

Chapter IV: Municipal Services

Delhi Jal Board

4.1 Avoidable Expenditure

DJB failed to specify the consultancy charges to be recovered towards appointment of consultants in the tender documents and price schedule in award of a work which led to avoidable expenditure of Rs. 44.29 lakh.

The Government of India Decision under Rule 12 of GFR provides that terms of a contract must be precise and definite leaving no room for ambiguity or misconstruction at a later stage.

Delhi Jal Board (DJB) (erstwhile Delhi Water Supply & Sewage Disposal Undertaking) invited tenders in August 1994 for consultancy work for the construction of Sewage Treatment Plants (STPs) and Sewage Pumping Stations (SPSs) in Delhi. The work of providing consultancy services was awarded to M/s. Tata Consulting Engineers (TCE) in November 1994 at a flat rate of 1.75 per cent of the actual constructed civil/mechanical and electrical costs of the projects. The amount was payable at defined stages of completion of work agreed upon by making recoveries from the running account bills of the civil contractor.

In February 1995, the work of design and construction of 10 MGD¹ STP at Kondli was awarded to M/s. Hydraulic & General Engineers now M/s. Batliboi Environmental Engineers Limited (BEEL) at a cost of Rs.12.17 crore.

Scrutiny of the tender documents and records relating to the civil works revealed that DJB failed to specify the consultancy charges which were to be charged from the contractor for civil/mechanical and electrical work in the price schedule signed with the contractor. The relevant column was left blank. Consultancy charges was mentioned only at the final stage of the award letter vide Clause 12 which stipulated that consultancy charges @ 1.75 per cent of actual cost of the project payable to M/s. TCE would be recovered from the running account bills of the firm. The authorised signatory of the firm had in fact signed the agreement on 5 May 1995 protesting clause 12 of

¹ Million Gallons per day

the work order stating that he reserved the right to take recourse to arbitration against the above clause in due course of time.

DJB recovered Rs.21.54 lakh as consultancy charges from the running account bills of M/s. BEEL till March 2003, but the firm contested the recovery and sought appointment of an arbitrator claiming refund of the amount alongwith 18 per cent interest per annum. The Chief Executive Officer, DJB appointed an arbitrator in August 2001 who awarded in favour of BEEL on the ground that the consultancy charges had not been specified in the price schedule either at time of opening of price bid on 16 December 1994 or while conducting negotiations. Hence, the consultant charges should be borne by the Board who had appointed the consultants. The arbitrator ordered that the recovered amount should be refunded within a month. As DJB failed to make the payment in time, it had to pay Rs. 22.63 lakh as interest upto 6 August 2003 in addition to the arbitration charges Rs. 0.12 lakh in September 2003.

Thus, failure of the DJB to mention the consultancy charge of 1.75 percent in the specified column of the price schedule led to avoidable payment of Rs. 44.29 lakh.

While accepting the audit observations, Government stated in September 2005, that the Delhi Jal Board has initiated proceedings for fixing of responsibility.

4.2 Unfruitful expenditure and blocking of funds

Failure of the DJB to properly plan, co-ordinate and execute a work of laying of a sewer line resulted in expenditure of Rs. 39.25 lakh being rendered unfruitful and blocking of Rs. 93.76 lakh paid as road restoration charges to the DDA for over three years as the sewer line remained incomplete.

Para 4.21 of the CPWD Manual Volume II stipulates that no tender notices should be issued unless all tender documents including complete set of architectural and structural drawings and site free from encroachment and hindrances are available. Para 15.2.1.3 of the Manual *ibid* further stipulates that the approval of local bodies as may be necessary should be obtained before approval of NIT.

The Executive Engineer (Construction Drainage XIV) Delhi Jal Board (DJB) awarded in May 2002 a work of providing and laying of pipes at Dabri Road

trunk sewer to a contractor at the tendered amount of Rs. 1.89 crore against the total cost of Rs. 2.07 crore. The construction was to commence from 25 May 2002 and be completed within 18 months viz by 24 November 2003. The trunk sewer was intended to convey the sewage from certain unauthorized regularized colonies in Najafgarh zone to the sewage treatment plant of the Delhi Jal Board at Pankalan.

As the proposed sewer line had to cross a road between Pankha Road and Dwarka Chowk, it was mandatory to obtain the permission of the Delhi Development Authority (DDA) and the Delhi Traffic Police. DJB, however, approached the DDA and the Delhi Police for the requisite permissions only in January 2002 viz. well after the issue of the NIT in October 2001 instead of before issue of the NIT as contemplated in the codal provisions.

DJB was to deposit the road restoration charges to DDA before the start of the work in terms of the orders of the Lieutenant Governor who had decided in September 2001 that all road restoration works, which were earlier to be executed by the contractors, should be entrusted to the road maintenance agency, namely DDA in this case. DJB paid the road restoration charges of Rs. 93.76 lakh only in December 2002 after a delay of eight months.

DDA granted permission for the road cutting in January 2003. DJB started the work in April 2003. Subsequently, DDA withdrew the permission in June 2003 as the work of the Metro was since underway.

Delhi Police also declined (May 2002) to grant permission as work on the Metro had since started on the Najafgarh road and they informed that permission could be granted only after the Metro work was completed.

A scrutiny of the hindrance register indicated that the contractor had not started the work for 333 days from May 2002 to April 2003. He had stopped the work for 95 days due to onset of the monsoon between 12 June 2003 and 15 September 2003. The work was subsequently stopped in October 2004 after completion of only 29 per cent of the work and payment of Rs. 39.25 lakh to the contractor. The work remained incomplete as of June 2005.

Despite the delay in start of the work by the contractor and the slow pace even in the unhindered reaches, the DJB took no meaningful action till December 2003 when it issued a show cause notice to the contractor as to why action should not be taken against him in accordance with the terms of the contract. However, no further action was thereafter taken against the contractor.

DJB had thus failed to adhere to the codal provisions in ensuring necessary permissions of local bodies and making available hindrance free site before approval of NIT. There were gross delays and lack of co-ordination on the

part of DJB in approaching the DDA and the Delhi Police for the permissions as well as in deposit of the road restoration charges. The Board also failed to enforce the contractual provisions relating to timely completion of work so as to ensure that the work was progressed in accordance with the stipulated time frame.

Government stated in September 2005 that while it was accepted that the codal provisions should be followed, it was not always possible to issue work order only after complete free site was available. It added that there was no undue delay on part of DJB nor had the Board failed to enforce contractual provisions.

The reply is not tenable as DJB should have initiated action to obtain permission from DDA and Delhi Police before issue of NIT itself rather than much later. Moreover, it failed to take action when there was delay in progress of the work even in the unhindered stretches

Thus, failure of the DJB to properly co-ordinate and execute the work resulted in expenditure of Rs. 39.25 lakh being rendered unfruitful and blocking of Rs. 93.76 lakh paid as road restoration charges to the DDA for over three years as the sewer line remained incomplete. In the meantime, the untreated sewage continued to outfall into the river Yamuna contributing to its pollution load.