

No. G-20/1/2017-GA  
Government of India  
Ministry Jal Shakti  
Department of Water Resources, RD and GR  
(General Administration)  
\*\*\*\*\*

Shram Shakti Bhawan, Rafi Marg, New Delhi  
Dated 30.03.2021

Subject: Forwarding of Audit Notes received from visiting audit party of O/o Principal Director of Audit for FY 2019-20.

Please find enclosed the **Audit Note No. 9** dated 25.03.2021 received from visiting audit party of O/o Principal Director of Audit (Agriculture, Food and Water Resources) for FY 2019-20 regarding "".

2. It is requested that concerned officer(s) may be deputed to have one-to-one interaction with the Audit Party along with the draft reply to the observations to avoid any audit observation positively by 26.03.2021. The Audit Party is seated at Room No. 19A, Ground Floor, 'B' Wing, Shram Shakti Bhawan, Rafi Marg, New Delhi.

Encl: As above.

  
(S.B. Pandey)

Under Secretary to the Govt. of India  
Ph: 011-23738126

To

1. Section Officer (GA), DoWR, RD & GR, Shram Shakti Bhawan (S.No. 1-3, 5-7)
2. Drawing and Disbursing Officer (DDO), DoWR, RD & GR, Shastri Bhawan. (w.r.t. S.No. 4)

Copy to:

1. Chief Controller of Accounts, DoWR, RD & GR, Shastri Bhawan.
2. Deputy Secretary (Admn.), DoWR, RD & GR, Shram Shakti Bhawan





INDIAN AUDIT & ACCOUNTS DEPARTMENT  
Office of the Principal Director of Audit, (Agriculture, Food  
and Water Resources), New Delhi, at 8<sup>th</sup> and 9<sup>th</sup> floor,  
CAG Annexe building, 10 Bahadur Shah Zafar Marg,  
New Delhi - 110002



Dated: 25/03/2021

Audit Note - 9

**Sub: Irregularities in awarding the work of renovation of Rs. 454 lakh to M/s WAPCOS Ltd.**

During test checks of the civil works undertaken by the Ministry during 2019-20, it has been observed that the following major civil works were executed valuing Rs. 454 lakh.

Sl.No	Particulars of works	Work Cost including GST and WAPCOS commission
1	Renovation of Conference Hall	101.89 lakh
2	Renovation of 5 office rooms at Shastri Bhawan	186.39 lakh
3	Renovation of 7 office rooms at SSB	57.01 lakh
4	Complete renovation of Departmental Canteen	109.15 lakh
	<b>Total</b>	<b>454.00 lakh</b>

*Handwritten notes and signatures:*  
vsc/ab  
SAPTA  
25.3.21  
msm  
25/3

Audit observed that the above works were executed by the Ministry in contravention of CVC guidelines as detailed below:

**1. Awarding of works on nomination basis:**

As per CVC guidelines, in order to give wide publicity, to generate enough competition and to avoid favoritism, as far as possible, issue of Advertised/Global tender inquiries should be done through selected National Newspapers and in Indian Trade Journal. Issuing limited tender inquiry to select vendors, irrespective of the value of contract not only results in lack of competition but also favoritism to the select vendors. The main purpose of issuing Advertised/Global tender inquiry is to give wide publicity. However, it has been observed that for all the above works, no advertisement/global tenders inquiries were invited by the Ministry in any Newspaper and works of Rs. 454 lakh were directly awarded to M/s WAPCOS on nomination basis in contravention of CVC guidelines.

**2. Non execution of tender/bid document:**

All the important clauses need to be incorporated in the bidding documents so as to fully safeguard the interest of the Govt. and for evaluation of bids on equitable and fair basis and in a transparent manner. The important clauses relating to earnest money, delivery schedule,

payment terms, performance/warranty bank guarantee, pre-despatch inspection, arbitration, liquidated damages/penalty for the delayed supplies and risk, etc. are not being incorporated in the bid documents. All these clauses are important for safeguarding the interest of the Govt. and also have indirect financial implications in the evaluation of offers and execution of the contracts. However, for all the above works, no such bid documents were entered with M/s WAPCOS and only work order was issued containing time schedule for the completion of the work and amount of work including advances.

### 3. Payments of Interest free advances:

As per CVC guidelines circulated vide Office Memorandum No. NU/ 14 Central Vigilance Commission POL/19 dtd. 08.12.97, it has been brought out that payment of mobilization advance should be made only in cases of selected works and that the advance should be interest bearing so that the contractor does not draw undue benefit. The advance payments need to be generally discouraged except in specific cases. Wherever payment of advance is considered unavoidable, the same should be interest bearing as per CVC guidelines and be allowed after getting an acceptable bank guarantee for an equivalent amount with sufficient validity so as to fully protect the Govt. interest. The payment of interest free advance is in contravention of the guidelines issued by CVC. However, interest free advances of Rs. 161.71 lakh for all the four works were given to M/s WAPCOS in contravention of the CVC guidelines.

S. No	Particulars of works	Work Cost including GST and WAPCOS commission	Advance to WAPCOS (40%)
1	Renovation of Conference Hall	101.89 lakh	34.54 lakh
2	Renovation of 5 office rooms at Shastri Bhawan	186.39 lakh	63.18 lakh
3	Renovation of 7 office rooms at SSB	57.01 lakh	22.80 lakh
4	Complete renovation of Departmental Canteen	109.15 lakh	41.19 lakh
	<b>Total</b>	<b>454.00 lakh</b>	<b>161.71 lakh</b>

### 4. Non deduction of TDS from advance:

As per provisions of section 194C of the Income Tax Act, any person responsible for paying any sum to resident contractor for carrying out any work (including supply of labour) shall deduct TDS from payment to contractor and sub contractor, where advance payment are made of exceeding Rs. 30000. However, M/s WAPCOS was given four advances of Rs. 161.71 lakh for all the above four works without deducting TDS at the prescribed rate i.e. 2% in contravention of Income Tax Provisions.

**5. Non Receipt of Performance guarantee:**

As per CVC guidelines, in order to safeguard the Govt. interest, it would be appropriate to take reasonable amount of Performance Bank Guarantee valid upto warranty period for due performance of the contract. The validity of the Bank Guarantees needs to be carefully monitored and whenever extension in the delivery period is granted, the validity of Bank Guarantee should also be appropriately extended so as to protect the Govt. interest. The genuineness of the BGs should be checked from the issuing bank. However, no such performance bank guarantee was found on record and as such, favor was extended to M/s WAPCOS in this regard.

**6. Non-adherence of instructions of CPWD:**

The building of Sharam Shakti Bhavan pertains to CPWD and no approval or intimation in respect of the all above works brought under the notice of CPWD. The reasons for awarding the work to M/S WAPCOS instead of CPWD were not found on record.

**7. Lack of prudent decision:**

The Union Ministry of Housing and Urban Affairs proposed a Central Vista redevelopment project in 2019 and Ministry of Housing and Urban Affairs, Land and Development office, Nirman Bhavan has already informed to all the joint Secretary (Administration) of all Ministries/Department of GOI vide letter dated 30.10 2019 that GOI has decided to develop/redevelop Common Central Secretariat in the Central Vista Area and Consolidate all Ministries at one place. In view of the O.M. of M/o Housing and Urban Affairs dated 30.10.2019 mentioned above, existing buildings viz. Shastri Bhawan, Krishi Bhawan etc. are to be brought down/ demolished to develop the Common Central Secretariat. In such a scenario, the proposed renovation at Shastri Bhawan/SSB/Krishi Bhavan shall be of no use and would account to wasteful expenditure from the Government exchequer if the building gets demolished. Hence, proposal of expenditure of Rs. 454 lakh for all the above works should have been approved by taking into account these facts.

Facts and figures may please be confirmed and comment if any may please be offered.

  
**Sr. Audit Officer**

To  
The Deputy Secretary/Under Secretary (G. Admn),  
Department of Water Resources,  
River Development and Ganga Rejuvenation,  
Sharam Shakti Bhawan,  
New Delhi.