Chapter 7

Evaluation of bids and Selection of contractor
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Financial rules prescribe for evaluation of bids strictly in accordance with the criteria laid down in the terms and conditions of tender. Further, public procurements have to be transparent and competitive to ensure that most efficient and competitive bidders are selected for award of contract.

Audit examined 802 contract bonds\(^1\) costing ₹ 4,857.57 crore executed by SEs and EEs, PWD in selected districts and found large scale deviations from laid down criteria in technical evaluation of bidders with majority of tenders (73 per cent) were not competitive where only one or two bids were received, despite the existence of large number of registered contractors in each district. Cartel formation/collusive bidding was also noticed in many cases.

The detailed audit findings are given in succeeding paragraphs.

7.1 Lack of competition

During test-check of records in test-checked districts, it was observed that number of bids received against NITs was low during 2011-16 and contracts were finalized by EEs/SEs/CEs on the basis of limited bids received. Position of number of bids received against test-checked works of EE/SE/CE level during 2011-16 in test-checked districts is given in Table-7.1 below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of District</th>
<th>One bid</th>
<th>Two bids</th>
<th>Three &amp; above bids</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of CBs</td>
<td>Cost of CBs</td>
<td>No. of CBs</td>
</tr>
<tr>
<td>1</td>
<td>Agra</td>
<td>1</td>
<td>0.37</td>
<td>83</td>
</tr>
<tr>
<td>2</td>
<td>Basti</td>
<td>23</td>
<td>21.15</td>
<td>19</td>
</tr>
<tr>
<td>3</td>
<td>Budaun</td>
<td>5</td>
<td>0.41</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>Ghazipur</td>
<td>4</td>
<td>26.40</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Gonda</td>
<td>4</td>
<td>6.74</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Gorakhpur</td>
<td>13</td>
<td>47.94</td>
<td>32</td>
</tr>
<tr>
<td>7</td>
<td>Hapur</td>
<td>4</td>
<td>0.36</td>
<td>38</td>
</tr>
<tr>
<td>8</td>
<td>Hardoi</td>
<td>1</td>
<td>4.35</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Jhansi</td>
<td>2</td>
<td>0.36</td>
<td>41</td>
</tr>
<tr>
<td>10</td>
<td>Lucknow</td>
<td>1</td>
<td>0.28</td>
<td>26</td>
</tr>
<tr>
<td>11</td>
<td>Mainpuri</td>
<td>16</td>
<td>55.97</td>
<td>49</td>
</tr>
<tr>
<td>12</td>
<td>Mirzapur</td>
<td>16</td>
<td>93.34</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>Moradabad</td>
<td>6</td>
<td>1.18</td>
<td>15</td>
</tr>
<tr>
<td>14</td>
<td>Saharanpur</td>
<td>7</td>
<td>2.17</td>
<td>24</td>
</tr>
<tr>
<td>15</td>
<td>Sambhal</td>
<td>1</td>
<td>0.01</td>
<td>44</td>
</tr>
<tr>
<td>16</td>
<td>Siddharth Nagar</td>
<td>5</td>
<td>31.07</td>
<td>9</td>
</tr>
<tr>
<td>17</td>
<td>Unnao</td>
<td>1</td>
<td>11.86</td>
<td>49</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>110</td>
<td>303.64</td>
<td>488</td>
</tr>
</tbody>
</table>

(Source: Information furnished by division/circle)

\(^1\) SE: 331 CBs costing ₹ 4,777.50 crore and EE: 471 CBs costing ₹ 80.07 crore.
Analysis of data relating to number of bids received during 2011-16 revealed the following issues:

- Out of total 802 test-checked contract bonds executed during 2011-16, 110 contract bonds amounting to ₹ 303.64 crore (14 per cent) were awarded on the basis of single bid. In none of these cases, retendering was done. Thus, none of these circles/divisions made any effort for obtaining competitive rates.

- During 2011-16, 488 contract bonds amounting to ₹ 2,997.15 crore (61 per cent of total cost of test-checked contract bonds) were awarded in test-checked districts to bidders on the basis of two bids only. In all these cases re-tendering was also not done in any test-checked districts.

- Audit observed that, out of total 802 cases, three or more bids were received in only 204 cases costing ₹ 1556.78 crore (25 per cent), Thus, only for a small fraction of bonds, competitive bids were received (Appendix 7.1).

- Analysis of data furnished by divisions/circles pertaining to 2011-16 revealed that there was an increasing trend in percentage of only two bids received against works during 2011-16 as shown in Chart-7.1 below:

Chart-7.1: Percentage of one and two bids received during 2011-16

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of one and two bids</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>63</td>
</tr>
<tr>
<td>2012-13</td>
<td>74</td>
</tr>
<tr>
<td>2013-14</td>
<td>81</td>
</tr>
<tr>
<td>2014-15</td>
<td>76</td>
</tr>
<tr>
<td>2015-16</td>
<td>77</td>
</tr>
</tbody>
</table>

Scrutiny also revealed that in addition to receipt of limited number of bids, out of total 331 test-checked contracts, bids were received for 136 works costing ₹ 2,711.64 crore at rates higher by up to 45.50 per cent above the estimated rates. But, it was noticed that EEs/SEs did not resort to re-tendering in any case and contract bonds were entered into at higher rates. This indicated that there could be large scale cartelisation in contracts on an increasing scale during 2011-16 to limit the competition. Audit also observed irregularities like invitation of tender even before administrative sanction and technical approvals, (paragraph-6.2.1) giving very short time to bidders to submit their bids (paragraph-6.2.5), receipt of only limited bids and finally award of works
at rates considerably higher than estimated rates. Thus, the officers were failing in discharging their duties to safeguard the government interest.

7.2 Negotiation with bidders

Central Vigilance Commission instructed (March 2007) that generally there would be no negotiation with bidders. In special circumstances, if it is to be done, it should be done with the lowest bidder only. The State Government ordered (April 2001) that generally negotiation would not be carried out with bidders. If negotiation is essential for finalisation of contracts it should be done with all eligible bidders. Further, Chief Engineer, PWD had ordered (November 1965) that negotiation would be done after fixing the cost of the work. But, audit observed that in no case, cost of work was fixed before negotiation. Thus, order of the Chief Engineer was not adhered to by the EEs/SEs/CEs during 2011-16.

Scrutiny of records revealed that, out of 331 contract bonds (executed by SEs) in test-checked districts, negotiations in violation of CVC guidelines were held in 234 cases costing ₹ 3,886.87 crore (71 per cent) (Appendix 7.2).

In reply, the State Government stated (June 2017) that “Standard Bidding Document” has been adopted for agreements more than ₹ 100 crores. Adoption of “Standard Bidding Document” for agreement less than ₹ 100 crore is under consideration in which all the mentioned issues are properly addressed.

Reply is not acceptable as the said “Standard Bidding Document” (SBD) did not contain specific provision in respect of disposal of single bid, short term tender notices, publication of NIT in newspapers, negotiation etc.

Recommendations:

- Government should improve competitiveness of the tendering process by removing deficiencies such as disposal of single bid, short term tender notices, publication of NIT in newspapers, etc.; and

- The Government should finalise a policy for holding negotiations which is in consonance with CVC guidelines.

7.3 Deficient technical evaluation

7.3.1 Technical evaluation of bids costing more than ₹ 40 lakhs

Technical evaluation of bids was important in large works costing more than ₹ 40 lakhs. MBD provided for financial bids of only those bidders to be opened who were technically qualified in technical evaluation.

During test-check of records, audit observed that the process of technical evaluation was not properly carried out by EEs/SEs of test-checked districts. Following major irregularities were noticed in technical evaluation of bids:

7.3.1.1 Balance sheets of last five years were not submitted by bidders in 110 cases (costing ₹ 1,771.04 crore) while in 37 cases (costing ₹ 355.77 crore)
balance sheets of only one to four years were submitted. Audit noticed that in 11 cases (costing ₹ 87.49 crore), bidders attached balance sheets of other contractors. So, 158 bidders (48 per cent), out of 331 bidders, were declared technically qualified though they had not submitted or submitted incorrect balance sheets which were required to establish financial viability of the bidding firms.

7.3.1.2 Turnover certificate: Similarly, in 81 cases (24 per cent) (costing ₹ 1,368.88 crore), bidders did not submit turnover certificate of last five years from Chartered Accountant and in 27 cases (costing ₹ 139.27 crore) turnover certificates were attached for only one to four years. In nine cases (costing ₹ 80.10 crore), though the turnover certificates of five years were attached but these were of some other firm or were insufficient against the required work. Character certificates of all partners of the firms were not submitted by bidders in seven cases costing ₹ 256.18 crore.

7.3.1.3 In 24 cases (costing ₹ 181.24 crore), experience certificates were either insufficient compared to the requirement as per MBD2 or were of some firms other than the bidder and in 43 cases (costing ₹ 620.43 crore) the experience certificates were not attached at all. Even such deficient experience certificates were accepted by the department and bidders were declared successful irregularly.

7.3.1.4 Furnishing of Solvency certificates: Model Bidding Document prescribed that every bidder would furnish solvency certificate issued by the competent authority (District Magistrate) in original with bid documents along with other documents. Engineer-in-Chief instructed (December 2002) that cognizance of the fact that property is free from pledge and undisputed, should also be taken into consideration in solvency certificate. The Government also directed (December 2008) that one solvency certificate should not be used for more than one work. Scrutiny of contract bonds and solvency certificates furnished by bidders in test-checked districts revealed following irregularities:

- In 142 contracts, out of 166 test-checked contracts, firms submitted solvency certificates in the name of partners of the firms and not in the name of firms, for works costing ₹ 2,801.90 crore. Only six bidders3 submitted solvency certificates in the name of firms. Audit examination disclosed that that for 86 contracts costing ₹ 532.12 crore, 37 bidders submitted same solvency certificates and one solvency certificate was used for two to seven works. In four cases, solvency certificates were not attached by bidders. Even one case of manipulated solvency certificate was also found during audit scrutiny as discussed in the case study 7.1 on next page.

- Analysis revealed that solvency certificates furnished by bidders simply stated the value of immovable property (mainly land and building) and there was no mention of the fact that the property was free from all encumbrances.

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2 Satisfactorily completed, as prime contractor, at least one similar work equal in value to one-third of the estimated cost of work for which the bid is invited, or such higher amount as may be specified in the appendix to ITB.

The fact that the property was not pledged anywhere was also not mentioned in any of the solvency certificates in test-checked districts. Thus, interest of the Government was not sufficiently safeguarded.

The State Government while accepting the recommendation stated (June 2017) that a departmental committee will be formed under the chairmanship of Engineer-in-Chief (Design and Planning) to give suitable recommendations in this matter.

**Recommendation:** The government should revise the format of solvency certificate which should indicate that the property is free from encumbrances and not already pledged, and should also include the name of work for which it is issued.

<table>
<thead>
<tr>
<th>Case study 7.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scrutiny of records in Provincial Division, Mainpuri revealed that a contractor furnished solvency certificate for two contract bonds which was valid up to two years i.e. 12.09.2014. It was noticed that the same solvency certificate which had expired, was furnished by the contractor for two more contract bonds in 2015-16 also by manipulating the date of issue. Audit observed that the solvency certificate was not sent to the District Magistrate, Mainpuri for verification. Thus, solvency certificates were not verified, manipulated certificate was accepted and the interest of the Government was put at risk.</td>
</tr>
</tbody>
</table>

7.3.1.5 **Bid capacity of bidders:** Proper assessment of bid capacity of bidders is essential for timely completion of works. Audit observed that bid capacity of bidders was not assessed correctly; as a result, the contractors were awarded high value contracts though they did not qualify for the same.

MBD prescribed the formula for assessing the bid capacity as under:

Assessed bid capacity = A x N x M - B where A is maximum value of civil engineering works executed in any one year during the last five years, N is number of years prescribed for completion of the works (period up to 6 months to be taken as half-year and more than 6 months as one year), M is taken as 2.5 and B is the value, at the current price level, of existing commitments and on-going works of the bidder.

Audit observed that in 44 cases costing ₹ 263.37 crore, multiplication factor N was taken as one instead of 0.5 time for duration up to six months. Further, value of ongoing works was not deducted which increased the bid capacity of bidders. In another 63 cases, the contractors did not provide information on their bid capacity. Despite this, work costing ₹ 535.30 crore were awarded to these contractors.

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4 Satish Chandra.
5 Number 18/SE/14-15 (₹ 92.62 lakh) and 19/SE/14-15 (₹ 1.84 crore).
6 Number 15/SE/15-16 (₹ 57.11 lakh) and 16/SE/15-16 (₹ 61.47 crore).
7 Clause 4.6 of ITB.
7.3.1.6 Evidence of machinery: Clause 4.2 (d) of MBD prescribed that all bidders shall provide the evidence of ownership of major items of construction equipment. Audit, however, noticed that evidence in support of owning required machinery were not attached by 58 bidders for works costing ₹ 1056.56 crore. In 138 cases costing ₹ 1244.51 crore, only affidavits were attached while in 21 works costing ₹ 95.34 crore, bidders attached invoices of machinery pertaining to other contractors, their relatives, etc. Hence, in 217 cases proper assessment of equipment/machinery was not done which was critical for execution of works. The fact that invoices of other contractors were accepted for qualification of bidders was in violation of rules and indicated extension of undue favours to contractors by the public works officers.

7.3.1.7 Employment of Technical staff: MBD provided that each bidder would demonstrate availability of technical personnel as detailed in Appendix to ITB. The ITB stated that to ensure employment of technical personnel, the contractor would be required to give proof of payment of the salary/wages to such personnel by cheque or demand draft. Audit noticed that proof of payment of salary/wages to technical personnel by cheque or demand draft was not furnished by bidders except in only nine cases, out of 331 contract bonds test-checked. Thus, EEs/SEs of test-checked districts failed to ensure the provisions of MBD which resulted in furnishing incorrect information by bidders. Further, Scrutiny of contract bonds in test-checked districts revealed that same technical staff was shown to be employed by many bidders at the same time. Audit observed that 40 technical staff were shown to have been engaged by two to five bidders in their affidavits during 2011-16 for execution of 57 works costing ₹ 637.96 crore.

7.3.1.8 MBD prescribed that an undertaking be taken that the bidder would be able to invest a minimum of cash up to 10 per cent of the contract price and would also furnish an evidence of access to line of credit and availability of other financial resources/facilities (10 per cent of the contract value) duly certified by a banker. Audit, however, observed that credit letters from banks were not attached to bids by 42 bidders for works costing ₹ 569.41 crore. Similarly, affidavit regarding investment by bidders was not furnished by 49 bidders for works costing ₹ 604.48 crore. However, despite these deficiencies in their bids and not ascertaining their credit worthiness, the contractors were declared qualified.

7.3.1.9 Work programme: Bidders in 171 cases costing ₹ 1,697.51 crore attached only bar charts while 63 bidders did not attach work programme and methodology for works costing ₹ 801.62 crore. Hence, their planning for timely completion of works was not assessed by the department.

7.3.1.10 Registration/Partnership deed: Out of 166 contracts who were awarded contracts costing ₹ 3,517.47 crore, certificate of registration was not attached by 38 bidders for works costing ₹ 636.09 crore, partnership deed was

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8 CBs no 32/SE/12-13 of CD-1, Siddhartha Nagar; 19/SE/12-13 of PD, Budaun; 13/SE/14-15 of PD, Ghazipur and 25/SE/12-13 of PD, Hardoi; 65/SE/11-12, 50/SE/14-15, 04/SE/16-17 and 03/SE/16-17 of PD, Saharanpur and 29/SE/13-14 of PD, Mirzapur.
not attached by 45 bidders for works costing ₹ 918.18 crore and power of attorney was not attached by 67 bidders for works costing ₹ 1,353.78 crore.

7.3.1.11 Registration and PAN: Audit noticed that in 270 cases (82 per cent) costing ₹ 3,582.07 crore, out of 331 cases, bidders did not attach their registration certificate with labour department. Trade tax clearance certificate was not attached by 201 bidders (61 per cent) for works costing ₹ 2,307.17 crore. TIN was not enclosed by 25 bidders for works costing ₹ 188.83 crore and PAN was not enclosed by 19 bidders for works costing ₹ 258.98 crore.

Such lapses in technical evaluation of major tenders of high value indicated that either the PWD officers dealing with technical evaluation and finalisation of tenders were casual in discharging their responsibilities or had connived with the contractors to overlook these important qualifying requirements and declared them technically eligible.

The Government did not reply on other issues related to deficient technical evaluation.

7.3.2 Technical evaluation of bids costing up to ₹ 40 lakhs

Model Bidding Document (T1) prescribed that for works costing between ₹ 10 and 40 lakhs, bidders would furnish prescribed documents/information along with their financial bids.

Audit examined 230 contracts costing ₹ 75.15 crore and noticed that PWD divisions qualified private contractors and awarded contracts despite many of them not submitting the basic qualifying documents with their bids as shown in the Table 7.2 below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Documents not furnished/verified</th>
<th>No. of contract bonds</th>
<th>Value of works (₹ in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Turn over certificates</td>
<td>104</td>
<td>31.91</td>
</tr>
<tr>
<td>2</td>
<td>Experience certificate</td>
<td>89</td>
<td>27.00</td>
</tr>
<tr>
<td>3</td>
<td>Evidence of ownership of equipment</td>
<td>101</td>
<td>32.54</td>
</tr>
<tr>
<td>4</td>
<td>Financial statements</td>
<td>120</td>
<td>38.19</td>
</tr>
<tr>
<td>5</td>
<td>Character certificate</td>
<td>230</td>
<td>75.15</td>
</tr>
<tr>
<td>6</td>
<td>Solvency certificate</td>
<td>226</td>
<td>74.37</td>
</tr>
<tr>
<td>7</td>
<td>Existing commitments</td>
<td>125</td>
<td>39.82</td>
</tr>
<tr>
<td>8</td>
<td>Bid capacity</td>
<td>205</td>
<td>67.74</td>
</tr>
<tr>
<td>9</td>
<td>Proposed work programme</td>
<td>216</td>
<td>71.57</td>
</tr>
<tr>
<td>10</td>
<td>Registration certificate with labour department</td>
<td>127</td>
<td>40.46</td>
</tr>
<tr>
<td>11</td>
<td>Trade tax clearance certificates</td>
<td>93</td>
<td>28.21</td>
</tr>
</tbody>
</table>

As per tender conditions, the financial bids of only those bidders were to be opened who qualified in technical evaluation. However, the above contractors who did not furnish the qualifying documents were declared technically qualified.
Case study 7.2
During test-check of records in Construction Division, Unnau, it was noticed that Mohd. Ashlam Malik was stated to be working as Engineer for the firms of three contractors by furnishing affidavits in this regard. All the three contractors also claimed to have paid remuneration to the concerned junior engineer. Thus, it appeared that two contractors furnished incorrect affidavits and the EE/SE failed to detect this anomaly.

The Government did not furnish reply.

7.4 Fresh NITs not invited despite revision in Bill of Quantity

Scrutiny of records revealed that out of 331 contract bonds test-checked, in 214 cases (65 per cent) amounting to ₹ 3,449.20 crore, bill of quantity was revised downwards/upwards after opening of bids. In such cases, fresh NITs should have been invited as per rules as no major deviation in the terms and conditions or quantity is permissible after opening of tenders. But, audit observed that in none of these cases fresh NITs were invited and contracts were awarded on the basis of original tender.

Thus, despite change in the bill of quantity/scope of work, awarding the works without inviting fresh NITs was not proper and deprived the bidders of the opportunity to submit bids according to the changed scope of work.

The Government did not furnish reply.

7.5 Cartel formation

Scrutiny of contract bonds, agreement registers and other related records in test-checked districts pertaining to 2011-16 revealed that award of contract bonds by EEs/SEs was not carried out in a fair and transparent manner. There was indication of large scale cartel formation in PWD works by bidders thus the whole tendering process was not transparent and seriously lacking in fairness and competition as discussed below:

- Scrutiny revealed that 482 contract bonds of five divisions worth ₹ 600.90 crore were finalised by SE, Gorakhpur circle, Gorakhpur during 2011-16. Out of these, in 128 (27 per cent) contract bonds worth ₹ 101.70 crore, there were only two bidders and in all these 128 cases, same rates were quoted by the two bidders. Negotiations were held with both bidders and even after negotiation, their rates were equal. In all these cases, contract bonds were awarded to both the contractors by splitting the work equally. Submission of only two bids in all these 128 cases indicates inability of departmental officers to generate sufficient competition. Further, submission of same rate in 27 per cent works at the time of tender and after negotiation also indicates a possible nexus which needs to be investigated.

- Similarly, audit observed that Superintending Engineer, Basti Circle, Basti constituted 62 contract bonds amounting to ₹ 22.41 crore by splitting

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31 works during 2011-16. In these cases also, rates tendered by both the bidders were same and after negotiation also same rates were quoted by the bidders.

- In test-check of records in Provincial Division, Unnao, Audit observed that during 2011-16, EE awarded 18 and 20 contracts to Sri Kuldeep Singh and Sri Ram Dayal amounting to ₹ 5.44 crore\(^{10}\) and ₹ 4.02 crore\(^{11}\) respectively. Scrutiny revealed that for all these 38 NITs, bids from only these two bidders were received during 2011-16. Bids were submitted by these bidders between 0.10 per cent below estimated rate to 12 per cent above estimated rates. It was interesting to note that in 12 cases, contract bonds were finalised at 0.10 per cent below estimated rates with both the bidders. This clearly showed that these two bidders had formed a cartel and were submitting bids in a pre-determined manner to circumvent the process of bidding in their favour.

- Similarly, it was observed that in 22 cases costing ₹ 155.50 crore pertaining to seven districts\(^{12}\), all the bidders submitting bids for a work were related with one another as partner of a firm was also partner in the other firm (Appendix 7.3).

- During scrutiny of records of Construction division, Mainpuri, it was noticed that during 2015-16, for 12 works costing ₹ 31.35 lakh, tenders were purchased by only two contractors-Girish Chandra Pandey and Bheekham Singh. Audit noticed that in all these 12 cases, bids of Girish Chandra Pandey were lower (rates quoted between 0.01 per cent to 0.25 per cent below estimated rate in nine bids and at par in three bids) and all 12 contracts were awarded to Girish Chandra Pandey. This could be abnormal indicating a cartel formation and needs investigation.

- NITs for 33 works costing ₹ 7.39 crore were invited in August 2012 by EE, Provincial division, Basti. Audit observed that only one bid was received for all these 33 NITs and contract bonds were executed with single bidders in all cases without going for retendering. The rate quoted in all the bids was between 0.01 per cent and 1.11 per cent below estimated rate except one bid which was at par with the estimated rate. Further, eight bidders quoted rate of 0.01 per cent below estimated rate while 12 bidders quoted rate of 0.10 per cent below estimated rate. It was also noticed that in all these cases, none of the bidder quoted rate for more than one work. All these circumstances indicate that the bidding system was not fair & transparent and works were awarded to accommodate all the bidders instead of getting competitive rates for these works. These cases need investigation.

The Government did not furnish reply.

### 7.6 E-tendering

With a view to ensure fair and transparent bidding process, the Government decided (2014) that from August 2014, tenders for works costing more than

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\(^{10}\)Contract bond no 19, 26, 50, 80, 102, 103/EE/15-16; 50, 51, 53, 54, 60, 63, 65, 68, 74, 75, 76, 77/EE/14-15.


\(^{12}\)Budaun, Sambhal, Agra, Mainpuri, Jhansi, Saharanpur and Basti.
` one crore would be received only through e-tendering. Scrutiny of records in test-checked districts revealed following irregularities in the process of e-tendering:

- Scrutiny of records pertaining to e-tendering carried out during August 2014 to March 2016 revealed that single bids were received in 18 cases (15 per cent) against NITs in 124 test-checked contracts while two bids were received in 75 cases (60 per cent). Three or more bids were received in only 31 cases.

Thus, the number of bids received against NITs in 75 per cent cases was only one or two, clearly indicating that the tendering process was not fully competitive.

- Scrutiny of records in CD-1, Moradabad disclosed that a tender summary report was generated which contained the total number of bids uploaded by the contractors. Analysis of number of bids received and number of bids found technically eligible could indicate the number of bids which were not found technically eligible and also the probable reasons for disqualification like failure to deposit proof of bid security or bid document. However, this report was not available in any other district. As such, position of number of bids originally received and number of technically eligible bids could not be analysed. Audit asked (September 2016) UP Electronics Corporation, which manages the e-tendering system for PWD, whether this format was discontinued and reasons thereof which was awaited.

- Audit observed while adopting e-tendering for the works costing more than ` one crore, the department limited the transparency by adopting the manual verification system of papers regarding security deposit, solvency etc. at one place only i.e. EE/SE/CE office. Thus, the ultimate goal of ensuring transparency in works through e-tendering was not achieved.

- Audit noticed that minimum tender value limit was ` 10 lakh for procurement of goods, services and work contracts in all central ministries, departments, Central Public Sector Enterprises, and autonomous/statutory bodies like CPWD, NHAI, etc. which was lowered to ` five lakh from April 2015 and further lowered to ` two lakh from April 2016. However, audit observed that minimum tender value for e-tendering in UP PWD was ` one crore which was much higher in comparison to CPWD and NHAI.

The State Government while accepting the recommendation stated (June 2017) that the order has already been issued by G.O. dated 31.03.2017. The State Government also stated that detail process for e-tendering is under formulation by IT & Electronic department UP Government, subsequently the procedure will be followed.

**Recommendations:**

- **Government should revise the minimum value of e-tenders downwards in line with CPWD and NHAI; and**

- **Government should make provision for submission of original copy of bid security at many places like offices of CE, SE, DM and EE.**