

**VIGILANCE ANGLES  
IN  
CONTRACT HANDLING**

# Present Scenario

- Corruption found in all level
  - Even Chief Executives Involved
- Inflated Estimate
- Arbitrary appointment of Consultants
- Stringent pre-qualification criteria
  - Reduce competition, high rates, to favour firm
- Huge funds
  - Vulnerable to corrupt practices

# Problems Areas

- Administrative Approval
- Detailed Estimate & Technical Sanction
- Consultancy
- Tender Documents
- Invitation and Opening of Tenders
- Tender Scrutiny and Award of works
- Works Agreement
- Payment to Contractors
- Site Records

# Administrative Approval

- Approval not obtained
  - Misuse of Powers by subordinates
    - Eg. Work carried out under variation to the agreement.
- Inflated provisions in Abstract Estimate
  - Margin for non-essential works
  - Award at higher rates
- Major changes during execution
  - Scope, specification changed
  - High rate items are executed

# Detailed Estimate & Technical Sanction

- No drawings, details of measurement
  - Arbitrary quantities
  - Huge variations
- Repeated components in 2-3 items
- Consultant estimates
  - Not checked
  - Use of costly items
- Estimates at Higher LARs

# Consultancy

- Problems
  - No publicity
  - Known firms. Old panel
  - Higher fee
  - Adhoc rates
  - In-house facility available
  - No punitive action
  - Rates for Repetitive works not defined
  - Paid services not rendered
  - No check on plan, design, estimates, execution

# Preparation of Tender document

- No scrutiny and Approval
- Conflicting, vague & ambiguous conditions
  - Disputes, delays and losses
- Stringent and ambiguous pre-qualification criteria
  - Less bidders, favourite firms, higher rates
- Old machineries
  - Acquired before award of work
  - No expenditure incurred by Contractor

# Preparation of Tender document contd...

- Splitting of bigger works
  - Lower level Technical sanction
  - Lower Level TC
- Use of brand
  - Particular brand
    - Favour manufacturer/supplier



# Invitation and Opening of Tenders

- Inadequate time
  - Favored firms
  - High rates
- Inadequate Publicity
  - Very less circulation in news papers
  - Not uploaded in websites
  - Favoured few firms

# Invitation and Opening of Tenders contd...

- No Tender sale and opening Register
  - For Fair & Transparent system
    - Open at prescribed time, place
    - Presence of Tenderers
    - Rates to be read by Tender opening officer
- Corrections/omissions not numbered & attested
  - Possibility of Tampering of documents
- Rates not in words
  - Tender opening authority should write in words

# Invitation and Opening of Tenders contd...

- Late/Delayed Tenders
  - Not to be considered
    - Maintain sanctity of Tender system
    - Avoid malpractices

# Tender Scrutiny and Award of works

- Credentials issued by private organisation
- Tenderers conditions
  - Financial implications to be evaluated
- Delay in finalization
  - Time and cost overrun
  - Source of corruption
- L1 ignored on flimsy ground
  - Favored contractor, high rates

# Tender Scrutiny and Award of works contd...

- Comparative statement not prepared or checked
  - Other than L1
- Reasonability of rates
- Tender accepted during 2<sup>nd</sup> call
  - 1<sup>st</sup> instance discharged on flimsy ground
  - Higher rates during 2<sup>nd</sup> call to favored firm

# Tender Scrutiny and Award of works contd...

- Items deleted after opening
  - To alter L1
- No verification of credentials
  - EMD mode not proper
  - False credentials

# Works Agreement

- Contract documents
  - Not complete, not detailed
- Important papers missing
  - Corrigendum to tender documents
- Performance guarantee not collected / delayed
  - Bank charges are saved by Contractor

# Works Agreement cont...

- Labour license
  - From Labour authority
  - Saving of charges
- Technical staff
  - Not employed/requisite number not employed
  - Bad quality of work



# Payment to contractors

- Excessive variations
  - No competent approval
  - Quantities advantageous to contractor
  - Variation due to
    - Inaccurate estimate
    - Wrong/over measurement
- Abnormally low rate items
  - To be identified
  - Less execution to be avoided
  - Substitution to be avoided

# Payment to contractors contd...

- Items substituted
  - Beneficial items to the contractors
  - Exorbitant rates fixed
- Extra items
  - Inadmissible but paid
  - Exorbitant rates fixed
- Exorbitant rates for extra/new/substituted items
- Measurements not in MB

# Payment to contractors contd...

- Measurements books
  - To be bound, numbered
  - All to be recorded in MB
  - To be test checked e.g. 20%
    - Hidden items – 100%
    - High rate items – to be test checked

# Payment to contractors contd...

- Recording of Measurements
  - Under wrong item
  - Under 2/3 items
- Accepted Rebates of contractor
  - Not availed
- Security deposit/ Performance guarantee
  - Released before due date

# Site Records

- Labour register
  - Daily presence of labour/supervisor
- Unnumbered registers
  - All pages to be numbered
  - Each page to be initialed by Officer
  - Each transaction to be jointly signed by contractor's rep and Railway Engineer
  - Cutting/overwriting to be avoided
- Inspection notes
  - To be issued by Senior officers
  - Compliance to be recorded

# Case I

- Maintenance of Running Room contract in a division
  - Penalty clause for short deployment of manpower against the stipulated 16 persons per day.
  - In the billing period, there was short deployment of manpower to the tune of 2300 men for a period of 334 days.
  - No recoveries were made for short deployment of man power in Bills
  - The recoveries were made only in bill after the intervention of vigilance.

# OBHS work

- No penalty for short deployment of manpower
- High pressure jet machine
  - Specification of machine not defined
- No penalty for non-availability of quick couplers, floor mats & other items
- No specification for consumables/not ensured
- No check on quality of work
- Bogus/tampered passenger feedback forms

**THANK YOU**