

## CHAPTER-V : BORDER ROADS ORGANISATION

### 5.1 Avoidable extra expenditure

**Failure of Director General, Border Roads in accepting tenders within the validity period and inadequacies in tender documents resulted in retendering and avoidable extra expenditure of ₹6.47 crore.**

Mention was made in paragraph 5.1 of the Report No 16 of the Comptroller and Auditor General for the year ended March 2011, about the delays leading to failure in finalisation of the tenders within the validity period, which resulted in extra expenditure to the State. In their Action taken note (ATN) the Ministry admitted (March 2013) that the 60 days validity period for the cases requiring approval of Director General of Border Roads (DGBR)/Additional DGBR in consultation with the Integrated Financial Advisor (IFA) was less and stated that as a remedial measure instructions have been issued to keep the validity of such tenders to 120 days.

Notwithstanding the enhanced validity of the tenders, Audit observed that in two cases the contracts could not be concluded by the Chief Engineer (Project) in the first call, which eventually resulted in retendering and an avoidable expenditure of ₹6.47 crore as discussed below:

#### Case-I : CE (P) Swastik

The DGBR invited bids for a river bridge in October 2014 with validity of 120 days from the date of opening of tenders. Technical (T)-bids were opened on 27 October 2014 and price bids were opened on 24 December 2014. Lowest (L-1) quote of M/s D2S Infrastructure (P) Ltd for ₹24.30 crore was valid till 23 April 2015. As L-1 quote exceeded 10 *per cent* of the administrative approval (AA) amount of ₹ 19.32 crore, the DGBR referred (18 February 2015) the case to IFA, who returned the case to the DGBR on 11 March 2015 with observations stating that since the case was under deliberations, extension of validity might be taken up with the L-1 firm for appropriate period. Further, on the DGBR solicitation (07 April 2015), the firm agreed (04 May 2015) to extend the offer till 15 July 2015 with additional financial implication of ₹2.88 crore. The DGBR decided (04 June 2015) to re-tender the case in view of conditional offer of the firm. In pursuance of the re-tender (09 June 2015), CE (P) Swastik concluded (December 2015) the contract with M/s Anuj Infraprojects Pvt. Ltd (L-1) for ₹29.40 crore.

Audit observed (August 2016) that lackadaisical approach of the DGBR and the IFA within validity of the L-1 offer of M/s D2S Infrastructure (P) Ltd for

₹24.30 crore resulted in re-tendering and consequent extra expenditure of ₹5.10<sup>20</sup> crore.

In reply (August 2016), HQ DGBR attributed the delays to the IFA, whose response to the Audit observation was awaited (January 2017).

The reply was not acceptable as apart from the IFA, there was delay in processing at HQ DGBR resulting in lapse of the offer and extra expenditure of ₹ 5.10 crore, which was avoidable.

### **Case– II: CE (P) Sampark**

The CE (P) invited tenders on 12 January 2015 for surfacing works on road. In pursuance, M/s New Jehlum construction Coy was found lowest at ₹12.02 crore with validity for 120 days i.e. up to 28 June 2015. Since the L-1 quote exceeded ₹10.00 crore, CE (P) forwarded the case to HQ DGBR on 11 March 2015 for approval mentioning that the rates achieved were reasonable. The DGBR and IFA raised observations between 18 March and 16 June 2015, which were replied to by the CE (P) by 23 June 2015. As the DGBR did not accord approval up to 28 June 2015 i.e. within validity of the tender, the firm was approached by the CE (P) to extend the validity for one month, but the same was refused.

Consequent to retendering (8 July 2015), a contract was concluded by CE (P) on 16 November 2015 with M/s Jai Lakshmi Stone Crusher for ₹13.39 crore which was higher by ₹1.37 crore than the rate achieved in first call.

CE (P) Sampark replied (December 2015) that tender in first call was not accepted by the DGBR probably due to high rates. The reply is not convincing as the DGBR did not record about high rate achieved in first call. Moreover, while forwarding the case on 11 March 2015 for approval of the DGBR, CE (P) Sampark had justified the reasonability of rates.

Thus, both cases taken together resulted in avoidable extra expenditure of ₹6.47 crore.

The matter was referred to the Ministry in September 2016; their reply was awaited (January 2017).

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<sup>20</sup> ₹29.40 crore – ₹24.30 crore = ₹5.10 crore