and manpower. For purchase of 11 KV XLPE cable (22.5 kms), the supply orders were placed on two firms at the rate of L-2. However, the lowest firm was ignored without recording any reasons and quantity was split between L-2 and L-3. The purchase of 66 KV circuit breakers (102 numbers) had been made in 1996 by splitting the quantity among 4 different suppliers without recording any reasons for splitting the quantity. Purchase of 11 KV panel had been made in a very subjective and non-transparent manner as lowest firm was ignored without recording any reason and order placed on L-2. The contract for establishing of 66 KV grid and laying of earth-mat was awarded in January/February, 1999 to the firm at rates which were higher, by about 40% and 50%, respectively, than the estimated rates. The tenders were accepted without taking any earnest money, valid electrical license and the ITCC.

F.18                   BHARAT DYNAMICS LTD.

F.18.1               Supply, erection and commissioning of power supply system for a cluster of sophisticated buildings and industrial structures at Bharat Dynamics Ltd. Hyderabad.

The offer of the successful bidder was a conditional one as they had requested for award of contract separately for supply and execution portion. Further, the offer was against issue of 'C' form for sales tax at concessional rate and when asked during negotiations to withdraw this condition, they raised their offer by about Rs. 8 Lacs thus rendering them as L-2 but the contract was still awarded to them. The estimate was unrealistic, as the successful bidder had quoted approximately 32% below the estimate. The consultant seems to have failed in advising BDL on various matters. The payment terms were changed after issue of the contract in favour of the firm. Moreover supply and installation have been shown as separate items which also gives financial benefit to the contractor. A bank guarantee given by the contractor expired on 16/04/2001 and was not got extended further during the currency of the contract. Although it was an item rate contract but MBs were not being maintained. The work had been delayed but no LD was recovered from the bills of the firm.

F.19           MECON LTD.

F.19.1           Project for manufacture of 2.25 lakh tones of cold rolled steel coils/sheets in Kurnool District of Andhra Pradesh.

M/s. MECON was engaged as consultants by M/s. SVIL to implement a Rs. 315 crores project for manufacturing 2.25 lakh tones of cold roll sheet at Panyam in Kurnool District of Andhra Pradesh. M/s. MECON bagged another contract of Rs. 6.75 crore for supply of plant & machinery also. Out of this a provision for Rs. 1.40 crores was for design, manufacturing, supply etc. of the electrical equipment for side trimming-cum-EC line for which limited tenders were issued. After opening of the offers, scope of the tender was enlarged and these firms were asked to give their offers for erection and commissioning of the equipment also. Offers of M/s. BHEL, a Government of India Undertaking, was rejected without any justification. In terms of the agreement, the contractor was to supply the materials by November 1998 but no supplies were made though payment of Rs. 28.5 lacs as advance had already been made by MECON. For the consultancy contract, which was for a total amount of Rs. 5.37 crores, M/s. MECON received payment of only Rs. 3.64 crores though the bills were raised for a total amount of Rs. 4.84 crores. Thus the balance payment of Rs. 1.20 crores is outstanding for almost two years and no sincere efforts seem to have been made to realize it. In fact, as per the contract 100% payment was to be made within 27 months from the placement of supply orders and this period is already over.

F.20           INDIAN INSTITUTE OF TECHNOLOGY(IIT), GUWAHATI

F.20.1           Installation, testing & commissioning of 2 x 5 MVA, 33/11 KV substation at IIT, Guwahati.

The location of the site makes one feel that though the surroundings are quite picturesque but the land is highly undulated and is either marshy at some places or having small hillocks leaving limited area for construction purposes. Besides the Brahmaputra known for its mammoth floods may prove to be dangerous as site selected for some buildings seem to be in low-lying area. Further, two power transmission lines for 132 KV are passing through the campus – on both sides of the 33 KV main receiving station and the new hostel, under construction. Still worse is a bottling plant of IOC located adjacent to the campus. Only one officer of the rank of Executive Engineer is on the rolls of IIT and he is responsible for procurement of stores as well as execution of all electrical works. This is likely to dilute

the responsibility and possibility of substandard works and lack of supervision cannot be ruled out. As the equipments were purchased by IIT much before the actual completion of installation, testing and commissioning, the warranty of the equipments would have lapsed even before the same are installed. The huge gap between the estimated cost and the cost at which the equipments were purchased seem to suggest that the estimates were highly unrealistic. The tenders for installation and commissioning were issued only in one local newspaper thus restricting the competition 100% payment had been made to the contractor including an advance payment of Rs.2 lacs which was not permissible under the contractual terms. Though the work was delayed for more than a year but no recovery on account of liquidated damages was made from the bills of the contractor.

F.21 INDIAN INSTITUTE OF MANAGEMENT, LUCKNOW

F.21.1 Internal electrification of Administrative Block, MDP Hostel, Married Student Hostel, Director's Residence and Type I Quarters in IIM, Campus, Lucknow.

The tenders were issued to firms prequalified long time back which resulted in inadequate competition. After opening of the bids, certain changes were made in the specifications and other techno-commercial conditions and all the bidders were asked for revised price bids. Instead of inviting only the lowest firm for negotiations, all the firms were called for negotiations and the revised bids changed the original ranking of the offers and the firm who had originally quoted the highest price were finally awarded the contract. Though the work is of general electrification and not of a very high value, but interest-free mobilization advance in contravention of CVC guidelines was given. There was a large deviation in execution as against the contract value of Rs. 52 lacs, a total payment of Rs. 75 lacs had already been made and work was still not complete.

F.22 OIL & NATURAL GAS CORP.(ONGC)

F.22.1 Hiring of 30 KVA Mobile DG Sets by ONGC for Sucker Rod Pump (SRP) Wells at Mehsana in Gujarat.

The requirement of DG sets for ONGC, Mehsana seems to be of regular nature and thus instead of hiring the DG sets; it would have perhaps been economical to buy the DG sets and move them to different places as and when required. Adequate publicity was not given and PQ criteria was vague which resulted in competition being inadequate and the firms only from the nearby areas i.e. Mehsana and Ahmedabad participated in the tendering. In terms of the contract the bills were to be supported with the log book entries duly certified by the engineer in charge but no such certificates were available at the time of inspection. The contractor did not take comprehensive insurance as required, resulting in financial benefit to the contractor.

F.22.2 Effluent Treatment Plant (ETP) of ONGC at Mehsana.

ONGC was earlier having one ETP of 2000 cubic meter per day capacity at North Kadi Oilfield but with increase in effluent generation expected, it was proposed to go in for another effluent plant of 4000 cubic meter capacities to meet the increased generation. The maximum generation of 7585 M3 was expected in 2001-02. However, on checking the actual peak effluent generation, it was seen that instead of the effluent generation increasing, it was steadily declining over the years. Further excess effluent was also being pumped to

ETP Lanwa, which had spare capacity and as such, installation of 4000 cubic meter ETP at a cost of Rs.11.30 crores was not fully justified. The lowest bidder was not meeting the work experience criteria fully as they did not produce any evidence of completion certificate for the works done at SA IL Rourkela considered for PQ. Income tax and WCT was not deducted from the bills of the contractor.

F.23 KANDLA PORT TRUST

F.23.1 Design, manufacturing, supply, erection, testing and commissioning of fire fighting system at 4<sup>th</sup> Oil Jetty of Kandla Port Trust.

The hall accommodating the fire fighting pump sets and other accessories was disproportionately large vis-à-vis the functional requirement resulting in infructuous expenditure. In response to the tender notice, 11 firms purchased the tender documents but only 5 of them submitted their offers and finally 3 were technically considered acceptable and were asked to submit their price bids, which were opened in October, 1999. The poor and inadequate response to this high value tender was due to vague conditions indicated in the tender notice and high tender fee. The reduction of earnest money from the original Rs.15 lakhs to Rs.5 lakhs after opening of the tenders amounts to extending favour to a limited number of firms who had quoted. Measurement books were not maintained properly. In contravention of CVC guidelines, 10% interest free mobilization advance had been given. Surcharge on income tax was not deducted from the bills of the contractor and all risk insurance for material, etc. was also not taken by the contractor giving undue benefit to him.

F.24 NATIONAL HYDRO-ELECTRIC POWER CORPORATION (NHPC)

F.24.1 Supply, erection, testing and commissioning of air distribution system and false ceiling for central air-conditioning in NHPC Office Complex at Faridabad.

Normally, false ceiling work is part of the civil engineering work and ducting is combined with air-conditioning work but NHPC clubbed these two works in an unconventional manner. This seems to have resulted in inadequate competition, and inexperienced firms executing the work, as it is difficult to have firms with experience in these two areas at the same time. Though 50% of BOQ value pertains to false ceiling but there was no mention of this work in the NIT for consultants. The consultants did not meet the pre-qualification criteria. Further they were given 100% payment without completion of the work. An amount of Rs. 1.14 lacs was also paid to them without justification, on account of generating extra copies for retendering etc. The NIT for the work was published in February, 1999 and in response, only two firms were considered acceptable and their price bids were opened in August, 1999. However the case was retendered on flimsy grounds and the experience for A.C.Work was diluted from 1000 T to 600 T. The dilution in the pre-qualification criteria led to the entry of the firm who were not meeting the earlier pre-qualification criteria and were finally awarded the contract. In violation of the CVC guidelines, an interest free advance of Rs, 7.12 lacs was paid to the contractor without any provision in the contract. Comprehensive all risk insurance policy was not taken. Though the work was delayed abnormally but no LD was levied for this delay.

F.25 NATIONAL THERMAL POWER CORPORATION

F.25.1 Design, manufacture, supply, Installation, Testing and Commissioning of HVAC package at NCPS, Dadri.

In the original tender, the estimates were kept abnormally low at Rs. 73 lacs whereas the lowest offer received was for Rs. 1.74 crores therefore resulting in cancellation of the tenders. The estimates were revised to Rs. 1.25 crores based on the L-1 offer received against original tenders and the case was retendered. Thus the estimates were prepared in a casual and unprofessional manner. The prequalification requirement given in bid notice were vaguely defined. Market rate justification was not done to establish the reasonableness of the L-1 offer. Interest free advance payment was made to the contractor for which there is no provision in the contract. The specifications of all the major items were not prepared in detail. The firms were rejected and accepted without any sound reasoning and justification.

F.26 DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

F.26.1 Construction of CETP at Mayapuri Industrial Area.

The appointment of consultants was done in an arbitrary and non-transparent manner. The offer of L-1 was rejected on the ground that the firm was having its head office at Nagpur and only branch office was at Delhi, which was not a pre-requisite for selecting the firm. The consultancy work was divided among four firms, at different rates, for similar type of jobs thus incurring financial loss to the Govt. Further in gross violation of tender procedures, the work of CETP was awarded to a firm who had no previous work experience of CETP's and at more than 100% higher than estimated value with out carrying out any market rate justification of the quoted rates.

F.27 MUMBAI PORT TRUST

F.27.1 Supply Installation Testing and Commissioning of 8 Nos. 10 Tonne Cranes.

The expenditure to the tune of Rs. 21.0 crores, incurred in supply and installation of these 10 Tonne cranes in replacement of 3 Tonne and 6 Tonne cranes appeared to be infructuous as the utilization of these new cranes was extremely low. The procurement of these cranes was done in a non-transparent manner. The offer of one of the leading manufactures of such cranes (a PSU Company) was not even opened with the plea that the firm did not enclose EMD which was a factually incorrect statement. Similarly the offer of another PSU company was not entertained giving again a factually incorrect statement about the financial position of the firm. The order was finally awarded to a consortium, which did not exist at the time of bidding and the consortium came into existence only at the final stage of award of work.

**III. PROCUREMENT AND SERVICE CONTRACTS (STORES)**

**G. GOVERNMENT DEPARTMENTS**

G.1 INDIAN GOVERNMENT MINT, MUMBAI



G.1.1 Procurement of 3000 Metric Tonnes of Ferritic Stainless Steel Coin Blanks in various denominations by the Indian Government Mint, Mumbai.

Due to inordinate delay in modernization of the Mints all over the country, even 5 years after the scheduled target, the coin blanks are still being imported by the Mints in large quantities.

The limited tenders were issued to save time but the tender decision took more than 6 months and as such the purpose for which the limited tenders, instead of global tenders, were issued had been defeated as it resulted in inadequate competition. In violation of provisions of the purchase order, the bulk production clearance was given without approval of preproduction samples of coin blanks. The inspection/ tests carried out by the inspectors at the supplier's premises did not take care of the important parameters specially regarding hardness, correct specification for size, weight and alloy composition etc. In absence of these, it is not certain if the coin blanks received were as per specification. The officers had gone abroad for only visual and measuring inspection as no other parameters were checked. The inspections were carried out more as a formality rather than checking the quality of coin blanks. Further for additional quantity of 1500 Metric Tonnes of Coin Blanks, the packing in the steel drums had been diluted giving financial benefit to the contractor.

G.2 DEPTT. OF ATOMIC ENERGY, MUMBAI

G.2.1 Procurement of 1 no. Thermal Ionization Mass Spectrometer by Deptt. of Atomic Energy, Mumbai.

The indent was originally raised for procurement of 2 Spectrometers at an estimated cost of Rs. 2 crores. Out of 4 offers received in response to the advertised tender, though the equipments offered were technically acceptable but only 1 firm was recommended due to requirement of export-licence and an end user statement projected by the other 3 firms. The contract for only 1 Spectrometer was awarded at a total CIF cost of Rs. 4.15 crores which was abnormally high in comparison to the estimated cost of Rs. 1 crore or the price quoted by other firms for similar equipment. Detailed justification for such abnormal variation was not prepared and also negotiations were not conducted particularly when other bidders had quoted lower prices. In the meantime, 2 separate orders for 2 more Spectrometers of same make and model had also been placed on the same supplier without clubbing all the requirements and negotiating the purchase for all the 3 Spectrometers so as to seek bulk discount. The submission of Performance Bank Guarantee was also waived to the detriment of Govt. interest.

G.3 COAST GUARD HEADQUARTERS, NEW DELHI

G.3.1 Procurement of 3 nos. Radars including their installation and commissioning on the ships by Coast Guard Headquarters, New Delhi.

The format adopted for calling the price bids was quite sketchy as important terms & conditions like payment terms, delivery schedule, security deposit, liquidated damages etc. which have financial implications were not at all specified. The lowest offer was determined simply by the quoted price though the bidders had quoted varying payment terms and as such the evaluation was not on equitable basis. No estimate was prepared before inviting tenders. The reasonableness of prices was not established. The contract was

awarded with 15% interest free advance in violation of the CVC guidelines. Further, the amount of liquidated damages for the delay in supplies was not deducted strictly in terms of the contract.

## **H. BANKS, INSURANCE COMPANIES, FINANCIAL INSTITUTIONS**

### **H.1 UNOIN BANK OF INDIA, MUMBAI**

#### **H.1.1 Procurement of Wide Area Network (WAN) equipments for the administrative offices and various branches by Union Bank of India, Mumbai.**

The bank appointed M/s National Centre for Software Technology (NCST), Govt. of India undertaking as their consultants without inviting any tenders. The consultants were engaged at a total fee of Rs. 18 lacs to be paid in 6 quarterly instalments. The tendering system followed for inviting of bids of WAN equipments was not transparent. In contravention of the extant instructions for 10% purchase preference to the Public Sector Enterprises, the offer of P.S.E. which was L-2 and was within 10 % of the lowest offer L-1, was not accepted, thus flouting the BPE guidelines and giving undue favour to the contractor. Further in contravention of the CVC guidelines, 25% interest free advance payment was stipulated in the tender enquiry and a total amount of Rs. 1.56 Crores was paid to the contractor on this account. The progress of work was very tardy and had gone much beyond the stipulated delivery schedule. However, no penalty for delay in supply, installation and commissioning had been levied on the contractor.

## **I. PUBLIC SECTOR UNDERTAKINGS, AUTONOMOUS BODIES**

### **I.1 NATIONAL MINERAL DEVELOPMENT CORP. LTD., HYDERABAD**

#### **I.1.1 Procurement of 2 nos., Super Heavy Duty 7 ft. Cone Crushers by NMDC, Hyderabad.**

Against global tenders issued, 6 offers were received. Five offers were rejected on untenable grounds – based on presumptions and conjectures. The selection was not transparent. The specifications were in complete and ambiguous. The selection of the firm whose earlier crushers were giving trouble since installation seems to suggest favouritism as the same firm was asked to study the problems in the existing crushers and draw the samples for determining the crushing impact work index of the ore at Bailadila, instead of getting it done from an independent outside agency. Moreover this firm also does not meet the prequalification requirement of having supplied 2 equipments of the same capacity with satisfactory performance . The methodology adopted for establishing the reasonableness of prices quoted by the firm whose offer was accepted, in direct proportion of the increased crushing force, in comparison to the crushers supplied by the same firm in 1990 is not tenable. The order was concluded at high prices as all the other offers had been rejected and there was no competition. On request from the firm, the make of the main drive motor was changed without taking into account the financial implications. The prices of spares indicated in the firm's offer were inclusive of freight but NMDC while placing the order made a provision of freight on their own account; thus giving undue benefit to the firm.

## I.2 INDIAN AIRLINES, MUMBAI

### I.2.1 Contract(s) for in flight catering supplies (food items 600 nos.) by Indian Airlines, Mumbai.

No fresh tender was invited for awarding the contracts but an ad hoc and arbitrary price increase of 10% per year was allowed to all the caterers against the then existing contracts. No efforts made to establish reasonableness of prices with the actual data for increase in material and labour inputs during the period. The caterers seem to have formed a cartel and forced Indian Airlines to award the contracts on higher prices. In contravention of their Purchase manual of taking Earnest money of 2% of the tender value and 10% Security Deposit, a very small amount of Rs.5000/- had been taken as EMD/SD, although the annual purchase is beyond Rs. 5 Crores for each contract. The order for more supplies were placed on the caterers whose rates were higher for about 6 months, giving undue favour to these caterers. The detailed specification/ AGMARK / PFA No. for various raw materials/ ingredients have not been specified in the contracts. Inspection of ingredients by the caterers is not exhaustive. The distribution of order to different caterers is adhoc and arbitrary. The procedure for issue of supply orders and the payments is non transparent.

## I.3 AIR INDIA LTD., MUMBAI

### I.3.1 Procurement of 3 nos, Main Deck Loaders 3000 kgs. by Air India ltd.

Instead of issuing global tender enquiry with an estimated value of Rs. 7.5 crores, limited tender enquiry has been issued to 4 vendors and therefore had restricted the competition. The tender enquiry and purchase order issued is very sketchy as the important terms and conditions like Security Deposit, Liquidated damages, Warranty Bank Guarantee, Risk Purchase and Arbitration which have financial implications were not at all specified. Also Earnest Money Deposit, Delivery schedule and Warranty clause were not specified in the tender enquiry. The specifications indicated in the tender enquiry and purchase order were incomplete, vague and ambiguous and even did not incorporate the complete details of performance parameters. Therefore the offers received were not comparable and the evaluation of offers on equitable basis and in a transparent manner was not done. The offer of one of the firms was ignored on unspecified technical requirements. However, the offer of another firm was accepted although the Engine was not complying the requirement of Euro II regulation as specified in tender enquiry. There was no basis for estimated rates as well as establishing the reasonableness of the accepted prices. The quality aspect during inspection had totally been ignored as the loaders were giving problems since commissioning and during warranty period itself.

## I.4 MAZAGON DOCK LTD., MUMBAI

### I.4.1 Procurement of 3 nos. H.P. Air Compressors for the 3 new ship sets by Mazagon Dock Ltd., Mumbai.

The procurement advice was raised without indicating the estimated cost. MDL did not ask for Proprietary Article Certificate from Indian Navy for restricting the purchase from single source. The justification for establishing the reasonableness of rates was not convincing. 15% interest free advance had been given for the 1<sup>st</sup> compressor in contravention to CVC guidelines. In respect of other 2 compressors, 5% interest free advance

had been given though the deliveries are expected only in Oct.'2003 and Oct.'2004 and no activity had started.

I.5 HOSPITAL SERVICES CONSULTANCY CORP. (I) LTD., NOIDA

I.5.1 Procurement of Glass Syringes and Needles Hypodermic by Hospital Services Consultancy Corporation (I) Ltd., on behalf of M/o Health and Family Welfare.

The total purchase of Syringes and Needles worth Rs. 24.6 crores was made as part of the Immunization programme under Reproductive & Child Health project of M/o Health and Family Welfare. There was no justification for making the purchase for Delhi Zone as the depot at Delhi had excessive stocks of most of the items and had sent repeated letters to M/o Health & Family Welfare for not making any allocation of these items. Based on the actual consumption of Syringes and Needles in 2000-01, the stocks of 2 ml Syringes were available for more than 10 years and 20 g Needles for 30 years. Further, due to finalisation of the tenders beyond original bid validity, avoidable extra expenditure of Rs. 57.9 lacs was incurred. The benefit of Rs. 48 lacs towards the sales tax was also accorded to one of the vendors by changing the contract terms from FOR destination (without sales tax) to High Sea Sales owning the responsibility for clearance of stores by HSCC themselves.

I.6 GAS AUTHORITY OF INDIA LTD., NEW DELHI

I.6.1 Procurement of different rating D.G. sets for Jamnagar – Loni LPG Pipeline project by Gas Authority of India Ltd., New Delhi.

The estimates were prepared in a very perfunctory manner and not on realistic basis. For few small rating D.G. sets, where enough competition was there, the ordered prices were ranging from 28.5% to 32.2% of estimated value. On the other hand for higher rating D.G sets, the order was placed on single tender basis at approximately the same cost of estimated value without resorting to negotiations. The possibility of payment of exorbitant prices cannot be ruled out. The firm also delayed the installation & commissioning of the D.G sets.

I.7 INDIAN OIL CORPORATION LTD., (MKTG. DIV.) MUMBAI

I.7.1 Procurement of 290 nos. LPG Unloading Arms with Quick connect dry break coupling by Indian Oil Corporation Ltd., (Mktg. Div.), LPG Engg. Deptt., Mumbai.

The tender was issued calling the price bids for 2 lots of 160 and 130 nos. each inter-alia stipulating that after opening of bids of lot-1, the L-1 party will not be considered for opening of lot-2 bids. This procedure was stated to be framed with reference to the CVC guidelines issued on 15<sup>th</sup> March, 1999. Evidently, the CVC guidelines were erroneously interpreted and the methodology devised for opening the price bids was quite unfair, non-transparent with likelihood in acceptance of higher prices as it pre-supposes the capacity constraints of the firms without evaluating their bids for their available capacity vis-à-vis the required delivery schedule, which is wrong. The required delivery schedule was quite protracted i.e. 8-12 months and any of the 2 vendors on whom the contracts were placed could have easily completed the supplies as both the suppliers completed the supplies much

ahead of the stipulated delivery schedule. Though one of the suppliers did not submit 5% Security Deposit and 10% Performance Bank Guarantee but no action was taken for getting the Bank Guarantees in time.

I.8 RASHTRIYA CHEMICALS & FERTILIZERS LTD., MUMBAI

I.8.1 Procurement of 30,000 MTs Di-Ammonium Phosphate (DAP) by Rashtriya Chemicals & Fertilizers Ltd., Mumbai.

The parameters and the exact weightages considered for loading of the offers for payment terms & others were not specified in the bid document. As such the tenders were decided in a non-transparent and subjective manner. The lowest offer was initially recommended for award of contract and also negotiations were held but later on, counter offers to L-1 as well as to L-2 and L-3 were given and due to non-acceptance of counter offer by L-1 and L-2 firms, contract was placed on L-3 firm in violation of CVC guidelines. Though RCF could not give any details of profit / loss made on the subject purchase but RCF suffered huge losses of Rs. 3.42 crores on import of DAP during the year 1999-2000 and the same reflects poorly on their planning and purchase / distribution practices.

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

**I. CIVIL ENGINEERING CONTRACTS**

**A. GOVERNMENT DEPARTMENTS**

**A.1 CENTRAL PUBLIC WORKS DEPARTMENT**

- A.1.1 Construction of new display hall No.12 and 13 at Pragati Maidan, SH: False ceiling.

M/s Alps Industries had been prequalified in spite of the fact that Executive Engineer in his forwarding letter clearly stated that M/s Alps Industries does not fulfill the required criteria. M/s Hunter Douglas had been prequalified without verifying the credentials as per press notice. M/s Interarch Building Products Ltd. had been prequalified even though they had not submitted any certificate of their having worked in the name and style of M/s Interarch Building Products Ltd.

**A.2 WESTERN RAILWAY**

- A.2.1 Construction of 120 units type II quarters between Bhyandar and Virar in connection with quadrupling of track between Borivili-Virar.

The work has been awarded to an ineligible contractor i.e. M/s RP Shah who does not fulfill the eligibility criteria. This has resulted in violation of press notification issued for call of tender, and subsequent rescission of the contract.

**A.3 SOUTH EASTERN RAILWAY**

- A.3.1 Execution of earth work and other allied works between Km 465 to Km 469 for doubling between Raghunathpur and Kahma station of Cuttack-Paradeep section amounting to Rs. 183 lacs.

An extra item has been derived for providing sand – mooram blanket over Railway embankment. The item of sand mooram was available in schedule tender but a separate item has been derived considering very less density of loose sand and loose mooram, resulting into deriving of rate of mooram sand blanket at very high rates which was advantageous to the contractor. The net loss to Railways on this account was approx Rs.60 lacs for this work as well in other works for which similar schedule item was substituted for non schedule item.

A.4 PUBLIC WORKS DEPARTMENT(GOVT. OF DELHI)

A.4.1 Construction of 100 bedded hospital at Pooth Khurd, Delhi. SH: Hospital block (balance work).

CPWD Manual contains provision for architectural and design services as 1.75% out of total 6.5% departmental charges. But the consultancy expenditure to the extent of 3% which comes to Rs.60 lacs was allowed. The consultants appear to have been appointed without pre qualification through open tender notice and without call of price bids. This was against the directives issued by CVC.

**B. BANKS, FINANCIAL INSTITUTIONS**

B.1 NABARD

B.1.1 32 Nos. officers flat at Exhibition Road, Patna.

Offers received after last date of receipt were considered. Offers submitted by various bidders were not evaluated properly and work awarded to bidder other than L-1. The completion of work has been delayed by the contractor by more than 3 years. Escalation after stipulated date of completion has been paid to the contractor.

B.2 UNION BANK OF INDIA

B.2.1 Internal civil and sanitary, Union Bank of India, 66/80 Bombay Samachar Marg, Mumbai-23.

The work was awarded without verifying the market rates which resulted into award of work at higher rates. The work of original contractor was terminated by the department. But the department withdrew all the counter claims in front of learned Arbitrator and also agreed for release of security deposit and retention money with interest resulted in loss to deptt. by way of paying interest of approx. Rs.8 lacs directly. Apart from the above, there is indirect loss of not realizing liquidated damages. This action of rescission of contract by the deptt. was not justified resulting in loss of Rs.8 lacs(directly) apart from other indirect losses.

B.3 STATE BANK OF INDIA

B.3.1 Construction of staff quarters at Block HC in Salt Lake, Kolkata.

Due to delay of more than 8 years in taking up the project, cost of work was increased by nearly Rs.3 crores. In addition to increase in cost, bank ought to have incurred avoidable expenditure in hiring of accommodation for its staff who would have been placed in these qtrs. if the same were completed in time.

B.4 STATE BANK OF PATIALA

B.4.1 Interior work of State Bank of Patiala Building at Patiala (H.O.Patiala).

Detailed estimate was not prepared by consultants supported with rate analysis though same was to be done by them as per terms of contract. Contractor was given undue benefit by non execution of abnormally low rated item of aluminium false ceiling rate for which agency quoted Rs.60 per sq.ft. against estimated rate of Rs.120 per sq.ft. Appointment of consultants was done on ad-hoc basis which was in violation to directives issued by CVC. Two consultants who have quoted low rates were not considered on flimsy ground. Entire process of allotting work was made a big mess and bank ultimately seems to have been put to loss in terms of cost and time. Balance work was not done at risk and cost of the original contractor. 5% of the cost of final bill was to be retained as per terms of contract but the same was not retained. Secured advance was paid to agency in spite of poor performance and initiation of proposal for rescission of contract.

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

### **C.1 CONTAINER CORPORATION OF INDIA**

#### **C.1.1 Providing heavy duty MSOCC Blocks at DCT, Okhla, New Delhi.**

Pre qualification criteria specified in tender documents was not adhered to while qualifying the agencies. Market rate justification was not prepared to assess the reasonability of tendered rates. Hindrance register maintained at site was not certified by the Department. Design mix was not revised with the changes in the sources of ingredients of concrete. Workability of concrete was not checked and ensured at site, cement and bitumen were not kept in double lock though provision for same exists in agreement.

### **C.2 NATIONAL DAIRY DEVELOPMENT BOARD**

#### **C.2.1 Civil, Structural, Internal Electrification and Street Lightening Works, IIPM Campus at Bangalore,**

Technical sanction to detail estimate was not accorded by the department. Market rate justification was not prepared to assess the reasonability of tendered rates. Consultancy work was awarded on ad hoc basis without call of competitive bids. A separate contract for execution of part of same work was awarded to the contractor on exorbitant rates.

### **C.3 DELHI JAL BOARD**

#### **C.3.1 Installation of an optimized 40 mgd. S.T.P at Rithala.**

The requirement of STP was not worked out keeping in view the discharge to be treated. Technical sanction was not accorded by the competent authority. The work was awarded arbitrarily on single tender basis and without ascertaining the performance of agency in respect of earlier installed and commissioned plants. The technology being adopted for the plant was earlier used only on 2 small plants and the performance of these plants was not satisfactory. The claims made by agency for minimum investment and design being self sustained keeping in view the requirement of energy, were not ascertained/checked before award of work. Various conditions regarding levy of liquidated damages on delay in completion of work and payment schedule was changed to the benefit of contractor during negotiations. No liquidated damages were levied on agency due to delay in completion of



work. No guarantee in respect of machinery/plant shall be available due to delay in completion of work. Payments for escalation on consultancy work was made for which no provision exists in agreement.

C.4 NATHPA JHAKRI POWER CORP.(NJPC)

C.4.1 Construction of Civil Works for Head Race Tunnel, Contract No.2.2.

Market rate justification was not prepared to assess the reasonability of tendered rates and the tender has been accepted at higher rates. Advance for Construction plant was paid more than admissible as per agreement and also recovery was not made as stipulated. The contractor has removed from site machinery without approval of Engineer-in-Charge for which advance was given. Insurance for mobile equipment and fixed equipments were not obtained as per provisions made in the agreement. Cost adjustment due to change in specifications not worked out. Recovery on power consumption is not being made regularly.

C.5 DELHI METRO RAIL CORP.(DMRC)

C.5.1 Construction of Tis Hazari Station of Delhi MRTS Project.

Work awarded to contractor was terminated even though part of delay in execution of work were beyond the control of contractor. BG in respect of performance guarantee has not been encashed. Limited tenders for the left over work were invited but the work was not awarded to lowest contractor and negotiations were carried out with L2 and L3 tenders. The selection of agencies in limited tender for balance work was done arbitrarily. Work was awarded on single tender basis to the agency after obtaining undertaking for execution of work, at the same rates as quoted by the original contractor, before termination of contract became effective. Balance work was awarded at additional financial liability and the same is not being recovered from the original contractor.

C.6 INDIAN PETRO CHEMICALS LTD.(IPCL)

C6.1 Construction of proposed emergency township near GPC Dahej, Part II.

Parties who have been selected earlier were deleted in subsequent call of tender without any specific reason. The work was split into 3 parts without any specific provision in the contract. Part III was awarded to M/s IB Patel & Co. that was originally L-3 but became L-1 after negotiation in contravention to CVC instructions vide which post tender negotiations were banned except with L-1. M/s MSK Project(I) Ltd. and other tenderers had mentioned some condition having financial implications but the effect of financial implications of these conditions was not loaded while preparing comparative statement.

Road work was awarded without call of tender.

C.6.2 Construction of WBM road, drains i/c lining, premix carpeting etc. at GPC Dahej (Part B).

The work had been awarded to two parties by splitting the work in two part amounting to Rs.662.25 lacs each without call of tender and negotiations abinitio. Part B had been awarded to M/s RSB Project Ltd. at rate of 12% higher than original rate of M/s RSB

Project in earlier project without any justification.

C.7 NATIONAL BUILDINGS CONSTRUCTION CORP.(NBCC)

C.7.1 Construction of Permanent NIFT center at Bangalore. SH: Earth work mosaic flooring, aluminium work and C/o E&F blocks.

The work of Rs.952 lacs(approx) had been split into more than 50 work order/supply order of very small amount. Scope of work was changed after inviting tenders without approval of competent authority. Market rates justification had not been prepared. Work awarded to M/s GVPR was terminated on 27/7/2000 without any action for levy of liquidated damages. Balance work had been awarded after 10 months to M/s Pioneer Construction without call of tender. The work had been started by M/s Pioneer Construction without issue of any award letter. CMD had given ex-post facto approval to award the work amounting to Rs.95.77 lacs to M/s Pioneer for E,F & J block and sump well but LOI was issued by project manager for Rs.59.43 lacs reducing the scope only to E & F block, without approval of tender accepting authority.

C.7.2 Construction of Permanent NIFT center at Bangalore. SH: Supply order for cement, steel, kota marble, stone, hollow and solid Concrete block, shuttering timber and plywood.

Proposal to award the supply order of steel (2<sup>nd</sup> supply order) was initiated without call of tender(only based on offer submitted by parties of 1st supply order). Proposal was returned by GM(SZ) office to unit office without any specific query. Negotiation was later on conducted with M/s RINL, other than L-1, in contravention to CVC circular vide which negotiations except that with L-1 were banned. The work of procurement of hollow and solid blocks was awarded to L-2 party i.e. M/s Apco Concrete Block and allied project rejecting the offer of L-1 on the basis of failure of sample(even when sample meets the requirement of compressive strength) in contravention to CVC circular which resulted into a loss of Rs.1.50 lacs(approx) to NBCC.

C.8 JAWAHAR LAL NEHRU PORT TRUST(JNPT)

C.8.1 Extension of port craft berth.

Market rate justification had not been prepared based on standard coefficient as per BPE guideline. The work of c/o berth in continuation to existing 80 M jetty had been split into two smaller parts causing a direct loss of Rs.1.57 crores to JNPT by way of payment for bringing machinery at sites and its removal for both the works. Loss of approx.Rs.63 lacs has been accrued to JNPT by way of providing excess area for utilization to contractor. Area occupied by contractor was 24050 sqm(approx) as against allotted area of 7685 sqm of land. Interest free mobilization advance of Rs.14340055 had been given to the contractor for equipment already in possession of the agency which was not admissible.

C.9 HINDUSTAN PETROLEUM CORP. LTD.(HPCL)

C.9.1 Construction of Super Structure at Petroleum House, annexe building at Nariman Point.

No assessment of reasonability of rates has been made prior to award of work. The work of balance quantity has been awarded at much lower rates which shows that the original work was not awarded at prevalent market rates. Work awarded without availability of site resulting in escalation payments and litigation. Escalation payment @ 3% made against clear stipulation in contract document general condition 3.5 that 'no escalation in tender rates will be permitted throughout the period of contract or the period of completion of job whichever is later on account of any variation in prices of materials or cost of labour or due to any other reasons. Claims on account of escalation shall not be arbitrable'. This has resulted in to loss of approx. Rs.7.5 lacs to the department. The original press conditions(open advertisement) was violated while calling tender for balance work. Even tender has not been issued to Original L-1 contractor which is required for mitigation of damages as per contract act.

C.10 DELHI DEVELOPMENT AUTHORITY(DDA)

C.10.1 Construction of Covered badminton/basket ball hall at Siri Fort Sports Complex.

Proper procedure for inviting open quotations for appointment of consultant had not been followed. Work has been awarded based on quotations obtained only from M/s Ahuja Consultant (P) Ltd. Reasonability of rates has not been assessed before award of work. Consultancy Work was awarded for a fixed amount of 1% of Rs.7134086/-. Undue favour was extended to the Consultant by increasing the consultancy fee to Rs.127868/- which resulted into a loss of Rs.55000/- to DDA.

C.10.2 D/o Land at Rohini Ph-II, D/o NH Pat Rohini Sector –15 Block-G, Near Vidya Bharati Public School.

Provision of cow dung manure and chlorophyrifhose was already made in the estimate inspite of the fact that provision for Neem Oil Cake and Chemical fertilizer was also kept which serve the same purpose. The rates approved for cow dung manure, Neem Oil Cake and Chlorophyrifhose appears on higher side. The depth of pits were less than the required depth. The paint & welding were also not done properly on the tree guards. It appears that plants were planted just before the inspection while the pits were dug up well before the inspection.

C.10.3 D/o Distt. Park at Sector –19, Dwarka (D/o Lawn, Digging of pits and path).

In absence of the provision of flooding the ground with water including making kiaries and dismantling the same, provision of uprooting of weeds from the trenched area was kept in the estimate. It also appears that item of uprooting of weeds has not been carried out/executed. It appears cartel has been formed by contractor and rate received are not competitive. The rates approved for supply of good earth and PVC pipe also appears on higher side.

C.11 NATIONAL HIGHWAYS AUTHORITY OF INDIA(NHAI)

C.11.1 Construction of Corporate office Building for NHAI at Dwarka, New Delhi costing Rs. 10 Crs.

Very stringent criteria has been stipulated for prequalification of Interior designer. The selected consultant M/s CES has not carried out the work to the satisfaction of NHAI and some other consultant has been engaged for interior design. Proper procedure has not been followed for selection of interior designs. Original provision of flooring and Carpet changed to new flooring causing additional cost of Rs. 108 lacs. without proper justification. Prequalification for flooring work done without proper publicity. Out of six prequalified firms for flooring work, four firms were not full-filling the criteria laid down for pre qualification. Inflated justification has been prepared for award of work Analysis having incorrect calculations resulted into award of work at higher cost and loss to NHAI for Rs. 23.86 lacs. The major item in flooring was Jubrano granite, Aryan granite, Black granite No specification for these materials made part of agreement.

C.11.2 Construction of Chennai Bypass (Phase I) connecting NH-45 & NH-4 (length 19.17Km) costing Rs. 50 Crores.

The work was delayed abnormally due to default on the part of contractor. Recovery of liquidated damages of Rs. 1.35 crores has not been made. A new item filling of crusher dust in wells and ponds was analysed whereas similar item was available in the agreement at much cheaper rates. NHAI suffered loss of Rs. 29.64 lacs on this account. One extra item amounting to Rs. 1.21 crore operated for removal of top soil from paddy field. This payment is not tenable as contractor was required to do it without any payment. The rates of fibre board as an extra item derived inflated resulting into loss of Rs. 5.96 lacs to the NHAI. An extra item of filling the granular material in ponds and undulating slushy ground has been paid which is not payable resulting into loss of Rs. 90 lacs to the NHAI. The inflated rates of corrosion resistance steel has been derived, several factors has been considered which are not payable, NHAI suffered the loss of Rs. 69.67 lacs on this account. The agreement item of bearing has been substituted at the advantage of contractor, net gain to the contractor is 20.38 lacs. Huge deviation in quantity of earlier work has been done, the rates for deviated quantity has been paid @ Rs. 214 per cubic meter against agreement rate Rs. 95 per cubic meter. No efforts has been to carryout the work from other agency at competitive rates for deviated quantity of 5,41,000 cubic meter of earth. Excess expenditure due to rate difference for excess quantity of amounting 5,41,0000 cubic meter is Rs. 6.43 crores Several discrepancies has been observed in deriving the rates of deviated quantity of earth, resulting to excess expenditure of Rs. 8.78 crores. Rs. 3.13 crores excess has been paid to the contractor an account of deviated quantity of earth paid at newly derived rates instead of agreement rates needs recovery.

C.11.3 Four lanning including strengthening of NH-8 from Km 36.63 to Km.107.18 (Haryana/Rajasthan Border Section) in Haryana and four lanning including strengthening of NH-8 from Km. 107.18 to Km.162.50 (Haryana Rajasthan Border to Kotputli section) in Rajasthan costing Rs. 262 crores.

Cost of project implementation unit specially meant for the construction purpose has not been recovered from the agency. Difference between first lowest & second lowest contractor amounting to Rs. 2,85,18,556/- has not been considered for recovery from M/s. BGE &EJL(JV) on the ground that no mention about “risk & cost” in agreement, while awarding the work to second lowest tenderer. The works has been awarded to next lowest tenderer M/s. BSC-RBM-PATI without call of tender at his initially quoted rates which is undue benefit to the contractor. ADB after reviewing advised NHAI to take legal action against M/s. BGE & EJL(JV) but no action has been taken so for. 15% interest free

mobilization advance was stipulated in agreement but additional interest free mobilization advance to the tune of 5% also given to the agency to improve the bad performance of the contractor. This addl. mob. advance should have been recovered along with prevailing bank's interest rate. Due to poor performance of first lowest agency M/s. BGE and EJV(JV) the levy of compensation amounting to Rs. 26 crores ( 10% of contract amount) not recovered. Removal of left over stump of trees cut by other agency are incidentals to clearing and grubbing operation. As these were not cut by the executing agency but payment of Rs. 96 lacs on this account has been made to him. Reinforced earth design has been used for retaining wall of flyovers. This kind of construction is very costly, it is normally used in the congested area of the cities where land cost is very high or acquisition of land is not possible due to some reason. But in this case flyover constructed outside the city/ town area. The land cost was not higher and there was no problem of acquisition of land . By way of adopting uneconomical proposal costing to Rs. 17.06 crores as variation item, undue favour is extended to contractor and infructuous expenditure has been done. Since items of RCC wall, good guard rails and friction blocks are covered in item No. 7.08(a) to (f) of agmt. even then amount of Rs 33.64 lacs is recommended by consultant to NHAI.

Drain constructed on the road side is falling due to non-performance of contractual obligation properly by Engineer as well as NHAI and inconvenience to users. Samples of Dense bituminous Macadam, Bituminous Macadam, granular sub base and wet mix macadam failed in requirement of Flakiness and Elongation indices. Sample of cement mortar, glass beads and steel reinforcement of 25mm & 32 mm dia used in work also do not confirm I.S. requirements.

#### C.12 NUCLEAR POWER CORPORATION LTD.

##### C.12.1 Excavation, consolidation grouting, subsoil investigation and allied works for main plant building and structures of TAPP 3 & 4 costing Rs. 30.63 crores.

NPC has not taken the action on contractor for delay in execution of work and substandard execution of work. Unreasonable hindrances has been entered in the hindrance register to give EOT without penal action even though this work contains bonus and penalty clause. Use of overweight and under weight armour stone in works results in saving of labour and material cost. Armour stone has been laid in 1 to 3 layers instead of laying in two layers, disintegrated, soft/whethered rock used in armour stone which was not permissible. Large voids has been observed in the Armour stones which is not permissible. Operation of rock fill item in road work in place of filling with available muram, undue benefit to the contractor for Rs. 186 lacs. Stanch sizes above 40mm 15-30% in volume were found mixed with muram, which is not permissible. Contractor has saved labour and machinery charges in separating the stone from muram. Over the rock fill road top 30 cm of hard rock with specific grading was required to be laid but rock chips and powder without any specific grading used. Samples tested at site laboratory have failed almost in all the grading. The work is technically not acceptable. Water bound Macadam provided without srcamny material. Stone aggregate used for WBM were not conforming to specified grading. Thickness of PVC sheet was found 400 micron thick against 500 micron. The over excavation of the rock was required to be made good PCC but over excavation as well as the PCC has been paid resulting into undue benefit of Rs. 700 lacs to the contractor. Thickness of pitching was found 100 to 175 mm in place of 230 mm. Irregular stones has been used for pitching.

C.12.2 Construction of Port Tunnels and Trenches Under Major Roads at Tarapur Atomic Power Project-3&4.

Hiring charges for dewatering amounting to Rs. 10.00 lacs have been paid. But running and maintenance of equipment for energy consumed have been withheld on plea that it has been done under other agreement by the same agency. Outer surface of RCC walls were varying from 50mm to 150mm w.r.t. specified dimension instead of 6mm permissible variation. Below the R.C.C. tunnels P.C.C. was laid to a depth ranging from 100mm to 1500 mm against requirement of 100mm. For over excavation neither excavation P.C.C. nor its shuttering is payable but it has been paid under separate agreements. It is undue benefit to the contractor. Variation in inner surfaces of vertical R.C.C. walls found 10mm to 25mm and in outer surface 100mm to 250mm w.r.t. specified size against 6mm permissible. Concrete of M 40 grade with micro silica used but surface not found upto mark and full payment for RCC and shuttering has been made. Tor steel 32mm dia has failed in yield strength but used in work without getting it tested.

C.13 CHENNAI PETROLIUM CORPORATION LTD.

C.13.1 Construction of Hi-tech Retail outlet at Sriperumbdur –Phase-I, Tendered amount Rs. 2.0 crores.

Risk and cost clause was not incorporated in the agreement which is a vital clause to bind the contractor. Work awarded to Architect without call of tender and fee fixed is on higher side by approx 50%. Value of works increased three times w.r.t. original estimated cost. Very short period of completion i.e. 45 days has been fixed but major portion of the building was not in use defeating the entire purpose of urgency. Work has been awarded on lump sum basis without finalisation of tender conditions, design and drawings etc. No record of consumable material like cement, steel and reinforcement etc maintained during execution of the work. Several major discrepancies has been observed in tender documents and drawings prepared by the Architect and in bid submitted by L&T. The work has been awarded to M/s L&T on nomination basis ( pick and choose basis ) without preparation of justification and award of work at higher rates. Execution of work was commenced without finalisation of detailed drawings, specification and scope of work. The lump sum contract was decided after 80% work was completed. Adhoc payment to the contractor without entering into agreement. Rate of earth work fixed without specifying the lead and source. Several items substituted without price adjustment at the advantage of the contractor. Material like cement, steel, reinforcement aggregate were used in the work without testing. No hinderence register maintained. Substandard work has been accepted without price adjustment such as use of paver block of lesser thickness, WBM without screening material improper mix of sand gravel, less thickness of glass, substandard tile work. Structure not got checked by C.P.C.L.

13.2 Construction of Hi-tech retail out let at Sriperambdur –Phase II costing Rs. 1 Crore.

Irregularities in award of L.S. contract i.e. commencement of work prior to finalisation of contract amount, terms and conditions, drawings etc and award of work to M/s. L&T on nomination basis (pick and choose method) without call of tenders. Several deficiencies and discrepancies observed in the agreement and drawings. Substitution of items in toilet, dormitory and dinning area etc made without price adjustment at the advantage of

contractor. Insurance policies were not taken, work certified without proper verification of measurement, payment of earth work with out measurement/level book. Payment made to the contractor without test check, only on the basis of recommendation of consultant. Proper record not maintained such as no hindrance register, no register for consumable material were maintained, testing of material not carried out. Several major deficiencies has been observed in execution of work.

C.14 NATIONAL BUILDINGS CONSTRUCTION CORPORATION(NBCC)

C.14.1 Construction of parallel taxi track connecting main taxi-track and 27 end dumble and strengthening of existing rigid portion of 09 end of main taxi track and extension of Apron No. 1 at HAL Airport Bangalore Costing 598 lakhs.

Due to inadequate publicity only seven firms applied for prequalification and out of these only 2 were prequalified.

In this tender the difference between first lowest (M/s. P.V.Subha Reddy) & Second lowest tender was substantial. Calling again first lowest (after negotiation with him earlier) was not in order. When the agency did not turn up then it was decided to cancel the tender which was also not in order as the quoted rates were already 12% below the NBCC rates with HAL. As he was asked to come again for negotiation from which it appeared that first lowest was forced to leave the work and the work was awarded to other firms at much higher rates after- wards due to which NBCC suffered huge losses amounting to more than Rs. 35 lacs.

For balance work four firms were selected for limited tenders. Out of these two had responded and the other two submitted their tenders blank & unsigned and thus shown their inability to execute the work which establishes that selection of the firms were not proper as non-interested firms have been selected which lead to non-competitive tenders resulting into award of work at higher rates. Some of the firms did not quote for all the items and tender treated as invalid being non comparable tender.

In the same work earth work amounting to Rs. 56.05 lacs was awarded to M/s Excemin Ancils apparently without proper publicity and call of tenders.

For Balance work of plain cement concrete, Reinforced cement concrete and asphaltic work no tender was called by NBCC and the work has been awarded to M/s. Amudha Engg. Co.Pvt. Ltd. for Rs. 73,45,789/- apparently on abinito negotiation basis at 8% below HAL rates which was 4% higher than M/s. P.V.Subha Rao the earlier first lowest tenderer. M/s. NBCC has suffered a loss on this account.

6 Nos concrete cores of were collected from site, test results indicate the strength of concrete varying from 110kg/cm<sup>2</sup> to 170kg/cm<sup>2</sup> against required strength of 300 kg/cm<sup>2</sup> indicating sub-standard work.

C.14.2 Construction of Housing Complex at Ambala costing Rs. 189 lacs.

32 agencies were prequalified but only five approached for collecting tender documents and out of these only 2 tenders were received which can not be classified as competitive. Detailed justification based on prevailing market rates not prepared before

award. Earlier tenders of similar nature of housing complex at Noida were accepted at 8.13% below estimated rate where as subject tender was accepted 8.12% higher and thus the gap between tender invited and accepted in BPCL  $(17+8.12 \times 1.17 \times 8.13)=34.63\%$  of Estimated cost. In extra item of excavated earth by Mechanical transport, place of disposal not recorded in MB, earth not leveled and neatly dressed and actual lead involved not specified.

C.15 VIDEH SANCHAR NIGAM LTD.(VSNL)

C.15.1 Extension of tower 'A' and construction of tower 'C' of LVSB Prabha Devi, Mumbai.

Rates considered for most of items of detailed estimate were unrealistic and disproportionately high. Pre qualification of consultants was not done through open press advertisement thereby violating directives of CVC. Due to flexible parameters of project management consultants, they will be paid Rs.45.2 lacs which otherwise could have been between Rs.25 to Rs.30 lacs. All the three lowest bidders were called for negotiations instead of L-1 with the result earlier L-3 became L-1 and tender was awarded in his favour. The lowest tender was accepted at Rs.7.55 crores as against justified cost of Rs.6.75 crores worked out by consultants.

C.15.2 Renovation of external facia of Videsh Sanchar Bhavan, New Delhi.

VSNL first called tenders in May,1996. Out of 5(five) short listed firms, only two tenders were received. The same were rejected due to poor response. During 2<sup>nd</sup> call, instead of calling open tenders, limited tenders were called in Jan.1997 resulting into poor competition. Tenders in 3<sup>rd</sup> call were invited by head office. This time competitive rates i.e. L-1 tender at Rs.13935457/- were received though lowest offer was favourable to VSNL but the same was rejected by VSNL on the pretext of unworkable rates. Ultimately in 4<sup>th</sup> call, work was accepted at Rs.18216945/- which was more than Rs.40 lacs higher than lowest offer of third call thus VSNL had to shoulder avoidable additional financial burden of more than Rs.40 lacs. Nos. of cubes tested were less than required 7 days cube test at two instances failed.

C.16 AIRPORTs AUTHORITY OF INDIA(AAI)

C.16.1 Special repair to terminal building-II at IGI Airport, New Delhi.

Rs.1883646/- was spent on carrying out different treatment works during warrantee period of principal contractor. No departmental or legal action seems to have been taken to recover the aforesaid amount incurred by the AAI.

C.16.2 Re-construction of apron for hangers 23 to 32 at IGI Airport terminal I, New Delhi.

CPWD DSR item provided for demolition of cement concrete at Rs.169.75 per cum as against Rs.766.60/cum taken in the detailed estimate of above work which is very high and disproportionate. The rates quoted by the tenderers also substantiated the fact that rate considered in DE was high.



C.17 PRASAR BHARATI(ALL INDIA RADIO)

C.17.1 Construction of IIMC at Dhenkanal(SH: C/o admn. Block, academic block, audio Visual communication block)

Formal work order to the contractor was issued but subsequently same was cancelled due to unavoidable circumstances. The work order on the same terms was again issued after one month. After cancellation of work order, bid was not valid as such award of work to the same agency lead to award of work without call of tenders.

C.18 INDIAN INSTITUTE OF TECHNOLOGY, DELHI

C.18.1 Construction of additional floor over academic area Block II, V at IIT, Delhi.

The consultants were appointed without public notice in an adhoc and arbitrary manner. The other short listed firms which quoted less fee were not considered on flimsy ground after opening of price bids. Appointment of architect in the name of M/s Suresh Goel and Associate was irregular as they have submitted their offer in the name of M/s Srijan I & P(Pvt) ltd. Work for civil work was awarded at exorbitantly high rates as the justified amount was 14.5% below the awarded amount . Negotiations were conducted with two lowest firms, which was in violation to CVC's directives.

C.19 TEHRI HYDRO DEVELOPMENT CORPN. LTD.(THDC)

C.19.1 Construction of administrative block at Bhagirathi Puram, Tehri.

Consultants were selected in arbitrary, pick and choose manner without resorting to competitive bidding through public advertisement. Undue payment was released to the consultants. Samples of cement mortar (3 nos) and flush door shutter failed in testing.

C.20 OIL & NATURAL GAS CORPORATION LTD.

C.20.1 Design, detailed Engg. Construction and commissioning of residential qtrs. for CISF at Vogra.

Extra item amounting to Rs.415756/- for earth filling in foundation and plinth was inadmissible since as per the terms of contract, contractor was to give minimum 60 cm plinth height with in the lump sum quoted rates and with out any additional payment. Plinth level even after additional payment for all the blocks was either slightly below or matching with the crown level of adjoining road whereas as per requirement plinth height should have been minimum 60 cm.

## **II. ELECTRICAL WORKS/ELECTRONICS/MECHANICAL AND OTHER ALLIED WORKS**

ILLUSTRATIVE LIST OF CASES IN WHICH LAPSES/ IRREGULARITIES NOTICED BY CTEO REFERRED TO CVOS FOR INVESTIGATIONS FROM VIGILANCE ANGLE

### **D. BANKS, INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS**

#### **D.1 PUNJAB & SIND BANK**

D.1.1 While making procurement and installation of six servers and system software in its various branches, the bank had violated the procurement procedure being adopted in Govt. organizations. The entire process of concluding this contract was far from transparent as the L-6 firm had been made L-1 by manipulating the offers without proper justification. Also some of the items were procured without call of tenders, thus the work was awarded at a very high price. A large number of items which were not part of BOQ were procured from the firm without any price justification.

#### **D.2 NABARD**

##### **D.2.1 Electrification of Bank's Head office building at Bandra Kurla Complex, Mumbai.**

The work of complete electrification was awarded, to a firm, which was not meeting any of the PQ criteria and rejecting a firm, which was meeting all the criteria and had already worked with NABARD. Against the requirement of 400 Amps. and 125 Amps capacity of rising main for power & light circuits respectively the rising main of lesser capacity i.e. 288 Amps and 45 Amps respectively were accepted with the connivance of the architects and the contractor causing potentially dangerous situation

##### **D.2.2 Supply & Installation of HVAC system in the Head office building.**

The appointment of consultant was done in a non-transparent manner for the construction of Head Office of NABARD at Bandra-Kurla Complex, Mumbai. One PSU firm was discarded on flimsy grounds and another firm was discarded on the grounds that the firm did not work with any PSU company, which of course was not a condition to judge the credentials of the firms. L-1 offer was rejected without any convincing reasons and contract award to L-2 firm without any negotiations.

### **E. PSUs & AUTONOMOUS BODIES**

#### **E.1 MUMBAI PORT TRUST**

##### **E.1.1 Supply, Installation and Commissioning of 10 tonne cranes.**

In the tender for procurement of 8 Nos. of 10 tonne cranes at the cost of Rs. 21 crores seems to be infructuous as the utilization of these cranes was negligible. One of the leading manufacturers (a PSU firm) and a regular manufacturer & supplier of the cranes was

rejected on the ground that EMD not submitted whereas the EMD is still lying in a separate envelope, on the top of which, it is written that the envelope contains EMD. The offer of another PSU firm was also rejected on the ground that their financial position was not sound which was a factually wrong statement. The work was awarded to a non-existent consortium of firms which was not meeting the PQ conditions.

## E.2 DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

### E.2.1 Construction of CETP at Mayapuri Industrial Area.

The appointment of consultant was done in an arbitrary and non-transparent manner. The offer of L-1 was rejected on the ground that the firm was having its head office at Nagpur and only branch office was at Delhi, which was not a pre-requisite for selecting the firm. The consultancy work was divided among four firms, at different rates, for similar type of jobs thus incurring financial loss to the Govt. Further in gross violation of tender procedures, the work of CETP was awarded to a private firm at more than 100% higher than estimated value with out carrying out any market rate justification of the quoted rates.

## E.3 INDIAN FARMERS FERTILIZER CORPORATION

### E.3.1 Supply and installation of flame and explosion proof light fittings in the plant area of IFFCO at Kalol, Ahmedabad.

Instead of advertised tenders, limited tenders to a small group of vendors was issued, thus restricting the competition. NIT was issued for a work on turn-key basis but the contract was awarded separately for supply of material and erection on the request of the contractor giving undue financial advantage to the firm by way of saving on work contract tax and by getting 100% payment for the materials without executing the work in terms of the original bid conditions. Full payment for supplies have been made but a very small portion of the supplies have subsequently been installed/executed, although in such turnkey jobs, payments are normally released for the actual measurement only, hence benefiting the contractor. The firm was paid interest free mobilization advance without any provision in the bid documents in contravention of the CVC instructions which is a clear case of favouritism.

## **III. STORES/PURCHASE CONTRACTS**

ILLUSTRATIVE LIST OF CASES IN WHICH LAPSES/ IRREGULARITIES NOTICED BY CTEO REFERRED TO CVOS FOR INVESTIGATIONS FROM VIGILANCE ANGLE.

## **F. PSUs & AUTONOMOUS BODIES**

### F.1 NATIONAL MINERAL DEVELOPMENT CORP., HYDERABAD

#### F.1.1 Procurement of 2 nos. 7 ft. Super Heavy Duty Tertiary Crushers.

Out of 6 offers received, 5 offers were rejected on untenable grounds – based on presumptions and conjectures. The specifications were incomplete and ambiguous. The selection of firms whose earlier Crushers were giving trouble since installation and did not meet the prequalification requirement of having supplied 2 equipments of same capacity

with satisfactory performance seems to suggest favouritism. On request from the firm, the make of the main drive motor was changed without taking into account the financial implications, thus giving undue financial advantage to the firm.

F.2 AIR INDIA LTD., MUMBAI

F.2.1 Procurement of 3 nos. Main Deck Loaders 3000 Kgs.

The specifications indicated in the tender enquiry and purchase order were incomplete and ambiguous . Therefore the offers received were not comparable and the evaluation of offers on equitable basis and in a transparent manner was not done. The offer of one of the firms was ignored on unspecified technical requirements. However, the offer of another firm was accepted although the Engine was not complying the requirement of Euro II regulation as specified in the tender enquiry. The specification incorporated in purchase order for Engines and various other systems were vague and susceptible to manipulation as it gave full leverage to the bidders to offer and supply any model of Deutz Engine and other systems. The quality aspect during inspection had totally been ignored as the loaders were giving problems since commissioning and during warranty period itself.

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

**A. GOVERNMENT DEPARTMENT**

**A.1 CENTRAL PUBLIC WORKS DEPARTMENT**

**A.1.1 Construction of 66 nos. type III, 30 nos. type IV and 20 nos. type V qtrs. at IGNOU, Maidan Garhi, CPWD.**

Extension of time was granted without levy of compensation by SE without adequate justification. This has resulted in not only loss to Govt. in the form of compensation under cl. 2 of the agmt, but also the Govt. has to pay Rs. 16.33 lacs to the contractor as compensation under cl. 10 CC of the agmt. Advice issued for initiation of major penalty proceedings against a Superintending Engineer and an Executive Engineer.

**A.2 COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH**

**A.2.1 Internal Electrification of Laboratory, Guest House, Staff Quarters and Garages at Bonera, (J&K).**

Huge recoveries nearly 10% of the contract value were effected due to poor supervision and negligence on the part of the supervisory officials. In the item of pole foundation, depth of foundation was shown as 160 mm instead of 1600 mm and the work was accordingly executed at site with the result that pole foundation was found hollow 150 mm from bottom as no concrete was provided below the base plate of poles. Advice was issued for minor penalty proceeding against a Technical Officer and cautioning of a Superintending Engineer, an Executive Engineer and an Asstt. Executive Engineer for the lapses on their part.

**A.3 ALL INDIA RADIO**

**A.3.1 Supply, installation, testing & Commissioning of AC Plant for TV Tower at Pitampura.**

Substituted items worth more than Rs. 60 lacs were paid in the final bill in a hasty manner without getting the rates approved by the competent authority. The final bill was prepared and passed without getting approval of competent authority for deviation by allowing part rates, which were not permissible in the final bill. Cost adjustments were not made for deviation in quality of control panel equipments. The type/model of induced draft cooling tower was not verified/checked nor was its suitability verified by any capacity test. The capacity of all the five AHUs was far less than specified in the contract. An extra payment of about Rs. 1.4 lacs was made for chilling units in contravention with the contract conditions. The plant was lying unused for more than 3 years which amounted to an infructuous expenditure and top of all the work was executed without getting sanction of competent authority. Major penalty proceedings have been initiated against an Executive Engineer, an Asstt. Engineer, a Junior Accounts Officer, then Junior Engineer & an Asstt.

Engineer and the charge sheets were issued to the Executive Engineer, Asstt. Engineer and Junior Engineer.

**B. UNDERTAKINGS, AUTO NOMOUS BODIES.**

**B.1 NATIONAL BUILDINGS CONSTRUCTION CORP. LTD.(NBCC)**

**B.1.1 Execution of work of Interior Decoration and Furnishing of HRD and ESI Building of BHEL at Sector 16-A, Noida.**

Eligibility criteria fixed on much higher side compared to cost of work but relaxed and work awarded to non-prequalified bidders without any competition by sub-letting the work without taking approval of Competent authority to whom the powers have been delegated. Advice issued for Major penalty proceedings against a Deputy Project Manager and to appoint I.O for conducting oral enquiry.

**B.1.2 Construction of Navodaya Vidyalaya at Bargi Nagar, Jabalpur.**

Certain paras were referred to CVO for detailed investigation and fixing responsibilities. CVO has called the explanation from the concerned officials and out of these, one Deputy Project Manager was found responsible for the lapse. Advice for initiating minor penalty proceedings was issued against him.

**B.2 BHARAT PETROLEUM CORP. LTD.(BPCL)**

**B.2.1 Construction of Residential Flats at Jabalpur (MP).**

Agencies have been selected arbitrarily instead of through prequalification criteria and work was awarded which reveals undue favour by official. Organization was asked to fix responsibility for taking appropriate disciplinary action.

Neither estimate checked nor justification prepared to assess reasonability of rates of tendered amount. Comparison of rates made for selected items and selective works revealed that award of work at higher rates. During execution of work no proper reasons given for inability to procure steel from SAIL or TISCO as specified in agreement given. Cost adjustment for purchase of steel from local manufactures not done giving undue benefit to contractor. Concrete work done was not confirming to requirement. Advice issued for recovery of rate difference and fixing the responsibility on officials responsible for lapse.

**B.3 INDIAN FARMERS AND FERTILISERS CO-OPERATIVE LTD.(IFFCO)**

**B.3.1 Intensive Examination of work of Civil and Structural work for Naptha storage Tank, Phulpur Expansion project (IFFCO).**

An undue benefit of Rs. 23.85 lacs was extended to the contractor by changing the specification and allowing him to use coarse sand instead of fine sand. The Commission advised to IFFCO to identify the officials responsible for the lapse and initiate major penalty proceeding against them.

B.4 INDIAN OIL CORP. LTD.(IOC)

B.4.1 Procurement of Main Line Pumping Unit by Indian Oil Corporation (Pipe Line Division), Nodia.

The price bid of a firm, which was not meeting the delivery schedule requirement was opened in gross violation of tender conditions and IOC's own guidelines. Though, no criterion was specified for loading of bids quoting longer delivery schedule, yet the department arbitrarily loaded this offer. Further with the other available offer, though negotiations were conducted and also their offer was lowest but the contract was not placed. Instead revised bids were called which resulted not only in the time overrun but also in anticipated additional expenditure to the tune of Rs. 4.3 crores. However, fortunately at the time of supply, there was reduction in the foreign exchange rates and there was no loss to the corporation. Due to the lapses committed by the officials, the Commission had advised initiation of minor PP against a Chief Material Manager PL/HQ, a Chief Project Manager, PL/HQ, a Chief Internal Audit Manager and the then GM (Construction), KBPL (now MD/PCTM Ltd.) and also warning letter (s) to a Executive Director (E&C) PL/HQ Nodia and the then GM (Finance) PL, now GM (Fin) HO Marketing Division, Mumbai.

B.5 OIL & NATURAL GAS CORP. LTD.(ONGC)

B.5.1 Construction of Compound wall at Ravva on shore facility at Sursanyanam (Ph.I).

Certain paras were referred to CVO for detailed vigilance investigation. Lapses were established. In fructuous expenditure of Rs. 3.61 lacs was incurred due to changes of design loss to the tune of Rs. 4.49 lacs occurred to ONGC due to acceptance of sub standard/ defective work. Further loss to the tune of Rs. 3.41 lacs occurred due to construction of 200 m wall in low-lying area which was subsequently buried by construction of earthen bund resulting in infructuous expenditure. Advice issued for initiation of major penalty proceedings against the then Dy. SE(C), the then EE(C) and the then AEE(C) and initiation of minor penalty proceedings against EE (C).

B.6 GAS AUTHORITY OF INDIA LTD.

B.6.1 Construction of 185 nos. houses together with sanitary, internal water supply and related work of GAIL, UPPC township at Dibiyapur (UP).

Undue benefit of Rs. 79076.74 was extended to the contractor by changing the specification and allowing him to use 200 mm aggregate against 12.5 mm size and wooden centring and shuttering against steel shuttering. Advice issued for minor penalty of censure against a Sr. Manager (Civil).

B.7 HINDUSTAN PETROLEUM CORP. LTD.(HPCL)

B.7.1 Construction of tank No. 1331 at Lube Refinery of HPCL, Mumbai.

Rates of earth work, rock cutting, back filling and RR stone masonry accepted were disproportionately high and no market rate justification was prepared to ascertain the

reasonableness of rates. Advice issued for initiation of major penalty proceedings against a Job Engineer, Manager, Sr. Manager and CE, HPCL.

**B.8 DEPARTMENT OF HEAVY INDUSTRY**

**B.8.1** C/o plant civil works for setting up of 1500 TDP cement grinding unit at Okhla, New Delhi.

Certain paras were referred to CVO for detailed investigation and fixing responsibilities. Lapses established and recovery has been effected for substandard work. Advice issued for initiation of minor penalty proceedings against a Manager (Civil), an Asstt. Manager (Civil) and a Civil Engineer, CC.1.

**B.9 DELHI DEVELOPMENT AUTHORITY**

**B.9.1** Development of camping site between Shah Alam Bundh on outer Ring Road and Burari Road, Delhi, DDA.

All the paras were referred to CVO for detailed investigation since reply was not forthcoming for last 6 years. Lapses established for (i) splitting up the work without approval (ii) unauthorised acceptance of tenders and (iii) inflated justification. Advice issued for initiation of major penalty proceedings against two Executive Engineers, six Junior Engineers, a Divisional Accountant.



**Annexure - V**  
(Para 3.7.1)

**DETAILS OF REPORTS ISSUED UPTO 31.12.2K ON WHICH REPLIES ARE AWAITED FOR A YEAR OR MORE AS ON 31.12.01.**

<b>S.No.</b>	<b>File No.</b>	<b>Organization</b>	<b>Date of Issue of Report</b>
1.	3CC-B-33-NE-29	Eastern Rly	23.3.98
2.	1EE-J-69-ET-1	I.I.T.	18.1.2000
3.	1EE-J-69-ET-2	- do -	18.1.2000
4.	9EE-J-40-WT-73	PGIMR (Post Graduate Institute of Medical Research)	18.10.2000
5.	3DD-B-43-ESW-17	Rajiv Gandhi National Instt. of Youth Development	09.04.1999
6.	2EE-D-68-ENE-9	Hindustan Steel Works Construction Ltd.	17.02.2000

**Annexure -VI**  
(Para3.7.2)

**ORGANISATIONS WHICH HAVE 5 OR MORE VIGILANCE CASES PENDING FOR INVESTIGATION**

Sl. No.	Name of Organisation	No. of pending cases
1.	Irrigation & Flood Control(NCT of Delhi)	6

**Annexure -VII**  
(Para 3.7.3)

**SOME MAJOR ORGANIZATION WHICH DID NOT SEND ANY QUARTERLY  
PROGRESS REPORT DURING 2001**

**S. No.            Name of the Organization**

**Civil**

1.            Delhi State Mineral Development Corpn. Ltd.
2.            D/o Tourism
3.            East Coast Rly.(Bhuvaneshwar)
4.            East Central Rly
5.            Industrial Reconstruction (B/o India)
6.            North East Frontier Rly
7.            Sports Authority of India
8.            Bharat Brakes & Valve Ltd.
9.            Braith Wait Co. Ltd.
10.          Neelachal Ispat Nigam Ltd.
11.          'C' - DOT
12.          Electronics Trade and Technology Dev. Ltd.. (ETTDC)
13.          National Agri. & Coop. Manufacturing Federation of India Ltd.
14.          South Eastern Railway
15.          Union Territory of Lakshadeep
16.          Netaji Subash Chandra Bose Instt. of Technology
17.          State Bank of Hyderabad
18.          M/o Defence
19.          Northern Railway
20.          Western Railway
21.          Dadra & Nagar Haveli
22.          CAPART
23.          IIM, Ahmedabad
24.          IIT, Mumbai
25.          M/o Petroleum and Natural Gas

**Electrical**

26.          Hindustan Tele-printers Ltd.
27.          Indian Overseas Bank
28.          United India Insurance Co. Ltd.
29.          State Bank of Travancore
30.          Praga Tools Ltd.
31.          Central Instt. of Plastic Engg. & Technology
32.          Coir Board
33.          Bharat Gold Mines Ltd.
34.          Pasteur Instt. of India
35.          Indian Plywood Industries Research & Trg. Instt.
36.          Lakshadweep Administration
37.          Dena Bank

38. New India Assurance Co. Ltd.
39. Richardson & Cruddas Ltd.
40. The Automotive Research Association of India
41. Central Mines Planning & Design Instt. Ltd.
42. Bharat Coking Coal Ltd.
43. Office of the Coal Mines
44. Tea Board
45. North Eastern Hills University
46. North Eastern Agricultural Marketing Corp. Ltd.
47. Geological Survey of India
48. IBP Balmer Lawrie Group of Co.
49. Hindustan Paper Corp. Ltd.
50. Heavy Engg. Corp. Ltd.
51. Metal Scrap Trade Corp. Ltd.
52. Bridge & Roof Co. India Ltd.
53. National Jute Manufactures Corp. Ltd.
54. Andrew Yule & Co. Ltd.
55. Tyre Corp. of India Ltd.
56. Technical Teacher Training Instt. Kolkata
57. National Instt. for the Orthopaedically Handicapped
58. Indian Schools of Mines, DHANBAD
59. Engineering Projects India Ltd.
60. Oil India Ltd.
61. Tehri Hydro Development Corp.
62. State Bank of Mysore
63. Praga Tools Ltd.
64. Rubber Board
65. General Insurance Corp. of India
66. Exports Credit Guarantee Corp.
67. Daman & Diu
68. Dadra & Nagar Haveli
69. Uranium Corporation of India Ltd.
70. Bharat Coking Coal Ltd.
71. Office of the Coal Mines
72. National Insurance Corp. Ltd.
73. Coal Controller Organisation
74. Hindustan Copper Ltd.
75. Bharat Bhari Udyog Nigam Ltd.
76. National Jute Manufactures Corp. Ltd.
77. D/o Agriculture & Cooperation
78. Engineering Projects India Ltd.
79. M/o Petroleum & Natural Gas
80. South Eastern Coalfields Ltd.
81. RPNN( Rastriya Pariyojna Nirman Nigam)

## **SPI**

82. Bank of Maharashtra, Pune
83. Dena Bank, Mumbai
84. New India Assurance Co. Ltd

85. M/o Textile, New Delhi
86. Dadra & Nagar Haveli, Silvassa
87. General Insurance Corporation of India Ltd., Mumbai
88. Life Insurance Corporation of India Ltd., Mumbai
89. Steel Authority of India Ltd., New Delhi
90. Tyre Corporation of India, Calcutta
91. Tuticorin Port Trust
92. Cotton Corporation of India, Mumbai
93. Delhi Vidyut Board
94. National Center for Software Technology, Mumbai
95. Director General Health Services, Delhi
96. Director General Doordarshan, Delhi
97. Shipping Corp. of India Ltd., Mumbai
98. Hindustan Organic Chemicals Ltd., Mumbai

**ANNEXURE – VIII**  
(Para 5.2)

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

S. NO.	NAME OF THE ORGANISATION	COMPLAINTS PENDING WITH CVOs FOR INVESTIGATION		
		UPTO ONE YEAR	BETWEEN ONE-THREE YEARS	MORE THAN THREE YEARS
1.	Air India	5	1	1
2.	Airport Authority of India	6	3	2
3.	All India Institute of Medical Sciences	0	0	1
4.	Andaman & Nicobar Administration	1	5	4
5.	Andhra Bank	0	1	0
6.	Bank of India	0	2	0
7.	Bank of Maharashtra	2	0	0
8.	Banking Division	1	1	0
9.	Bharat Coking Coal Ltd.	2	1	1
10.	Bharat Heavy Electricals Ltd.	0	1	1
11.	Bharat Petroleum Corporation Ltd.	1	6	0
12.	Border Roads Development Board	1	1	2
13.	British India Corporation Ltd.	0	0	1
14.	Bureau of Indian Standards	0	0	4
15.	Council of Scientific & Industrial Research	1	6	0
16.	Cabinet Secretariat	0	1	0
17.	Calcutta Port Trust	1	1	0
18.	CAPART	2	0	2
19.	Central Board of Direct Taxes	20	94	27
20.	Central Board of Excise & Customs	22	126	35
21.	Central Bureau of Investigation	0	6	6
22.	Central Coalfields Ltd.	0	1	0
23.	Central Instt. of English & Foreign Languages	0	0	1
24.	Central Public Works Department	0	3	10
25.	Central Silk Board	0	0	1
26.	Central Warehousing Corporation	4	3	0
27.	Chandigarh Administration	1	0	0
28.	Chennai Port Trust	1	1	0
29.	Coal India Ltd.	1	3	2
30.	D/o Agricultural & Cooperation	3	2	4
31.	D/o Animal Husbandry & Dairying	1	3	2
32.	D/o Atomic Energy	0	0	3
33.	D/o Chemicals & Petrochemicals	0	1	0
34.	D/o Civil Aviation	2	8	4
35.	D/o Coal	5	4	4
36.	D/o Commerce	0	6	6

37.	D/o Company Affairs	1	3	2
38.	D/o Consumers Affairs	2	3	0
39.	D/o Culture	3	4	9
40.	D/o Defence Production & Supplies	1	1	2
41.	D/o Education	6	24	3
42.	D/o Family Welfare	0	0	1
43.	D/o Fertilizers	3	1	1
44.	D/o Heavy Industry	1	8	12
45.	D/o Industrial Policy & Promotion	0	0	2
46.	D/o Indian Systems of Medicine & Homeopathy	1	3	3
47.	D/o Mines	0	3	3
48.	D/o Personnel & Training	6	13	5
49.	D/o Posts	3	13	30
50.	D/o Public Distribution	2	1	5
51.	D/o Science & Technology	0	1	0
52.	D/o Small Scale Industry, Agro & Rural Industries	1	0	0
53.	D/o Statistics	0	2	0
54.	D/o Supply	2	0	8
55.	D/o Telecom	16	23	69
56.	D/o Tourism	0	0	1
57.	D/o Women & Child Development	0	0	1
58.	D/o Youth Affairs & Sports	2	4	8
59.	Daman & Diu and Dadar & Nagar Haveli	2	1	6
60.	Damodar Valley Corporation	1	1	0
61.	Delhi Development Authority	2	19	20
62.	Delhi Jal Board	0	2	4
63.	Delhi State Industrial Development Corporation	1	0	6
64.	Delhi Transport Corporation	0	3	4
65.	Delhi Vidyut Board	3	8	25
66.	Dena Bank	3	0	0
67.	Eastern Coalfields Ltd.	0	0	2
68.	Electronics Corporation of India Ltd.	0	1	0
69.	Employees Provident Fund Organisation	5	16	3
70.	Employees State Insurance Corporation	2	0	3
71.	Food Corporation of India	4	6	6
72.	Gas Authority of India Ltd.	0	2	0
73.	General Insurance Corporation	0	0	1
74.	Geological Survey of India	0	1	0
75.	Govt. of N.C.T., Delhi	9	56	93
76.	Govt. of Pondicherry	0	3	0
77.	Hindustan Latex Ltd.	0	1	1
78.	Hindustan Petroleum Corporation Ltd.	1	0	0
79.	Hindustan Photofilms Corporation India Ltd.	0	0	2
80.	Hindustan Salts Ltd.	0	0	2
81.	Hindustan Zinc Ltd.	0	0	1
82.	Hotel Corporation of India	1	1	3

83.	Housing & Urban Development Corporation	0	1	0
84.	Indian Council of Agricultural Research	4	16	19
85.	I.I.T. (Delhi)	0	0	1
86.	Indian Petrochemical Ltd.	1	2	0
87.	I.I.T., Kharagpur	0	0	1
88.	Indian Airlines	2	1	2
89.	Indian Bank	0	1	0
90.	Indian Council of Medical Research	0	0	1
91.	Indian Overseas Bank	2	2	0
92.	India Tourism Development Corporation	3	0	0
93.	Indira Gandhi National Open University	1	0	0
94.	Industrial Investment Bank of India	0	1	0
95.	Jamia Milia University	0	1	0
96.	Jawaharlal Nehru Port Trust	1	0	0
97.	Kandla Port Trust	0	0	1
98.	Kendriya Vidyalaya Sangathan	1	3	13
99.	Lakshadweep Administration	0	3	0
100.	Life Insurance Corporation	4	3	1
101.	M.M.T.C. Ltd.	2	2	1
102.	M/o Defence	24	23	22
103.	M/o Environment & Forest	2	7	5
104.	M/o External Affairs	3	1	1
105.	M/o Finance	1	29	15
106.	M/o Health & Family Welfare	17	25	36
107.	M/o Home Affairs	3	14	7
108.	M/o Information & Broadcasting	11	13	15
109.	M/o Information Technology	0	0	2
110.	M/o Labour	0	5	8
111.	M/o Non-conventional Energy Sources	1	0	0
112.	M/o Petroleum & Natural Gas	2	10	3
113.	M/o Power	1	5	7
114.	M/o Railways	24	85	40
115.	M/o Road Transport & Highways	7	3	1
116.	M/o Shipping	2	11	4
117.	M/o Social Justice & Empowerment	2	10	6
118.	M/o Steel	0	2	0
119.	M/o Textiles	3	2	4
120.	M/o Urban Development	3	8	25
121.	M/o Water Resources	3	4	1
122.	Medical Council of India	0	1	0
123.	Metallurgical & Engineering Consultants (India) Ltd.	0	1	0
124.	Mormugoa Port Trust	0	0	1
125.	Mumbai Port Trust	5	3	0
126.	Municipal Corporation of Delhi	18	18	92
127.	NAFED	0	1	0
128.	Nathpa Jhakri Power Corporation	0	1	1
129.	National Aluminum Company Ltd.	0	2	0



130.	National Building Construction Corporation	0	1	0
131.	National Consumers Co-operative Federation	0	0	1
132.	National Fertilizers Ltd.	1	1	0
133.	National Highway Authority of India	5	0	0
134.	National Hydro-Electric Power Corporation	0	0	2
135.	National Insurance Co. Ltd.	12	7	1
136.	National Project Construction Corporation	0	0	2
137.	National Seeds Corporation	1	1	0
138.	National Textiles Corporation	0	2	0
139.	National Thermal Power Corporation	0	0	6
140.	Navodaya Vidyalaya Samiti	0	0	2
141.	NDMC	1	3	23
142.	NEPA Limited	0	1	0
143.	New India Assurance Co. Ltd.	1	11	4
144.	Neyveli Lignite Corporation	1	0	0
145.	NIMHN	0	0	1
146.	Northern Coalfields Ltd.	1	2	0
147.	Nuclear Power Corporation of India Ltd.	0	1	0
148.	O/o CGDA	1	1	1
149.	O/o Comptroller & Auditor General of India	1	2	1
150.	Ocean Development	0	1	0
151.	Oil & Natural Gas Corporation	6	0	1
152.	Oriental Bank of Commerce	0	1	0
153.	Oriental Insurance Co. Ltd.	1	11	0
154.	Paradeep Port Trust	1	1	1
155.	Pawan Hans Ltd.	1	0	0
156.	Planning Commission	1	1	0
157.	Post Graduate Instt. of Medical Sciences & Research	1	1	0
158.	Power Grid Corporation of India Ltd.	0	2	1
159.	Punjab & Sind Bank	2	0	0
160.	Punjab National Bank	6	3	0
161.	Rashtriya Chemicals & Fertilizers Ltd.	1	0	0
162.	Rashtriya Ispat Nigam Ltd.	1	0	0
163.	Reserve Bank of India	1	3	0
164.	South- Eastern Coalfields Ltd.	0	3	2
165.	Sports Authority of India	0	1	0
166.	State Bank of Bikaner & Jaipur	0	1	0
167.	State Bank of Hyderabad	2	2	0
168.	State Bank of India	5	9	0
169.	State Bank of Indore	1	0	0
170.	State Bank of Patiala	2	0	0
171.	State Bank of Saurashtra	2	0	0
172.	State Bank of Travancore	1	0	0
173.	State Trading Corporation Ltd.	0	1	3
174.	Steel Authority of India Ltd.	2	0	0
175.	Sugar & Edible Oils	1	0	0
176.	Tobacco Board	0	0	1

177.	Triveni Structurals Ltd.	0	1	0
178.	UCO Bank	4	1	0
179.	Union Bank of India	2	0	0
180.	United Bank of India	1	0	0
181.	United India Insurance Co. Ltd.	2	12	6
182.	Vishakhapatnam Port Trust	1	2	5
	<b>TOTAL</b>	393	929	871

**ANNEXURE - IX**  
(Para 5.3.2)

**LIST OF ORGANISATIONS YET TO APPOINT CDIs NOMINATED BY THE COMMISSION**

S. NO.	NAME OF ORGANISATION	NO. OF NOMINATIONS PENDING	
		>3 MONTHS BUT <1 YEAR	>1 YEAR
1.	Airports Authority of India	0	2
2.	Allahabad Bank	0	1
3.	Andaman & Nicobar Islands Admn.	0	1
4.	Bank of Baroda	1	0
5.	Bank of India	5	2
6.	Bank of Maharashtra	2	0
7.	Bharat Dynamics Ltd.	1	0
8.	Border Roads Development Board	0	5
9.	Cement Corporation of India	1	0
10.	Central Bank	1	1
11.	Central Board of Direct Taxes	3	0
12.	Central Board of Excise & Customs	7	3
13.	Central Bureau of Investigation	0	2
14.	Central Warehousing Corporation	1	0
15.	Chandigarh Admn.	0	1
16.	Coal India Ltd.	0	2
17.	Controller General of Defence Accounts	0	2
18.	D/o Atomic Energy	0	1
19.	D/o Chemicals & Petrochemicals	3	0
20.	D/o Fertilizers	1	2
21.	D/o Revenue	1	0
22.	D/o Telecom	1	19
23.	Delhi Development Authority	1	1
24.	Delhi Transport Corporation	0	1
25.	Delhi Vidyut Board	0	1
26.	Dena Bank	1	0
27.	Directorate General Foreign Trade	0	1
28.	Fertilizers & Chemicals Travancore Ltd.	0	6
29.	Food Corporation of India	0	5
30.	Govt. of NCT of Delhi	0	3
31.	Govt. of Pondicherry	0	8
32.	Hindustan Paper Corporation	1	0
33.	Hindustan Vegetable Oil Corp. Ltd.	2	1
34.	Indian Bank	6	10
35.	Indian Iron & Steel Co. Ltd.	1	0
36.	Indian Oil Corporation	0	1
37.	Indian Overseas Bank	1	1
38.	Industrial Investment Bank of India	0	1
39.	M/o Civil Aviation	0	1

40.	M/o Coal	1	0
41.	M/o Defence	2	8
42.	M/o Environment & Forests	0	1
43.	M/o External Affairs	1	2
44.	M/o Food Processing Industries	0	2
45.	M/o Heavy Industries	0	2
46.	M/o Home Affairs	1	10
47.	M/o Information & Broadcasting	4	2
48.	M/o Petroleum & Natural Gas	0	1
49.	M/o Railways	0	4
50.	M/o Surface Transport	1	2
51.	M/o Urban Development & PA	1	2
52.	Municipal Corporation of Delhi	0	4
53.	NALCO	0	10
54.	National Insurance Co. Ltd.	1	0
55.	New Delhi Municipal Council	0	1
56.	Power Grid Corporation of India	0	1
57.	Punjab & Sind Bank	0	1
58.	Punjab National Bank	1	0
59.	Securities & Exchange Board of India	1	0
60.	State Bank of Bikaner & Jaipur	0	1
61.	State Bank of India	1	0
62.	State Bank of Mysore	1	0
63.	Steel Authority of India Ltd.	4	0
64.	Super Bazar	0	2
65.	TRIFED	1	0
66.	UCO Bank	1	3
67.	Union Bank of India	0	1
68.	Union Territory of Dadra & Nagar Haveli	0	1
69.	Vijaya Bank	2	0
	<b>TOTAL:</b>	<b>65</b>	<b>146</b>

**ANNEXURE – X**  
(Para 5.3.3)

**LIST OF ORGANISATIONS WHO ARE YET TO FORWARD DOCUMENTS TO  
THE CDIs FOR HOLDING INQUIRIES**

<b>S. NO.</b>	<b>NAME OF THE ORGANISATION</b>	<b>PENDING FOR RECEIPT OF DOCUMENTS</b>	
		<b>&gt;3 MONTHS BUT &lt;1 YEAR</b>	<b>&gt;1 YEAR</b>
1.	Council of Scientific & Industrial Research	0	1
2.	M/o Railways	0	1
	<b>TOTAL</b>	0	2

**ANNEXURE - XI**

(Para 5.4)

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

S. 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	4	1
2.	All India Institute of Medical Sciences	1	0
3.	Allahabad Bank	7	3
4.	Andaman & Nicobar Administration	14	1
5.	Bank of Baroda	1	10
6.	Bank of India	4	13
7.	Bank of Maharashtra	8	3
8.	Bharat Coking Coal Ltd.	2	0
9.	Bharat Heavy Electricals Ltd.	9	1
10.	Border Roads Development Board	7	6
11.	British India Corporation Ltd.	1	0
12.	Bureau of Indian Standards	0	1
13.	C.S.I.R.	19	4
14.	Cabinet Secretariat	4	4
15.	Calcutta Port Trust	0	3
16.	Canara Bank	2	3
17.	CAPART	1	3
18.	Cement Corporation of India Ltd.	1	0
19.	Central Bank of India	7	2
20.	Central Board of Direct Taxes	70	56
21.	Central Board of Excise & Customs	183	162
22.	Central Bureau of Investigation	5	0
23.	Central Coalfields Ltd.	2	1
24.	Central Works Public Department	10	8
25.	Central Silk Board	0	1
26.	Central Warehousing Corporation	2	0
27.	Chandigarh Administration	27	2
28.	Coal India Ltd.	4	1
29.	Coconut Development Board	1	0
30.	Coffee Board	1	1
31.	D/o Agriculture & Cooperation	6	7
32.	D/o Animal Husbandry & Dairying	3	2
33.	D/o Atomic Energy	1	1
34.	D/o Chemicals & Petrochemicals	1	0
35.	D/o Coal	6	0

36.	D/o Commerce	11	5
37.	D/o Company Affairs	3	0
38.	D/o Consumer Affairs	2	0
39.	D/o Culture	4	0
40.	D/o Defence Production & Supplies	10	1
41.	D/o Economic Affairs	5	4
42.	D/o Education	2	0
43.	D/o Fertilizers	8	0
44.	D/o Heavy Industry	2	0
45.	D/o Industrial Policy & Promotion	6	1
46.	D/o Mines	4	3
47.	D/o Personnel & Training	13	3
48.	D/o Posts	12	13
49.	D/o Public Distribution	2	1
50.	D/o Revenue	1	0
51.	D/o Science & Technology	7	0
52.	D/o Small Scale Industry, Agro & Rural Industries	1	1
53.	D/o Statistics	1	0
54.	D/o Social Justice & Empowerment	4	2
55.	D/o Sugar & Edible Oils	1	0
56.	D/o Supply	4	0
57.	D/o Telecom	65	23
58.	D/o Tourism	1	0
59.	D/o Women & Child Development	1	1
60.	D/o Youth Affairs & Sports	3	1
61.	Damodar Valley Corporation	1	1
62.	UT of Daman & Diu and Dadra & Nagar Haveli	22	5
63.	Delhi Development Authority	26	48
64.	Delhi Jal Board	9	7
65.	Delhi Transport Corporation	19	1
66.	Delhi Vidyut Board	50	69
67.	Dena Bank	1	6
68.	DSIDC	5	1
69.	Eastern Coalfields Ltd.	1	0
70.	Electronic Corporation of India Ltd.	1	0
71.	Employees Provident Fund Organisation	10	1
72.	Employees State Insurance Corporation	3	5
73.	Export Inspection Council	0	1
74.	Food Corporation of India	6	0
75.	Gas Authority of India Ltd.	1	0
76.	Govt. of NCT, Delhi	35	26
77.	Govt. of Pondicherry	26	6
78.	Hindustan Petroleum Corporation Ltd.	1	0
79.	Hindustan Steelworks Construction Ltd.	1	0
80.	HMT Ltd.	1	0
81.	Housing & Urban Development Corporation	2	0

82.	India Trade Promotion Organisation	0	1
83.	Indian Bank	0	6
84.	Indian Council of Agricultural Research	15	0
85.	Indian Overseas Bank	1	1
86.	Jawahar Lal Nehru Port Trust	2	0
87.	Kendriya Vidyalaya Sangathan	17	6
88.	Khadi & Village Industries Commission	2	0
89.	Lakshdweep Admn.	3	1
90.	Life Insurance Corporation	9	11
91.	M.M.T.C. Ltd.	3	0
92.	M/o Defence	23	8
93.	M/o Environment & Forests	6	11
94.	M/o External Affairs	8	2
95.	M/o Health & Family Welfare	27	34
96.	M/o Home Affairs	33	35
97.	M/o Information & Broadcasting	52	9
98.	M/o Information Technology	1	1
99.	M/o Labour	3	3
100.	M/o Non-conventional Energy Sources	1	1
101.	M/o Petroleum & Natural Gas	3	0
102.	M/o Power	0	2
103.	M/o Railway	789	140
104.	M/o Road Transport & Highways	1	0
105.	M/o Shipping	6	2
106.	M/o Steel	5	1
107.	M/o Textiles	6	0
108.	M/o Urban Development & PA	7	15
109.	M/o Water Resources	8	2
110.	Mahanadi Coalfields Ltd.	1	1
111.	Marine Products Export Development Council	1	0
112.	Modern Food Industries	1	0
113.	Mumbai Port Trust	2	1
114.	Municipal Corporation of Delhi	73	66
115.	NABARD	2	0
116.	Nathpa Jhakri Power Corporation	3	0
117.	National Aluminium Co. Ltd.	2	0
118.	National Building Construction Corporation	1	0
119.	National Consumer Cooperative Federation	0	2
120.	National Fertilizers Ltd.	1	0
121.	National Instt. of Mental Health & Neurology	0	1
122.	National Insurance Co. Ltd.	49	30
123.	National Thermal Power Corporation	2	1
124.	Navodaya Vidyalaya Samiti	5	0
125.	New Delhi Municipal Council	3	7
126.	New India Assurance Co. Ltd.	16	17
127.	Neyveli Lignite Corporation	1	0
128.	National Institute of Engineering Technology, Mumbai (NIETE)	1	0



129.	Northern Coalfields Ltd.	1	0
130.	Nuclear Power Corporation of India Ltd.	0	1
131.	O/o CGDA	5	2
132.	O/o Comptroller & Auditor General of India	2	2
133.	Oil & Natural Gas Corporation	8	0
134.	Oriental Bank of Commerce	1	1
135.	Oriental Insurance Co. Ltd.	14	7
136.	Paradeep Port Trust	2	0
137.	Power Grid Corporation of India Ltd.	4	0
138.	Projects & Development India Ltd.	1	0
139.	Projects & Equipment Corporation of India	1	0
140.	Punjab & Sind Bank	5	5
141.	Punjab National Bank	4	0
142.	Pyrites, Phosphates & Chemicals Ltd.	3	0
143.	Reserve Bank of India	1	1
144.	Rural Electrification Corporation	1	0
145.	SCOPE	1	0
146.	Shipping Corporation of India	0	2
147.	South Eastern Coalfields Ltd.	2	1
148.	Sports Authority of India	1	5
149.	State Bank of Bikaner & Jaipur	6	0
150.	State Bank of Hyderabad	11	3
151.	State Bank of India	114	9
152.	State Bank of Indore	5	1
153.	State Bank of Mysore	9	0
154.	State Bank of Patiala	5	3
155.	State Bank of Saurashtra	4	0
156.	State Bank of Travancore	18	12
157.	Steel Authority of India Ltd.	3	0
158.	Super Bazar	2	0
159.	Tea Trading Corporation of India Ltd.	0	1
160.	TRIFED	4	1
161.	UCO Bank	9	7
162.	Union Bank of India	2	0
163.	United Bank of India	4	0
164.	United India Insurance Co. Ltd.	30	15
165.	Vijaya Bank	12	4
166.	Visakhapatnam Port Trust	2	0
167.	Western Coalfields Ltd.	2	0
	<b>TOTAL:</b>	2302	1037

**ANNEXURE - XII**  
(Para 6.8.1)

**LIST OF ORGANISATIONS WHICH HAVE NOT FURNISHED STATISTICAL RETURNS FOR ANY QUARTER DURING THE YEAR 2001**

<b>S. No.</b>	<b>Name of Organisation</b>
1.	Aligarh Muslim University
2.	All India Institute of Medical Sciences
3.	Banking Division
4.	Bharat Process and Mechanical Engineers Ltd.
5.	British India Corporation
6.	Central Public Works Department
7.	Central Council for Research in Ayurveda and Siddha
8.	Central Institute of English and Foreign Languages
9.	Coir Board
10.	Cycle Corporation of India Ltd.
11.	D/o Animal Husbandry and Dairying
12.	D/o of Economic Affairs (INS. Wing)
13.	D/o Expenditure
14.	D/o of Heavy Industry
15.	D/o Indian System of Medicine and Homeopathy
16.	D/o Revenue
17.	M/o Tourism and Culture
18.	D/o of Youth Affairs and Sports
19.	E.T.T.D.C.
20.	GB Pant Himalayan Environment & Development
21.	I.I.M., Lucknow
22.	I.I.M., Kolkata
23.	I.I.T., Mumbai
24.	I.I.T., Madras
25.	Indian Council of Agricultural Research
26.	Indian Council of Forestry Research & Education
27.	Indian Council of Social Science Research
28.	Indian Institute of Mass Communication
29.	Indian Museum
30.	Indira Gandhi Rashtriya Uran Akademi
31.	Intrnational Institute for Population Sciences
32.	Kendiryra Bhandar
33.	Lagan Jute Machinery Co. Ltd.
34.	Lakshadweep Administration
35.	M/o Environment and Forests
36.	M/o Health & Family Welfare
37.	M/o Information & Broadcasting
38.	M/o Labour
39.	M/o Power
40.	National Bal Bhavan

41.	National Council for Cement & Building Materials
42.	National Council of Science Museums
43.	National Federation of Fishermen's Coop. Ltd.
44.	National Film Development Corporation Ltd.
45.	National Institute for Rehabilitation Training & Research
46.	National Institute of Adult Education
47.	National Institute of Urban Affairs
48.	National Power Training Institute
49.	National SC & ST Finance & Development Corporation
50.	Navodaya Vidyalaya Samiti
51.	NCR Planning Board
52.	P.G. Instt. of Medical Education & Research, Chandigarh
53.	Planning Commission
54.	PM's Office
55.	Raja Ram Mohan Roy Library Foundation
56.	Rashtriya Sanskrit Vidyapeeth
57.	Regional Computer Centre, Kolkata
58.	Rehabilitation Industries Corporation Ltd.
59.	Richardson & Cruddas (1972) Ltd.
60.	Saha Institute of Nuclear Physics
61.	School of Planning & Architecture
62.	Sports Authority of India
63.	Staff Selection Commission
64.	Super Bagar, New Delhi
65.	Tata Memorial Centre
66.	Tea Tading Corporation of India Ltd.
67.	Technical Teachers Trg., Instt., Kolkata
68.	Tobacco Board
69.	Tribal Coop. Mktg. Development Fed. of India
70.	University of Hyderabad
71.	Visva Bharati

**ANNEXURE-XIII**

(Para 6.9.1)

**WORK DONE BY CHIEF VIGILANCE OFFICERS DURING THE PERIOD  
1.1.2001 TO 31.12.2001**

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.
1.	AGRICULTURE	48	45	33	20	30	17	13	6	12	7	13	11	30	15
2.	ATOMIC ENERGY	59	54	11	6	6	4	19	19	37	36	140	123	104	69
3.	BANKS	3934	3765	1136	1005	1281	847	1229	651	1801	1489	5190	4393	5495	3808
4.	C.&A.G. OF INDIA	4	4	2	2	3	3	4	4	6	6	0	0	0	0
5	CHEM & PETROCHEM.	136	135	7	3	3	3	3	0	0	0	291	238	111	90
6.	CIVIL AVIATION	215	215	5	4	4	1	35	16	38	32	547	396	293	198
7.	COAL	1768	1549	60	36	57	40	32	14	46	36	2378	2078	818	398
8.	COMMERCE	292	242	48	37	60	45	22	2	14	11	474	392	228	124
9.	CUSTOMS & EXCISE	836	305	574	225	251	232	198	104	184	149	733	370	470	215
10	DEFENCE	836	762	313	222	282	227	39	7	19	16	696	616	346	255
11	N.C.T.DELHI	4728	3887	277	196	214	202	77	57	219	121	3208	2287	1668	1279
12	EXTERNAL AFFAIRS	77	76	30	22	22	20	8	6	11	7	68	48	25	18
13	FERTILIZERS	153	152	17	9	13	10	4	2	3	2	402	295	130	82
14	FINANCE	7	7	3	2	4	3	0	0	1	0	16	15	69	32
15	FOOD & CONSUMER AFFAIRS	34	34	4	4	5	5	0	0	0	0	112	83	60	28
16	FOOD CORPN OF INDIA	1044	912	9	6	6	2	4	1	2	2	1846	1554	1742	964
17	HEALTH &	51	25	12	0	3	0	1	0	0	0	33	6	62	32

	<b>FAMILY WELFARE</b>														
18	<b>HOME AFFAIRS</b>	671	609	186	135	305	116	60	19	70	21	501	277	182	97
19	<b>HUMAN RESOURCES DEVELOPMENT</b>	42	33	70	17	30	22	18	6	25	24	34	11	17	4
20	<b>I &amp; B</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	<b>INCOME TAX</b>	1299	410	139	31	79	40	52	1	76	17	322	112	152	12
22	<b>INDUSTRIAL DEVELOPMENT</b>	59	59	36	18	21	21	10	2	8	6	45	25	10	6
23	<b>INSURANCE</b>	843	843	73	66	116	92	61	30	91	73	1870	1329	1012	600
24	<b>LABOUR</b>	295	295	113	84	118	73	45	16	47	25	1352	990	1231	607
25	<b>MINES</b>	94	86	14	12	15	14	5	2	8	5	135	122	105	66
26	<b>PETROLEUM</b>	664	650	61	48	67	53	8	5	17	15	1921	1079	535	335
27	<b>POSTS</b>	319	268	96	49	81	52	50	6	16	13	228	183	317	156
28	<b>POWER</b>	365	353	14	10	10	7	9	8	18	15	824	588	164	98
29	<b>HEAVY INDUSTRY</b>	593	584	29	18	22	20	10	2	7	4	937	745	301	174
30	<b>RAILWAYS</b>	19677	19172	877	494	576	548	210	96	591	393	30927	29407	18483	11960
31	<b>RURAL DEVELOPMENT</b>	0	0	0	0	0	0	0	0	0	0	0	0	5	0
32	<b>S.A.I.L.</b>	753	751	37	30	41	29	6	3	9	7	398	346	271	196
33	<b>SCIENCE &amp; TECHNOLOGY</b>	111	107	93	56	75	58	35	12	46	30	118	85	152	86
34	<b>STEEL</b>	137	131	4	4	5	5	4	1	1	1	189	165	93	66
35	<b>SUPPLY</b>	50	50	80	35	53	38	2	0	0	0	0	0	7	6
36	<b>SURFACE TRANSPORT</b>	784	658	111	89	128	94	36	9	33	32	865	776	784	695
37	<b>TELECOMMUNICATIONS</b>	2686	2243	958	495	929	697	83	65	165	140	2325	1661	853	504
38	<b>TOURISM</b>	166	166	0	0	0	0	0	0	0	0	286	256	111	66
39	<b>URBAN AFFAIRS</b>	1880	824	403	209	785	776	198	62	311	133	2705	2079	538	296
40	<b>WATER RESOURCES</b>	55	52	25	11	19	16	12	8	13	9	128	63	97	62
41	<b>MISCELLANEOUS</b>	322	199	184	92	136	82	25	3	35	18	240	142	63	21
	<b>TOTAL</b>	46087	40712	6144	3802	5855	4514	2627	1245	3980	2895	62497	53346	37134	23720

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

Sl. No.	DEPARTMENT	NO. OF COMP AGAINST ALL CATEGORIES		CASES INVOLVING GAZ. & EQUIVALENT OFFICERS								CASES INVOLVING 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	
				<1m	>1m	<3m	>3m	<3m	>3m	<6m	>6m	<3m	>3m	<3m	>3m
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
	AGRICULTURE	0	3	2	11	5	8	0	7	0	5	0	2	6	9
	ATOMIC ENERGY	1	4	1	4	1	1	0	0	1	0	12	5	19	16
	BANKS	34	135	50	81	194	240	288	290	129	183	371	426	937	750
	C & A.G. OF INDIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CHEMICAL & PETRO-CHEMICAL	0	1	4	0	0	0	3	0	0	0	33	20	17	4
	CIVIL AVIATION	0	0	01	0	2	1	6	13	1	5	25	126	27	68
	COAL	12	207	11	13	9	8	10	8	5	5	118	182	122	298
	COMMERCE	5	45	9	2	5	10	15	5	2	1	40	42	31	73
	CUSTOMS & EXCISE	18	513	56	293	14	5	24	70	10	25	44	319	78	177
	DEFENCE	9	65	29	62	27	28	0	32	0	3	44	36	38	53
	N.C.T., DELHI	126	715	29	52	2	10	8	12	29	69	138	783	206	183
	EXTERNAL AFFAIRS	0	1	0	8	1	1	0	2	0	4	2	18	1	6
	FERTILIZERS	0	1	6	2	0	3	0	2	1	0	34	73	22	26
	FINANCE	0	0	1	0	1	0	0	0	0	1	1	0	11	26
	FOOD & CONSUMER AFFAIRS	0	0	0	0	0	0	0	0	0	0	10	19	12	20
	FOOD CORPORATION OF INDIA	34	98	1	2	1	3	0	3	0	0	89	203	565	213
	HEALTH & FAMILY WELFARE	0	26	0	12	0	3	0	1	0	0	0	27	1	29
	HOME AFFAIRS	4	58	20	31	40	149	12	29	28	21	34	190	20	65
	HUMAN RESOURCES DEVELOPMENT	0	9	41	12	6	2	10	2	1	0	9	14	6	7
	I & B	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	INCOME TAX	1	888	14	94	3	36	10	41	7	52	35	175	28	112
	INDUSTRIAL DEVELOPMENT	0	0	3	15	0	0	2	6	2	0	10	10	3	1
	INSURANCE	0	0	2	5	4	20	15	16	6	12	152	389	191	221
	LABOUR	0	0	12	17	8	37	7	22	7	15	87	275	201	423
	MINES	1	7	1	1	0	1	1	2	1	2	6	7	9	30
	PETROLEUM	0	14	3	10	10	4	1	2	2	0	233	609	75	125
	POSTS	15	36	20	27	10	19	2	42	0	3	19	26	91	70
	POWER	2	10	2	2	3	0	0	1	0	3	92	144	34	32
	HEAVY INDUSTRY	2	7	6	5	1	1	1	7	1	2	45	147	29	98
	RAILWAYS	126	379	103	280	8	20	57	57	55	143	690	830	4038	2485
	RURAL DEVELOPMENT	0	0	0	0	0	0	0	0	0	0	0	0	1	4
	S.A.I.L.	0	2	4	3	6	6	1	2	2	0	20	32	46	29
	SCIENCE & TECHNOLOGY	3	1	9	28	2	15	12	11	8	8	5	28	37	29
	STEEL	3	3	0	0	0	0	2	1	0	0	15	9	21	6
	SUPPLY	0	0	7	38	6	9	0	2	0	0	0	0	0	1
	SURFACE TRANSPORT	15	111	16	6	1	33	6	21	0	1	23	66	32	57
	TELE-COMMUNICATIONS	212	231	239	224	128	104	16	2	13	12	277	387	288	61
	TOURISM	0	0	0	0	0	0	0	0	0	0	6	24	10	35
	URBAN AFFAIRS	80	976	32	162	6	3	24	112	25	153	40	586	80	162
	WATER RESOURCES	1	2	4	10	0	3	3	1	2	2	11	54	20	15
	MISCELLANEOUS	20	103	14	78	17	37	3	19	8	9	10	88	4	38
	GRAND TOTAL	724	4651	752	1590	521	820	539	843	346	739	2780	6371	7357	6057

**ANNEXURE -XV**  
(Para 7.2.4)

**LIST OF ORGANISATIONS WHICH CELEBRATED VIGILANCE AWARENESS  
WEEK DURING THE YEAR 2001**

S.No.	(A) Government Department
1.	M/o Water Resources
2.	Office of the Deputy Drugs Controller (India)
3.	Central Administrative Tribunal
4.	Office of the Commissioner of Income Tax
5.	M/o Defence
6.	Office of the Director-cum-Addl. D.G. of Police, Orissa
7.	Geological Survey of India
8.	Central Public Works Department
9.	Inter State Council Secretariat
10.	Office of the Accountant General (Audit)
11.	ITBP (Ministry of Home Affairs)
12.	Directorate of Medical and Health Services, Jaipur
13.	M/o Textiles
14.	Controller General of Accounts, D/o Expenditure
15.	Home Department, Govt. of Nagaland
16.	M/o Information Technology
17.	M/o Urban Development and Poverty Alleviation
18.	D/o Biotechnology
19.	D/o Ocean Development
20.	D/o Agriculture & Cooperation
21.	M/o Environment & Forests
22.	Indian Audit & Accounts Department, Kerala
23.	D/o Space
24.	M/o Food Processing Industries
25.	M/o Shipping
26.	M/o Science & Technology
27.	State Vigilance Bureau, Chandigarh
28.	D/o Animal Husbandry & Dairying
29.	M/o Finance
30.	Union Territories of Daman & Diu and Dadra & Nagar Haveli Secretariat
31.	Vigilance Department, Govt. of Uttar Pradesh
32.	Office of the Auditor General, Maharashtra
33.	D/o Industrial Engineering & Management, Kharapur
34.	D/o Agricultural Research & Education
35.	M/o Social Justice & Empowerment
36.	Intelligence Bureau
37.	M/o Road Transport & Highways
38.	NCC
39.	Office of the Development Commission (SSI)
40.	Directorate General of Income-Tax (Vig.)

	<b>(B) Boards, Institutes and Authorities</b>
1.	Physical Research Laboratory
2.	Central Council of Homeopathy
3.	Employees Provident Fund Organisation
4.	Forum of Anti-Corruption
5.	Khadi & Village Industries Commission
6.	Ali Yavar Jung National Institute for the Hearing Handicapped
7.	Airports Authority of India
8.	National Institute of Unani Medicine
9.	Postgraduate Institute of Medical Education and Research, Chandigarh
10.	National Council for Cement and Building Materials
11.	Regional Computer Centre
12.	Cochin Shipyard Ltd.
13.	Water & Power Consultancy Services (India) Ltd.
14.	Jawaharlal Nehru Port Trust
15.	Kendriya Vidyalaya Sangathan
16.	Indian Institute of Foreign Trade
17.	Office of the Development Commission for Handlooms
18.	Br. Small Industries Service Institute
19.	The Rubber Board
20.	Mumbai Port Trust
21.	Central Hindi Training Institute
22.	Office of the Director of Quality Assurance, Mumbai
23.	Indira Gandhi National Open University
24.	Spices Board
25.	National Institute of Port Management
26.	Central Council for Research in Homeopathy
27.	Controller of Quality Assurance (Heavy Vehs)
28.	Tuticorin Port Trust
29.	Sahitya Academy
30.	National Institute of Agricultural Extension Management, Hyderabad
31.	Central Plantation Crops Research Institute, Kerala
32.	Kandla Port Trust
33.	Krishak Bharati Co-operative Ltd.
34.	Central Tool Room & Training Centre
35.	Council of Scientific and Industrial Research
36.	Indian Bureau of Mines
37.	Ordnance Factory Board
38.	Central Silk Board
39.	The Marine Products Export Development Authority
40.	Bhakra Beas Management Board
41.	Tobacco Board
42.	Calcutta Port Trust
43.	ITI Ltd., Bangalore
44.	Paradeep Port Trust
45.	Jawahar Navodaya Vidyalaya



46.	New Mangalore Port Trust
47.	Textiles Committee
48.	ITI Ltd., Mankapur
49.	National Highways Authority of India
50.	India Trade Promotion Organisation
51.	Visakhapatnam Port Trust
52.	Chennai Port Trust
53.	The Automotive Research Association of India, Pune
54.	Delhi Development Authority
55.	Indian Plywood Industries Research and Training Institute
56.	Tea Board
	<b>(C) Public Sector Companies and Corporations</b>
1.	Indian Oil Corporation Ltd.
2.	Paradeep Phosphates Ltd.
3.	Bharat Petroleum Corporation Ltd.
4.	Videsh Sanchar Nigam Ltd.
5.	Indian Airlines
6.	Power Grid Corporation of India Ltd.
7.	NALCO
8.	Bharat Earth Movers Ltd.
9.	Andrew Yule & Company Ltd.
10.	Madras Fertilizers Ltd.
11.	Hospital Services Consultancy Corporation (India) Ltd.
12.	Mishra Dhatu Nigam Ltd.
13.	Dredging Corporation of India
14.	Bharat Dynamics Ltd.
15.	Garden Reach Shipbuilders & Engineers Ltd.
16.	Indian Petrochemicals Corporation Ltd.
17.	Oil India Ltd.
18.	Central Warehousing Corporation
19.	HMT Ltd.
20.	HUDCO
21.	Oil & Gas Natural Corporation (ONGC)
22.	National Fertilizers Ltd.
23.	Hindustan Copper Ltd.
24.	Tungabhadra Steel Products Ltd.
25.	Hindustan Latex Ltd.
26.	Power Finance Corporation Ltd.
27.	Delhi Metro Rail Corporation Ltd.
28.	N.T.C. Ltd.
29.	Ferro Scrap Nigam Ltd.
30.	Kochi Refineries Ltd.
31.	Rashtriya Ispat Nigam Ltd.
32.	Rural Electrification Corporation Ltd.
33.	Hindustan Organic Chemicals Ltd.
34.	Eastern Coalfields Ltd.
35.	Bharat Heavy Plate & Vessels Ltd.
36.	Central Electronics Ltd.

37.	Hindustan Antibiotics Ltd.
38.	National Building Construction Corporation Ltd.
39.	Damodar Velley Corporation
40.	Indian Renewable Energy Development Agency Ltd.
41.	Pyrites, Phosphates & Chemicals Ltd.
42.	Bharat Coking Coal Ltd.
43.	Chennai Petroleum Corporation Ltd.
44.	Telecommunications Consultants India Ltd.
45.	Heavy Engineering Corporation Ltd.
46.	Hindustan Fertilizer Corporation Ltd.
47.	National Handloom Development Corporation Ltd.
48.	Balmer Lawrie & Co. Ltd.
49.	Hindustan Steelworks Construction Ltd.
50.	Fertilizers and Chemicals Travancore Ltd.
51.	Hoogly Dock & Port Engineers Ltd.
52.	Bharat Electronics Ltd.
53.	Hindustan Photo Films Manufacturing Co. Ltd.
54.	Neyveli Lignite Corporation Ltd.
55.	Mecon Ltd.
56.	South Eastern Coalfields Ltd.
57.	Export Credit Guarantee Corporation of India Ltd.
58.	Indian Rare Earths Ltd.
59.	Bharat Heavy Electricals Ltd.
60.	National Mineral Development Corporation Ltd.
61.	Food Corporation of India
62.	Numaligarh Refinery Ltd.
63.	The State Trading Corporation of India Ltd.
64.	Municipal Corporation of Delhi
65.	Hindustan Cables Ltd.
66.	Semiconductor Complex Ltd.
67.	Goa Shipyard Ltd.
68.	Hindustan Shipyard Ltd.
69.	Konkan Railway Corporation Ltd.
70.	Cochin Shipyard Ltd.
71.	Kudremukh Iron Ore Co. Ltd.
72.	Delhi State Industrial Development Corporation Ltd.
73.	Project & Development India Ltd.
74.	Rashtriya Chemicals & Fertilizers Ltd.
75.	Shipping Corporation of India Ltd.
76.	Mineral Exploration Corporation Ltd.
77.	Cotton Corporation of India Ltd.
78.	Hindustan Zinc Ltd.
	<b>(D) Banks</b>
1.	Industrial Development Bank of India (IDBI)
2.	United Bank of India
3.	Bank of India
4.	State Bank of Mysore
5.	State Bank of Saurashtra

6.	UCO Bank
7.	Andhra Bank
8.	Export Import Bank of India
9.	Corporation Bank
10.	State Bank of Mysore
11.	Allahabad Bank
12.	Repatriates Co-operative Finance & Development Bank Ltd., Chennai
13.	National Bank of Agriculture and Rural Development, Mumbai
14.	Reserve Bank of India
15.	State Bank of India
16.	State Bank of Travancore
17.	Indian Bank
18.	Union Bank of India
19.	Vijaya Bank
20.	Small Industries Development Bank of India
21.	State Bank of Hyderabad
22.	Bank of Baroda
23.	Indian Overseas Bank
24.	Central Bank of India
25.	Canara Bank
26.	Punjab & Sind Bank
27.	Indian Banks' Association
28.	Punjab National Bank
29.	State Bank of Patiala
	<b>(E) Insurance Companies</b>
1.	The Oriental Insurance Co. Ltd.
2.	National Insurance Co. Ltd.
3.	The New India Assurance Co. Ltd.