

## CHAPTER IV : WORKS AND MILITARY ENGINEER SERVICES

### 4.1 Irregular sanction and construction of accommodation for a Golf Club

**Commanders of a Corps HQ and an Independent Sub Area got constructed new unauthorised accommodation for a Golf Club at Kharga Golf Course under the guise of special repairs to existing buildings.**

Misuse of financial powers by General-Officer-Commanding-in-Chief Western Command for purchase of golf carts had been commented upon in paragraph 3.6 of the Report No. CA 17 of 2008-09 of the Comptroller and Auditor General of India. Similarly, paragraph 2.7 of the same Report had highlighted use of Defence land by a Golf Course, without payment of rent of about Rs 54.95 crore for over two decades. In yet another case of misuse of financial powers, Commander of HQ 2 Corps and Commander Punjab, Haryana and Himachal Pradesh (Independent) Sub Area [PH&HP(I)] got a building constructed for a Golf Club in Ambala Cantonment, under the cover of sanctions issued for carrying out special repairs and construction of storage accommodation etc, for some Army Units. The details of the case are discussed in the ensuing paragraphs.

Commanders of Headquarters 2 Corps and PH&HP (I) Sub Area sanctioned four different jobs in December 2006 for construction of accommodation for stores/office for three Army units and special repairs to three buildings at different locations in Ambala Cantonment at a total cost of Rs 57.65 lakh, which were revised to Rs 66.75 lakh in March/December 2007 as shown below:-

| <i>(Rs in lakh)</i> |  |                       |                                       |                           |                 |
|---------------------|--|-----------------------|---------------------------------------|---------------------------|-----------------|
| Sl. No.             | Job No./Name of work   | Sanctioning authority | Date of sanction/<br>revised sanction | Amount/<br>revised amount | Completion cost |
| 1                   | 09/2C/SR/2006-07: Provn of special repairs to building No. P-258, T-207 and T-170 at Ambala Cantt.                             | Commander, HQ 2 Corps | 22 December 2006                      | 28.61                     | 31.41           |
| 2                   | PH & HP(I) SA/W-87/LBW/2006-07: Provision of Storage accommodation for 16 Engineer Store Platoon at Ambala Cantt.              | Commander, HQ 2 Corps | 12 December 2006<br>08 March 2007     | 9.38<br>9.38              | 10.27           |
| 3                   | PH & HP (I) SA/W-86/LBW/2006-07: Provision of Accommodation for Training Stores of 65 Engineer Regiment (PMS) at Ambala Cantt. | Commander PH& HP(I)   | 12 December 2006<br>10 December 2007  | 9.85<br>14.24             | 15.66           |
| 4                   | PH & HP (I) SA/W-88/LB/2006-07: Provision of Office Accommodation for Training Staff at 2 Corps Training Area, Ambala Cantt.   | Commander, HQ 2 Corps | 12 December 2006<br>17 December 2007  | 9.81<br>14.52             | 14.52           |
| <b>Total</b>        |  |                       |                                       | <b>66.75</b>              | <b>71.86</b>    |

The jobs sanctioned for different units and locations were clubbed and executed through one contract concluded by the Commander Works Engineer(CWE) in May 2007, which was completed in February 2008 at a cost of Rs 71.86 lakh.

The CWE had concluded contract of the nature of special repairs and no drawing was forming part of the contract. However, an unauthorised Club building, i.e. a double storey building having a restaurant, kitchen, bar, committee room, museum, library, Golf Secretary's Office, reception, toilets block, etc was got constructed in Kharga Environmental Park and Training Area (KEPTA), an another name of Golf Club. It was also revealed that building P-258 was demolished by the contractor and new building for Golf Club came up at the site as per drawings and specifications provided by the HQ 2 Corps. Such accommodation is not authorised in training area and was shown as covered by the aforementioned sanctions. After the irregularities were pointed out by Audit, the Commander HQ 2 Corps amended the sanction of special repairs for three buildings in September 2009 by deleting the special repairs of T-207 and T-170 buildings at Harding Line without, however, reducing the total amount of the sanction. This was done to meet the enhanced cost for the building No. P-258.



The Ministry replied in March 2010 that all sanctioned works have been executed on ground. The low budgeted works have been carried out on three separate buildings and handed over to the respective units. It was further stated that the building No. P-258 already existed at site and was put under special repairs. The Ministry's contentions are factually incorrect as records indicate that during execution of the contract, the entire building P-258 was demolished and new building for the Golf Club was constructed at the site as per design and drawings provided to the contractor, although no drawing formed part of the contract.

## 4.2 Avoidable extra liability due to delay in revision of administrative sanction

### **Delay in revision of administrative approval resulted in an avoidable extra liability of Rs 2.95 crore due to cost escalation.**

The Defence Works Procedure issued by the Ministry of Defence (MOD) stipulates that in the event of the tender cost for the item or items of work exceeds their corresponding administrative approval (A/A) amount by more than 10 *per cent*, the case will be taken up for grant of financial concurrence (FC) of the competent financial authority (CFA) to enable the Engineer authority to conclude the contract pending issue of revised A/A.

Planning for provision of other than married accommodation at Rajput Regimental Centre Fatehgarh was carried out by the Zonal Chief Engineer, Lucknow (CE) in 2004. The approximate estimates (AEs) for the work were prepared by the CE in August 2004 based on Standard Schedule of Rates (SSR) – 1996. As the revised SSR-2004 had been introduced in July 2004, the CE, revised the AEs based on the new SSR of 2004, in August 2005 and requested Army HQ to obtain sanction based on the revised AEs.

Without considering the effect of revision in SSR, the work was sanctioned by the MOD in September 2005 at a cost of Rs 17.29 crore on the basis of pre-revised estimates. However, before initiating the tender procedure, the CE again proposed that the sanction be obtained on the revised AEs to avoid seeking FC on account of insufficient availability of funds at a later date. Engineer-in-Chief (E-in-C) however advised the CE in February 2006 to go ahead with tender action without delay based on the already sanctioned amount. While the CE called for tenders in June 2006, Army HQ had also taken up the case in May 2006 for issue of corrigendum to the Administrative Approval based on the revised estimates.

Tenders for the work were received in December 2006 and the lowest offer valid upto 20 March 2007 of Rs 21.68 crore was considered reasonable. As the quoted amount exceeded the funds available including the permissible tolerance the CE initiated the case for fresh FC. The Quarter Master General's (QMG) branch at Army HQ however did not process the FC further stating (March 2007) that the necessity for the same did not exist as the corrigendum for the revised estimated cost was in advanced stage of finalisation at the MOD and advised E-in-C to get the validity of the tender extended to 30 April 2007. Army HQ however did not pursue the case for obtaining the revised approval and by the time the corrigendum for enhancing the sanction to Rs 21.35 crore, was issued on 31 March 2007, the validity of the tender had expired on 21 March 2007.

The contract for execution of the work was ultimately concluded in December 2007 in the third call of tenders by the CE at a cost of Rs 24.63 crore, after obtaining FC. Incidentally, in all three tenders L1 was the same firm. An extra liability of Rs 2.95 crore on account of cost escalation was thereby caused due to delay in approval of the revised cost.

Analysis of the reasons for the failure to accept the first call revealed that though the Army HQ decided not to initiate a fresh proposal for FC in anticipation of timely issue of corrigendum by the MOD in response to the proposal sent in August 2005, yet MOD was not kept informed that the tender procedure had been initiated and the validity of the offer of the lowest bidder.

The MOD stated in January 2010 that the excess liability was due to procedural time delay in scrutiny of cases at all levels. The Staff Court of Inquiry ordered to fix the responsibility for the lapse also concluded that the delay in issue of revised administrative approval was due to lengthy processes involving lot of time at each stage.

However, it is clear that the lapse was not due to lengthy processes involved at each stage but delays and lack of diligence both in the Engineering Wing in the QMG branch at Army headquarters and in MOD. There was no system in place to ensure that the AE was based on the new SSR and to monitor the timely preparation and approval of the revised AE.

### **4.3 Additional expenditure on execution of a work due to indecision by the users**

**Changes suggested by the user after technical sanction and lack of agreement between the user and the executing authority resulted in additional expenditure to the extent of Rs 1.23 crore.**

Defence Works Procedure lays down two stage approval of any new work, viz. administrative approval accorded by the competent financial authority (CFA) based on approximate estimates and technical sanction by the competent engineering authority before tender documents are issued. The engineering officer competent to accord technical sanctions may, wherever necessary, deviate from the specifications shown in the approximate estimates provided such deviations are for engineering reasons and not such that they alter the scope of the work or exceed the total cost of the project administratively approved.

A Board of Officers presided over by the Commandant, Combat Army Aviation Training School (CAATS) recommended in March 2005, provisioning of accommodation for CAATS at Nasik in two phases at a cost of Rs 8.42 crore, which included special items of work costing Rs 49.94 lakh. Army HQ accorded administrative approval in March 2005 for the entire project at a cost of Rs 7.97 crore. Of this, cost of Phase I was Rs 2.87 crore, inclusive of Rs 10.08 lakh for special items. Several superior specifications recommended by the Board of Officers and included in the approximate estimates were not agreed to by the Army HQ. After obtaining approval to line plans from the Commandant in August 2005, the Chief Engineer Pune Zone concluded a contract for Rs 2.81 crore in December 2005. The work was to be completed by 15 October 2006. Garrison Engineer, Nasik Road (GE) was the nominated Executive Engineer for the work.

The new Commandant who took over charge in February 2006 informed the GE in April 2006 that the buildings were not designed aesthetically and suggested several changes involving special nature of works (superior specifications etc.). The Chief Engineer estimated that the changes suggested by the Commandant would cost Rs 37.50 lakh and would require substantial changes in the structural design of the building portion. Further it was not possible to order the additional work on the running contract. The executing agencies therefore did not appreciate the changes suggested by the Commandant. The contractor started the work in the first week of May 2006. However, the user unit (CAATS) did not allow the contractor to unload construction materials and therefore the work was stopped on 9 May 2006.

The CE in July 2006 initiated a proposal for revision of the cost of Phase 1 to Rs 3.07 crore including Rs 19.15 lakh as special items, which was approved in October 2006 by Army HQ. While submitting the revised estimates, the special works of Rs 37.50 lakh as suggested by the new Commandant were restricted to Rs 19.15 lakh to keep the amount of special works in both the Phases I & II within the delegated financial powers of the Chief of Army Staff (Rs 50 lakh). As the contractor demanded enhancement in rate by 50 *per cent* on the contract rates due to enormous increase in prices, the contract was foreclosed in March 2007. The lowest tendered amount received in the fourth call against a fresh tender issued in January 2008 was Rs 4.30 crore and the fresh contract was signed in May 2008, after obtaining corrigendum to the revised Administrative Approval of October 2006.

Thus, stoppage of work by the new Commandant arbitrarily resulted in time and cost overrun of the project by two years and Rs 1.23 crore respectively, although the financial effect of additional special works was only Rs 9.07 lakh.

The matter was referred to the Ministry in September 2009; their reply was awaited as of April 2010.