

CHAPTER – II

Planning and Budgeting

2.1 PLANNING FOR CONSTRUCTION ACTIVITIES

Planning for construction in CAPFs consists of following two streams of work :

- (i) Construction for new battalions/sectors raised as part of strategic decisions of MHA.
- (ii) Regular construction activities which may be new constructions or major repairs.

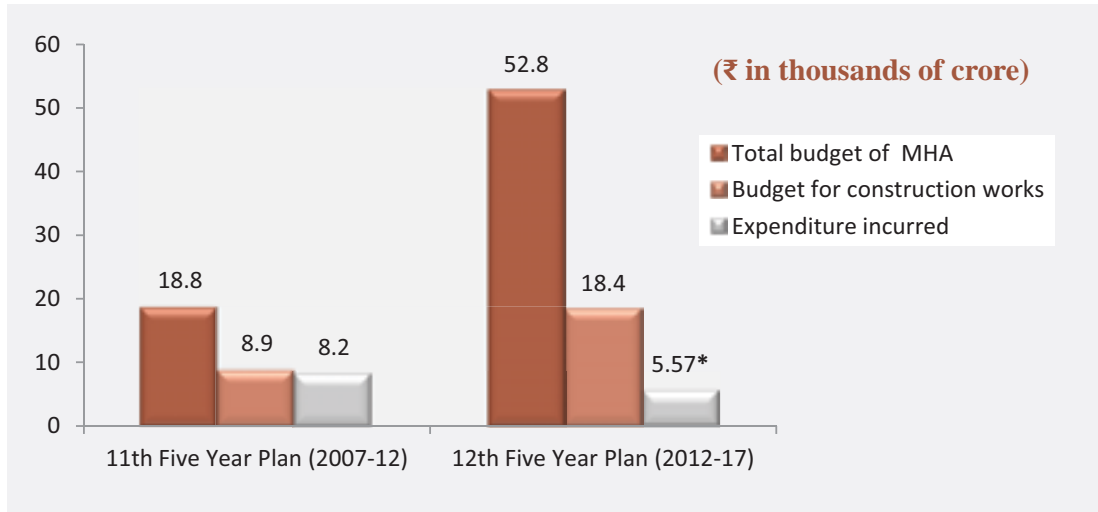
MHA decides to raise battalions of the border guarding forces and NSG after analysis of security requirements and inputs received from various security and intelligence agencies. For other CAPFs except CISF, MHA from time to time reviews the strength and accordingly increases the number of units like battalion, sector, frontier offices etc. as per their administrative requirements. Units in CISF are raised according to the security requirements of establishments like PSUs etc., for which MHA decides to deploy CISF units. The construction of office buildings and residential buildings is required as and when battalions and other offices are sanctioned by MHA. During the period 2008-09 to 2013-14, MHA sanctioned the establishment of the following units in CAPFs:

Table-2.1: Details of sanctioned and raising of units in CAPFs during audit period

Name of Force	IG office		DIG office		Battalions	
	Sanctioned	Raised	Sanctioned	Raised	Sanctioned	Raised
AR	1	1	3	3	5	5
BSF	3	3	7	7	29	29
CISF	0	0	0	0	4	0
CRPF	6	6	4	4	31	31
ITBP	1	1	4	4	16	16
NSG	4 Hubs	4 Hubs	NA	NA	NA	NA
SSB	3	2	9	7	32	26
TOTAL	14+(4 Hubs)	13+(4 Hubs)	27	25	117	107

From the inputs described above, forces prepare a perspective five year construction plan. After the approval of Director General (DG) of each CAPF, these are forwarded to MHA. These plans are the blue print based on which budgetary requirement for each year is prepared by CAPFs. 12th five year plan activities were submitted by forces to MHA in 2011-12. Till 2010-11, MHA allocated the budget for construction activities to CAPFs both under Plan and Non Plan heads. However, from 2011-12, MHA started allocating the budget for construction activities to CAPFs under Plan head only. The status of 11th and 12th five year plan is as depicted below:

Chart-2.1: Budget and Expenditure of construction works during 11th and 12th Five Year plan



(*12th Five year plan-Expenditure figure shown up to 2013-14)

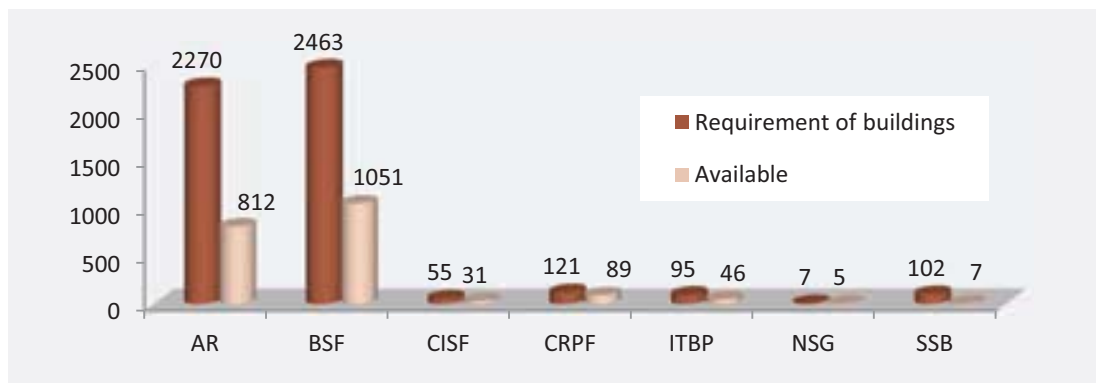
Audit noticed that there was a laid down system for planned development of buildings and other allied infrastructures of CAPFs. All CAPFs prepared five year plans for construction activities and adhered to them during the audit period of 2008-09 to 2013-14.

2.2 REQUIREMENT AND AVAILABILITY OF OFFICE & RESIDENTIAL BUILDINGS

The need for offices and residential buildings is assessed by the Engineering Wing of CAPFs based on inputs from field or as decided by MHA for new units. This is based on the sanctioned strength and space requirement for offices and houses. Audit analyzed the data received from CAPFs and MHA as on 31 March 2014 on requirement and availability of office and residential buildings as explained in the succeeding paragraphs.

2.2.1 Requirement and availability of Office Buildings

Chart-2.2: Position of office buildings in CAPFs

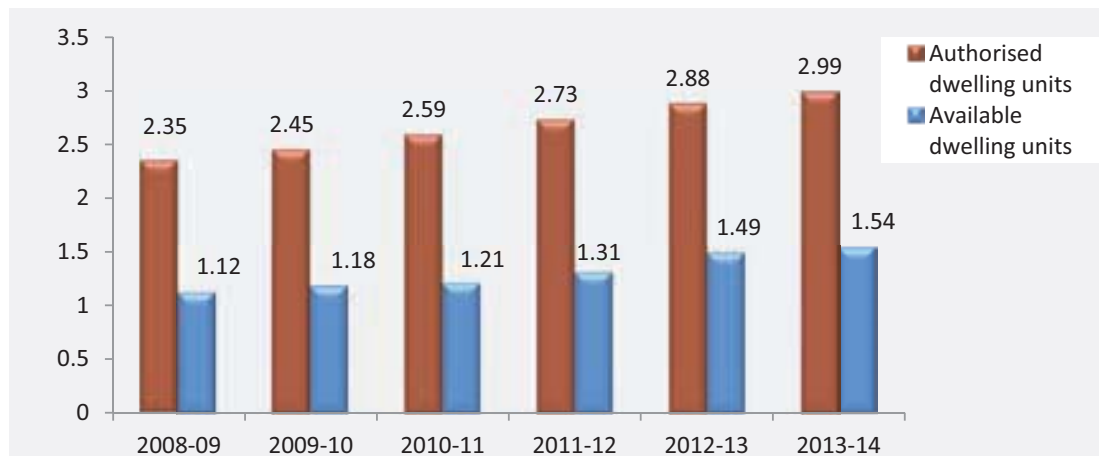


This data forms the basis for planning the construction activities in CAPFs, which translates into five year plans and annual budgetary requirements. It was noticed that against the requirement of 5113 office buildings, only 2041 were available. There was a large gap in requirement and availability of office buildings in CAPFs which is evident from the position stated above as on March 2014. Audit felt that MHA while sanctioning the raising of units and battalions did not link adequate sanctions for the construction of office and residential buildings. The deficiency, which was most pronounced in the case of SSB in providing proper office buildings and working environment may hamper the working of the forces.

2.2.2 Requirement and availability of Residential Buildings

The provision of housing facilities to CAPF personnel has an important bearing on the morale of the force as they work for long hours in far flung areas and stay in tents and barracks. The year-wise authorized and available dwelling units of CAPFs during the period 2008-09 to 2013-14 were as under:

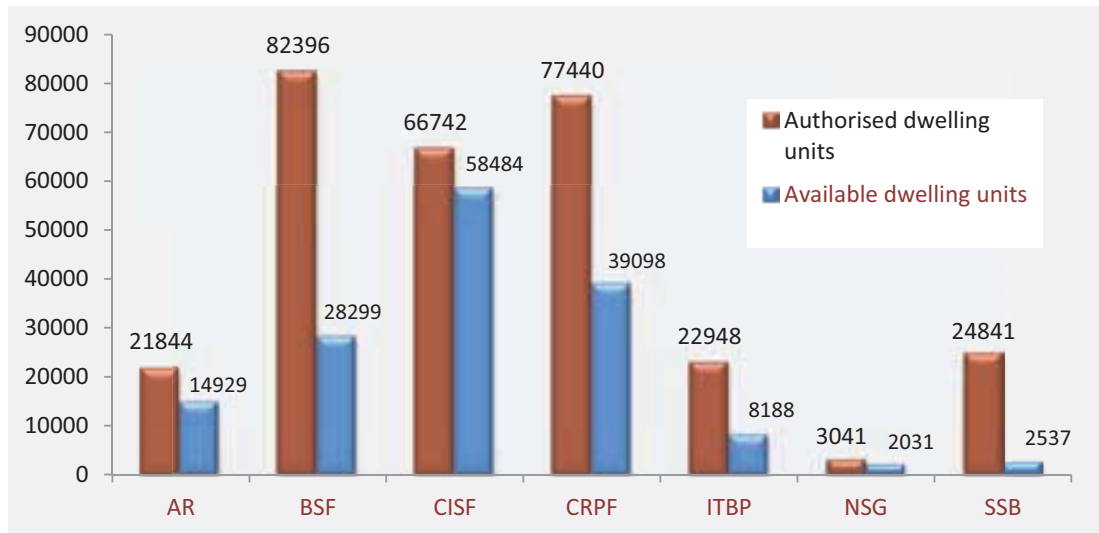
Chart-2.3: Year-wise authorized and available dwelling units for CAPFs (in lakh)



It was evident from above that authorized dwelling units of CAPFs increased from 2.35 lakh to 2.99 lakh during 2008-09 to 2013-14, but available dwelling units for CAPFs increased only from 1.12 lakh to 1.54 lakh during the above period. There was a short fall in dwelling units for CAPFs ranging between 1.23 lakh to 1.45 lakh showing no synchronization between authorization and availability of dwelling units for CAPFs.

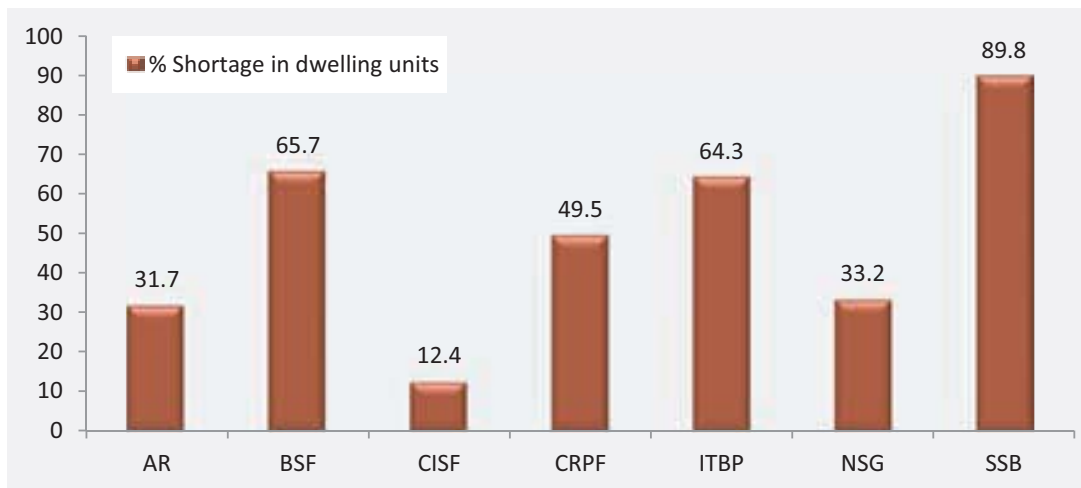
The force-wise status of authorization and availability of residential accommodation during 2013-14 was as depicted below:

Chart-2.4: Force-wise position of authorised & available dwelling units



Force-wise position of authorized vis-à-vis available dwelling units for CAPFs personnel as on March 2014 reflects huge gap, especially for SSB, BSF and ITBP, being more than 50 per cent.

Chart-2.5: Shortage of dwelling units in per cent



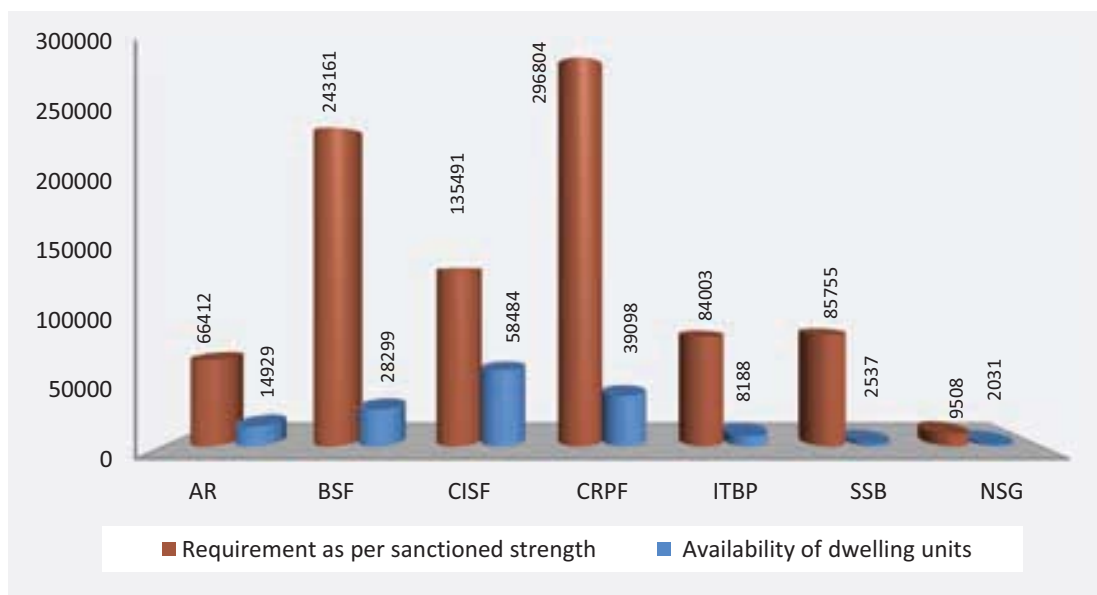
The minimum shortfall of 12.4 per cent was in case of CISF as accommodation for CISF units deployed in Public Sector Units (PSUs) was to be provided by the client Public Sector Undertakings (PSUs). The above position indicated that MHA was not able to provide even the authorized residential accommodation (i.e. sanctioned by the MHA) to CAPFs personnel.

2.2.2.1 Housing satisfaction level in CAPFs

The satisfaction level in respect of sanctioned strength and available dwelling units for CAPFs up to 2010-11 was 14 per cent. The Group of Ministers on Reforming the National Security System recommended enhancement of the satisfaction level from 14 percent to 25 percent for other ranks in CAPFs during 2010-11.

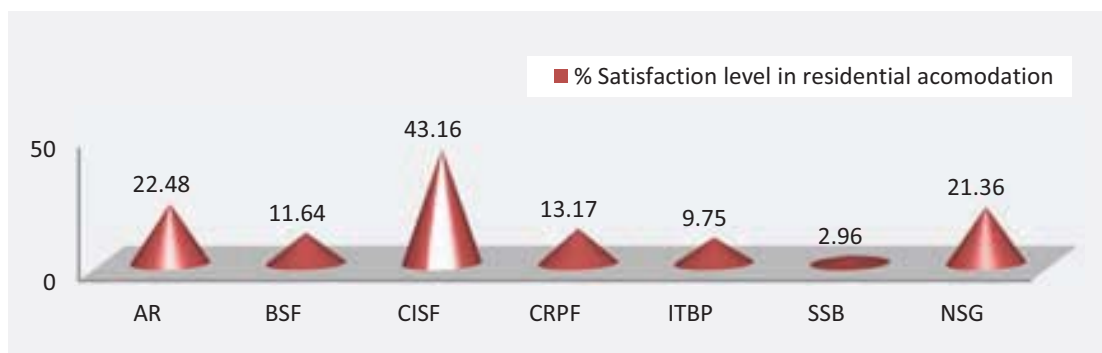
Audit examination of records of MHA revealed that the satisfaction level in CAPFs was worked out by MHA on the basis of sanctioned strength and availability of dwelling units in each force. The status of force-wise requirement as per sanctioned strength and availability of residential accommodation during 2013-14 was as follows:

Chart-2.6: Force wise position of requirement and availability of dwelling units



On the basis of requirement as per sanctioned strength and available dwelling units in each force, satisfaction level as on March 2014 was worked out and shown below:

Chart-2.7: Satisfaction level of residential accommodation in CAPFs



* The above data pertains to forces as a whole without distinction between officers and other ranks.

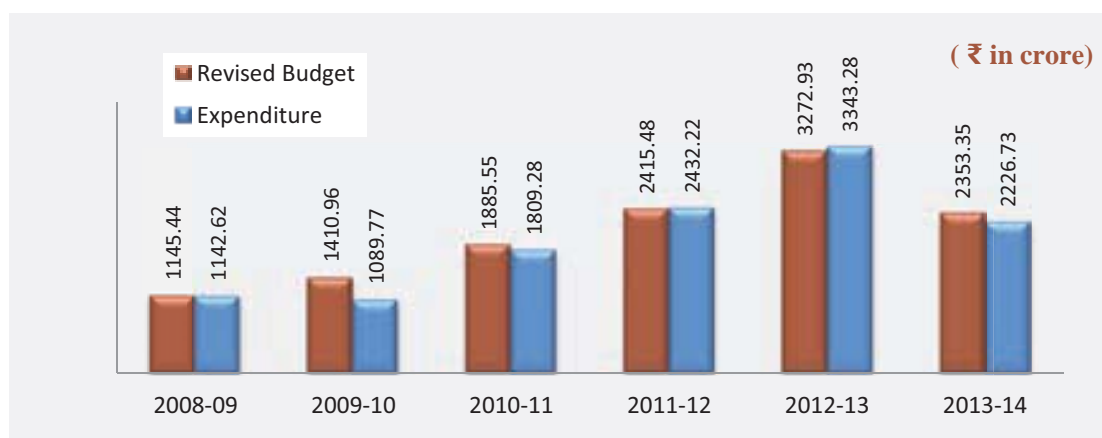
Audit noticed that the satisfaction level in providing residential accommodation in CAPFs was low, ranging between 2.96 per cent and 22.48 per cent as on March 2014. The satisfaction level in AR and NSG was high, while in CISF it was the highest. This was due to the fact that accommodation for CISF units deployed in Public Sector Units (PSUs) was to be provided by them and PSUs were generally able to provide accommodation. It was noticed that for non-PSU units of CISF, satisfaction level was 13.61 per cent as for these units responsibility to provide accommodation rests with CISF and MHA. In remaining forces, the position of satisfaction level was low. The details were not available in MHA to verify the satisfaction level in other ranks as recommended by Group of Ministers as the data was maintained without any distinction between officers and other ranks.

Thus, it was evident that the available dwelling units vis-à-vis authorised dwelling units did not keep pace with the increase in sanctioned strength of CAPFs.

2.3 BUDGETING

MHA compiles the total requirement of all the forces and then submits it to the Ministry of Finance which allots the budget to MHA, which in turn distributes it among CAPFs according to availability. CAPFs thus prioritize the works as per availability of budget with them. The force wise budget and expenditure under major works during 2008-09 to 2013-14 is placed at **Annex-1.1**. The year wise details of budget and expenditure of major works during audit period are as follows:

Chart-2.8: Details of Revised Budget and Expenditure for Major Works including land acquisition cases



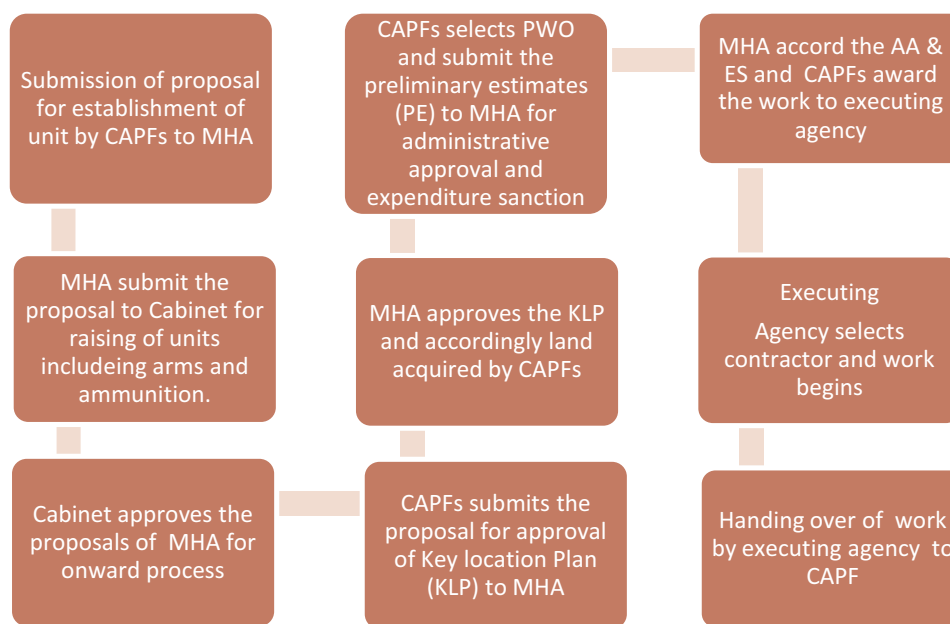
The above expenditure was incurred by CAPFs during 2008-09 to 2013-14 mainly for land acquisition and construction activities. The total expenditure on major works including land acquisition cases by CAPFs for the period 2008-09 to 2013-14 was ₹ 12043.90 crore. When there were budgetary constraints, forces allocated the available resources to most important tasks. Audit noticed that the difference between requirement

and allocated budget was the result of a general cut imposed by Ministry of Finance across the board.

2.4 APPROVAL PROCESS FOR CONSTRUCTION ACTIVITIES

The process of construction works for new establishments starts from approval of battalions/sector offices as detailed below:

Chart-2.9: Details of approval process for construction activities



2.5 SELECTION OF EXECUTING AGENCY

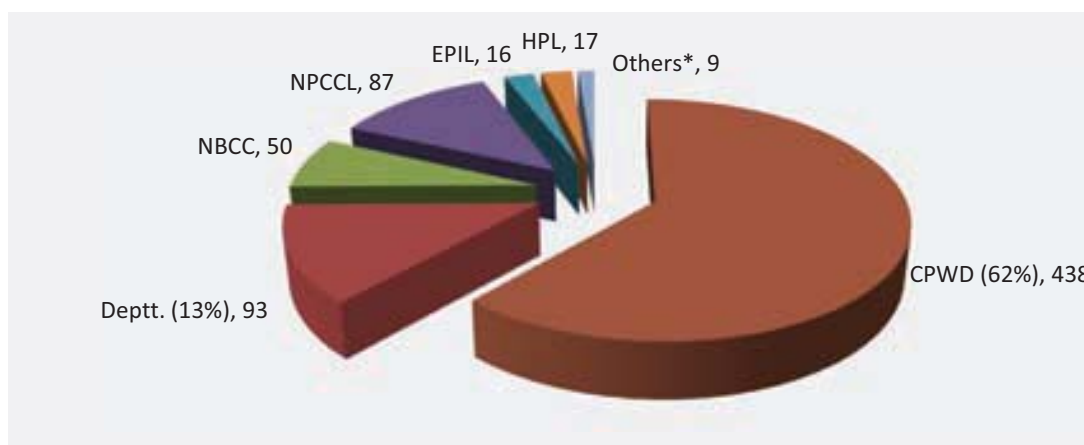
After necessary approvals, the process of construction works starts with the selection of the executing agency. The executing agency prepares the preliminary estimates based on which administrative approval and expenditure sanction are issued by the competent authority. After receipt of administrative approval by CAPF, executing agencies award the work to eligible contractors through tendering process and get the work done from them.

Rule 126 (2) of GFR states that a Ministry or Department may at its discretion assign original works of any value to any Public Works Organisation, such as Central Public Works Department (CPWD), State Public Works Divisions or other Central Government Organisations authorized to carry out civil or electrical works such as the Military Engineering Service (MES), Border Roads Organisations (BRO), Public Sector Undertakings or any other Central / State Govt. organization / PSU which may be notified by the Ministry of Urban Development after evaluation of their financial strength and technical competence. Rule 126 (3) states that a Ministry or Department may also

execute works through a well reputed and technically competent organization, other than PWOs as defined in Rule 126(2), after consultation with Ministry of Urban Development.

Out of 710 construction works sampled for audit, executing agency-wise selection of works are depicted below:

Chart-2.10: Executing Agency wise selected works



Others*: DMRC-1, JKPCC-1, ECB-1, UPJN-6

Audit scrutiny of records revealed that CPWD was selected as the executing agency as a matter of routine, being a government agency. Other PWOs, when chosen, were selected on nomination basis. No reasons or selection criteria were found on record in respect of selection of these executing agencies except in case of Assam Rifles (AR) which awarded all their works to PWOs other than CPWD. While awarding the works to these PWOs, the main reason quoted by AR was, delay in completion of works by CPWD which resulted in cost escalation.

Audit view is that the present system of over-riding dependence on CPWD and usage of their schedule of rates even by non-CPWD executing agencies, as an immutable starting point, was not conducive to efficiency. Unless motivated by strategic concerns, there was no reason why a more competitive environment could not be created for getting best value for public money. The government should consider infusing some competition amongst PWOs through suitable administrative changes, instead of awarding work on a purely nomination basis.

MHA accepted (July 2015) the observation by stating that GFR 126(2) *inter-alia* provides that Ministry or Department may, at its discretion, assign works to any Public Works Organization, such as CPWD, State Public Works Divisions, other Central Government Organizations authorized to carry out civil or electrical works. It further stated that the Ministry is examining the matter of awarding the work to GFR qualified PWOs/PSUs to further streamline the process of their selection.

2.5.1 Expenditure by Executing Agency

CAPFs give authorization to CPWD after the administrative approval and expenditure sanction for the construction work. Authorisations are given as per requirement submitted by CPWD to the CAPFs. It was noticed that all CAPFs were not following a similar pattern in giving funds to CPWD. CAPFs except CRPF, while giving funds to CPWD did not enquire about work wise requirements. In the absence of this, details of the expenditure incurred and saving, if any, on a particular work was not known to the CAPFs. However, CRPF adopted a different system which was much better than other forces.

GOOD PRACTICE

CRPF, before giving authorization to CPWD, checked the status of works and their work wise requirements for the following year. On the basis of work-wise requirements, CRPF allotted the funds and accordingly received work-wise expenditure statements from CPWD at the end of the year, leading to a better budgeting and fund management.

RECOMMENDATION:

MHA/Government may consider revamping the system in vogue for selection of PWOs to infuse competition among PWOs to reduce the cost of construction and improve quality and performance.



2.5.2 Overarching control and responsibility centers

MHA being the nodal Ministry is responsible for overall monitoring to ensure that the budget allotted was expended economically and efficiently in a timely manner for the purpose for which it was sanctioned. MHA through concerned CAPFs monitors the delayed works through monitoring meetings with CPWD and PWOs. It was found that execution of works was mainly taken to be the responsibility of executing agencies. CAPFs were not involved during the execution of the works. This was more pronounced in the works executed by CPWD. In respect of works executed through PWOs other than CPWD also, monitoring by CAPFs was minimal and perfunctory. The only monitoring was the checking of bills submitted by executing agency for calculation mistakes. Monitoring mechanism has been discussed in detail in **Chapter-VI**.

2.6 CONCLUSION

It was seen that the requirement of the forces, both for office and residential accommodation, was not addressed fully. Selection of executing agency for construction works was not based on any criteria and competition was lacking amongst the executing agencies. The present system of over-riding dependence on CPWD and usage of their schedule of rates even by non-CPWD executing agencies, as an immutable starting point, was not conducive to efficiency. The government should consider infusing some competition amongst PWOs through suitable administrative changes, instead of awarding work on a purely nomination basis. The near absence of supervision of works by the CAPFs did not reflect a healthy picture and the absence of engineering wing was not a valid excuse. The budgetary system, though in position, also needed improvement, especially in the area of release of payments.