

No. Z-28016/11/2012-SSH
GOVERNMENT OF INDIA
Ministry of Health and Family Welfare
PMSSY Division

Nirman Bhawan,
Maulana Azad Road,
New Delhi -110108.
Dated: 20 May 2013

ORDER

Subject: Constitution of Empowered Review Committee in Project Cells of 6 new AIIMS being set up under PMSSY at Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh for variation / deviation/ substitution / extra items in Works Contracts of Packages.

1. Whereas in each of the six new All India Institutes of Medical Sciences (AIIMS) being set up under the Central Sector Plan scheme, Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), at Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh, separate contracts for building infrastructure works have been awarded in four packages (totalling twenty four contract packages), namely, Construction of Medical College & Hostel Complex, Hospital Complex, Electrical Services and Estate Services;
2. Whereas each of the six new AIIMS now has a team of senior functionaries across different disciplines such as finance, engineering etc. working under the leadership of the Director at local Institute level;
3. Whereas the Project Monitoring Committee in its 38th meeting had deliberated upon the issue of deviations/ variations/ substitutions in case of the building infrastructure works contracts / packages;
4. Whereas timely disposal of deviations/ variations/ substitutions in case of the building infrastructure works contracts / packages has not yet taken place due to a variety of reasons including non-submission of complete information/documents by Project sites;
5. Whereas the CPWD Works Manual 2012 as well as the GFR 2005 provide for authority to approve / sanction deviations/ variations/ substitutions in case of the building infrastructure works contracts / packages at each new six AIIMS Project sites;



6. Whereas execution of the work contracts need to be expedited keeping in view the urgent requirements of patient care, medical education, nursing education, research etc., at each of the new AIIMS locations;
7. Whereas there is a need for delegation of financial powers to each new AIIMS site level to accord in-principle approval/sanction for Extra/ Substituted items and deviations in agreement quantities beyond powers delegated to SE AIIMS;
8. Now, therefore, with the concurrence of IFD and the approval of Hon'ble Minister in Charge Health and Family Welfare, Government of India, Empowered Review Committees (ERC) at each of the Project sites of six new AIIMS under the Chairmanship of the respective Director, AIIMS, with the following composition, is hereby constituted with immediate effect, to handle cases which are beyond the delegated financial powers of SE, AIIMS:

Director	Chairman
Deputy Director Administration	Member
Financial Advisor	Member
Superintending Engineer	Member Secretary
Executive Engineer/ Sr Engineer (Civil)	Member
Executive Engineer/ Sr Engineer (Elect)	Member

9. Each ERC is hereby delegated powers to perform the following functions in relation to deviations/ variations/ substitutions in case of the building infrastructure works contracts / packages at the new AIIMS Project site:

9.1 Review and consideration of proposals, if any, of deviation items in contract agreements as proposed by SE, AIIMS at least once a fortnight. Consideration of the necessity of the proposal, technical reasons justifying the variations, and, such plus/minus deviations in quantities of agreements, taking strictly into conscious account, with due application of mind and reasoning, that such proposal does not allow undue benefit to contractor. While considering these proposals the ERC shall ensure that the proposal has the comments and recommendations of the Design & DPR Consultant and of the Project Consultant. The ERC shall also ensure that the SE has certified the correctness of variations in the quantities. The SE has to certify to the ERC that rates proposed in the variations items are reasonable prevailing market rates at the time of execution of the work and after taking into account trade discounts.

9.2 Review and consideration of proposals, if any, the addition/alterations proposed as extra/substituted items by the SE AIIMS at least once a fortnight and also, to ensure that these additions/alterations are absolutely necessary for functional

and/or technical requirements of the work. Consideration of the necessity of the proposal, technical reasons justifying the additions/alterations in the light of quantities of agreements, taking strictly into conscious account, with due application of mind and reasoning, that such proposal does not allow undue benefit to contractor. The ERC shall record in its review that the Design & DPR Consultant has considered all alternatives from the view point of economy and technical soundness, and has given his recommendation on the proposal. The ERC shall also ensure that the SE has certified the correctness of additions/alterations in the quantities. The SE has to certify the correctness of estimated /executed quantities of the item and that the rate proposed for the item has been worked out as per terms of the relevant work contract and that, if market rate is proposed, it is the reasonable market rate prevailing at the time of execution of the item and after taking into account trade discounts.

- 9.3 Monitoring of status of work at least once every fortnight and furnishing a report thereof, to the Ministry on the first day of the succeeding fortnight. The report shall highlight progress and important project execution related events of the previous fortnight.
- 9.4 Monitoring of expenditure of the project every month and to ensure that expenditure on the project is not allowed to exceed 10% of the sanctioned cost of the project without obtaining revised sanction of competent authority. A monthly report of expenditure on the project shall be furnished by the committee for record and reference of the Ministry.
- 9.5 The ERC shall ensure and record in the sanction/approval orders that in cases of items which were referred to the Ministry earlier, the observation of the Ministry have been considered before according approval/sanctions.
- 9.6 The ERC shall ensure that any in-fructuous expenditure resulting from any alterations/substitution of works already executed in the project is not allowed to exceed the write off powers delegated to Chief Engineer as provided in Appendix - 1 at S. No. 11 in CPWD Works Manual 2012 (Annex - 4).
- 9.7 The ERC shall follow the procedures as provided in Rule 132 of GFR 2005 and relevant contract provisions to sanction / accord approvals to the variations.
- 9.8 The ERC shall ensure that guidelines / instructions by the Central Vigilance Commission conveyed vide F.No. 006/VGL/ 29 Dtd 0.05.2006 (Circular No. 21/ 05/ 06) and OFF-1-CTE-1 Dtd. 05.02.2004 (O.M.-8/2/04) are followed in true letter and spirit. Copies of the Circulars are at Annexes 1 & 2.
- 9.9 The ERC shall follow the check list as kept at Annex-3.

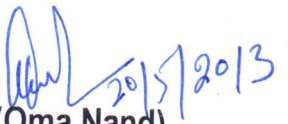
10. The ERC shall exercise the following financial powers:

10.1 Deviation items in the works contracts: Powers equivalent to the financial power delegated to the Chief Engineer in CPWD as provided in the Appendix – 1 at SI No. 34 in CPWD Works Manual 2012 (Annex - 4).

10.2 Accord of sanction to Extra/Substituted items in work contracts: Powers equivalent to the financial power delegated to the Chief Engineer in CPWD as provided in the Appendix – 1 at SI No. 33 in CPWD Works Manual 2012.(Annex - 4).

11. An original copy of each of the sanctions duly signed by the SE AIIMS (Engineer in Charge) shall be endorsed along with the approval note of the ERC, for record of the Ministry and appending the sanctioned variation order in the agreement of the work.

Enclosure: As Above


(Oma Nand)

Deputy Secretary to Government of India

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To:

1. Director - AIIMS, Bhopal/ Bhubaneswar/ Jodhpur/ Patna/ Raipur/ Rishikesh
2. Dy Director (Admn), AIIMS, Bhopal/ Bhubaneswar/ Jodhpur/ Patna/ Raipur/ Rishikesh
3. FA, AIIMS, Bhopal/ Bhubaneswar/ Jodhpur/ Patna/ Raipur/ Rishikesh
4. SE, AIIMS, Bhopal/ Bhubaneswar/ Jodhpur/ Patna/ Raipur/ Rishikesh
5. Executive Engineers, AIIMS, Bhopal/ Bhubaneswar/ Jodhpur/ Patna/ Raipur/ Rishikesh

Copy: CCA, MoHFW; PS to HFM; US, PMSSY Division- the original sanctions for deviations and variations shall be appended to the original contracts of the respective work packages; Head PMU to monitor regular filing of the review reports and sanctions by ERC; PH (Eng) PMSSY for n/a; AAO, PMSSY Division; PS to Secretary, HFW; PPS to AS & FA; PPS to AS&DG; PPS JS (PMSSY); PMSSY Section; Sr Tech Dir NIC with request to host on the website of MoHFW.

F.No.006/VGL/29
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi-110 023
Dated, the 1st May, 2006

Circular No.21/05/06

**Subject: Examination of Public Procurement (Works/Purchases/Services)
Contracts by CVOs.**

The Commission has been emphasising the need for close scrutiny by the CVO, of the Public Procurement (Works/ Purchases/Services) Contracts of his department/organisation concerned, to ensure that the laid down systems and procedures are followed, there is total transparency in the award of contracts, and there is no misuse of power in decision making.

2. A number of booklets have been issued by the Chief Technical Examiner organisation of the Commission, bringing out the common irregularities/ lapses noticed in different contracts. A Manual for Intensive Examination of Works/ Purchase Contracts and guidelines on tendering have also been issued. These are available in the Commission's website.
3. The need for CTE type examinations by the CVOs has been emphasised in the Zonal meetings. The CVOs are required to reflect their examinations in the monthly reports. The Commission reiterates the importance of such examinations by the CVOs, as an effective preventive vigilance measure.
4. For this purpose, the CVOs are required to be well conversant with their organisation's works / purchase manual. Wherever works/purchase manuals are non-existent, they should be got prepared, particularly, in those organisations which have substantial procurement activities. CVOs should also ensure that the manuals are updated from time to time. They should check and ensure that the field staff is well conversant with the extant provisions of the manuals, and the guidelines issued by the Commission/CVOs from time to time. CVOs should have a full and active participation during the CTE inspections to know about the problem areas in the organisation's procurement process.
5. CVOs must also familiarise themselves with the earlier CTE examination reports and ensure that the lapses previously noticed are not repeated. If lessons are not learnt from the past, there would be need to take a serious view of the repetition of lapses and initiate disciplinary proceedings against the officials found responsible for repetition of the lapses committed previously.
6. On the basis of the lapses noticed by the Chief Technical Examiner's Organisation over the years, a checklist has been prepared which could be used by the CVO while examining procurements contracts. The checklist may be seen in Annexure -1. If certain procurement contracts require an intensive examination by the CTEO, a reference may be made to them with adequate justification.
7. This may please be noted for strict compliance.

All Chief Vigilance Officers



Sd/-
(V.Kannan)
Director

Annexure-1

Check list for examination of Procurement (Works/ Purchases/ Services) Contracts by CVOs

A. Pre-Award Stage

1. Financial and Technical sanction of competent authority is available.
2. Adequate and wide publicity is given. Advertisement is posted on website and tender documents are available for downloading.
3. Convenient tender receiving/opening time and address of the tender receiving officials/tender box are properly notified.
4. In the case of limited tender, panel is prepared in a transparent manner clearly publishing the eligibility criteria. The panel is updated regularly.
5. Pre-qualification criteria are properly defined/ notified.
6. Short listed firms/consultants are fulfilling the eligibility criteria. There is no deviation from notified criteria during evaluation.
7. Experience certificates submitted have been duly verified.
8. Tenders/bids are opened in the presence of bidders.
9. Corrections/omissions/additions etc., in price bid are properly numbered and attested and accounted page -wise. Tender summary note/ Tender opening register is scrupulously maintained.
10. Conditions having financial implications are not altered after opening of the price bids.
11. In case of consultancy contracts (a) Upper ceiling limit is fixed for consultancy fee and (b) Separate rates for repetitive works are fixed.

B. Post-award stage

(a) General

1. Agreement is complete with all relevant papers such as pre-bid conference minutes, etc.
2. Agreement is page-numbered, signed and sealed properly.
3. Bank Guarantee is verified from issuing bank.



4. Insurance policies, labour licence, performance guarantee are taken as per contract.
5. Technical personnel are deployed as per contract.
6. Plant and equipment are deployed as per contract.
7. Action for levy of liquidated damages is taken in case of delay/default.

(b) Payments to contractors

1. Price escalation is paid only as per contract.
2. Retention Money/Security Deposit is deducted as per contract.
3. Recovery of Mobilisation & Equipment advance is made as per the provisions in the contract.
4. Recovery of I. Tax & Works Contract tax is made as per provisions in the contract.
5. Glaring deviations are supported with adequate justification and are not advantageous to the contractor.

(c) Site Records

1. Proper system of recording and compliance of the instructions issued to the contractors is maintained.
2. Proper record of hindrances is maintained for the purpose of timely removal of the hindrance and action for levy of liquidated damages.
3. Mandatory tests are carried out as per the frequency prescribed in the Agreement.



No.OFF-1-CTE-1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi - 110 023
Dated 5.02.2004.

OFFICE MEMORANDUM-8/2/04

Subject: Common irregularities in the award of contracts.

The CTE Organisation of the Central Vigilance Commission conducts independent intensive examinations of various types of works and contracts executed by the organisations under its purview. The lapses and deficiencies observed during the course of such examinations are brought to the notice of the CVOs, for suitable corrective action. With a view to prevent recurrence of such lapses and irregularities and for improving the systems and procedures in the organisations, a few booklets have also been issued by the CTEO. However, it is observed that certain common deficiencies and irregularities continue to plague the systems in a large number of organizations. Some of these noticed during recent inspections are enumerated as under:

- Appointments of consultants continue to be done in an arbitrary manner. At times two or even three consultants are appointed for a work with no clear cut and some times overlapping responsibilities. A PSU, in a recent case, in addition to the engineering and project management consultants appointed an inspection and expediting consultant with no well defined role for them.
- The tendency of over dependence on the consultants continues. All activities are left completely to the consultants. In a recent inspection of an Oil PSU, the tenders for a big work of about Rs.20 cores were issued on the basis of a single page estimate submitted by the consultants and the same was revised by the latter upwards by 20% after opening of price bids, in order to justify the quoted rates. A detailed and realistic estimate must be prepared before issue of tender.
- Some organisations prefer limited tendering system, restricting competition to their approved contractors. The selection of these contractors at times is arbitrary and due to lack of competition or cartel formation amongst such group of contractors, the contracts are awarded at high rates. These needs to be discouraged and the organizations must ensure that contracts are awarded on the basis of competitive bidding at reasonable rates.
- The works are awarded without preparing any market rate justification. The comparison at times is made with works which were awarded few years back. This procedure cannot be considered objective and appropriate for justifying the awarded rates. The justification should be based on realistic prevailing rates.

- In a recent inspection of oil PSU, it was noticed that revised price bids were asked from all the bidders, as rates were high vis-à-vis the estimate. This tantamounts to negotiations with firms other than L-1 and is a clear violation of CVC instruction in this regard. The negotiations should be an exception rather than a rule and should be conducted if required, only with the L-1 bidder.
- The organisations generally make provisions for a very small amount of say Rs.50000/- or Rs.1 lacs earnest money. This amount is grossly insufficient to safeguard the organization's interest in high rate tenders running into several crores of rupees. This needs to be revised to a sufficient amount.
- The post award amendments issued by the organisations, at times recommended by consultants, without into account the financial implications favour the contractors. Such post award deviations without financial adjustment are unwarranted and against the principles of competitive tendering.
- The tender documents and the agreement are maintained in loose condition, are not page numbered and not signed by both the parties. This is highly objectionable. In order to ensure that the agreements are enforceable in court of law, it is imperative that the agreements are well bound, page numbered, signed by both the parties and well secured. This shall also prevent any possibility of interpolation and tampering of documents.
- Loose & incomplete implementation of contract clauses pertaining to insurance, Workmen's Compensation Act, ESIC, Labour Licenses etc., has been noticed, which give undue financial benefit to the contractors.
- Time is the essence of any contract. It has been observed that at times the work is extended and even payments released without a valid extension to the agreement. This has legal implications and in case of disputes, may jeopardize the interest of the organisation. Timely extension to the contracts and BGs of any must be ensured.

In order to make contract management more transparent and professional, CVOs are requested to circulate this memorandum to the concerned officials in their organisations. The OM is also available in the Commission's website www.cvc.nic.in.

Sd/-
(M.P. Juneja)
Chief Technical Examiner

To
All CVOs of Ministries/ Departments/ PSUs/ Banks/ Insurance Cos./ Autonomous
Organizations/ Societies/ UTs.



Check list to be followed while examining/sanctioning variation cases:

- 1) Variations/ Deviations proposed are absolutely essential.
- 2) The proposed variation cannot be executed through other Agency and in connectivity to other items of work & exigencies.
- 3) The variations/deviations have been ordered in writing to the contractor by the Superintending Engineer under his signatures.
- 4) Special care has been taken by the Engineer-in-charge to check substitution of items quoted at lower rates than the market rate prevailing at the time of execution of the work and no substitution of an agreement low quoted item is allowed to give undue benefit to the contractor.
- 5) In respect of market rates adopted to decide the item rate of an Extra item, Substituted item or in respect of an agreement item required to be executed beyond deviation limits of the contract, the SE (E-in-C) has certified that market rate adopted are the reasonable prevailing market rates and trade discounts have been considered on MRP around the time of execution of the item of the work.
- 6) The execution of variation does not lead to undue benefit to the contractor.
- 7) The variation statements are prepared in the prescribed format circulated by Ministry Vide No Z-28016/12/2012-SSH dated 29-03-2012.





GOVERNMENT OF INDIA

CENTRAL PUBLIC WORKS DEPARTMENT

CPWD WORKS MANUAL

2012



Published under the Authority of Director General, CPWD, New Delhi

9	Accord of sanction to expenditure on ceremonies connected with laying of foundation stone and opening of public buildings	CE	2,500	DGW/Acctt./7 dt. 11.1.88 & DGW/Acctt. 1 dt. 27.1.87 (Sl. No. 6) & CE/Acctt. 589 dt. 23.9.85 Sl. No. 19
		ADG	10,000	
10	To make advance payment to private firms/autonomous bodies for chemical analysis and testing of materials	CE	65,000*	OM/MAN/186A
<p>* Notes: In each case out of project contingencies subject to the fulfillment of the following conditions:</p> <p>(i) Advance payments are made only in cases where it is considered absolutely necessary.</p> <p>(ii) Advance payments made on the basis of a valid expenditure sanction of the competent authority.</p> <p>(iii) The firm should be well established and has reputation for fair dealings.</p> <p>(iv) The officer drawing the money for making advance payment shall be responsible for its adjustment for which purpose he will send the detailed bills to the Accounts Officer within a period of one month from the date of drawl of the advance. If an advance cannot be adjusted within one month of the drawl, a detailed report should be sent to the component authority concerned.</p> <p>(v) The amount of advance shall be drawn on a simple receipt and accounted for under the final head to which the expenditure on service in question would be debited.</p>				
11	To write off infructuous expenditure on construction	SE/DOH	1% of contract value subject to ceiling of Rs. 7,500	CE/Acctt./575 dt. 21.5.84 (SI No. 19) & OM/MAN/231
		SE promoted on in situ basis	0.5% of contract value subject to ceiling of Rs.3,750	
		CE	1% of contract value subject to ceiling of Rs. 30,000	
12	(a) Grant of extension of time and rescheduling of mile stones	AE/AEE/ADH	Full powers in respect of contracts amounting up to his power to accord TS	OM/MAN/231
		EE/DDH	-do-	
		SE/DOH	Full Powers	
		SE promoted on in situ basis	Full powers in respect of contracts amounting up to his power to accord TS	
	(b) Levy of compensation	SE/DOH	Full Powers	

29	Powers to modify contract conditions	ADG	*15%	DGW/MAN/ 75 dt. 27.09.2001
		DG	**25%	
As per MAN/75: * Where financial implication is up to 15% of the contract amount. ** Where financial implication is up to 25% of the contract amount.				
30	Acceptance of tender conditions not in line with the standard conditions	DG	Full powers	DGW/Acctt./ 19 dated 3.7.92 No. 17013/ 1/91-EW-1 dt. 9.6.92
31	Purchase of Tools and Plants	CE	Full powers	OM/MAN/231
		SE	Up to 10 lac	
		SE promoted on in situ basis	Up to 7.5 lac	
		EE	Up to 5 lac	
32	To allow State PWD contractors to tender for the works of CPWD outside the State in which enlisted	ADG	Full powers	DGW/Acctt./1 dt. 27.1.1987 Sl. No. 2
33	Accord of sanction to extra /substituted items	AE/AEE/ADH	30% of contract amount or 30% of power to accord TS, whichever is lower	OM/MAN/175 & 231
		EE/DDH	30% of contract amount or 30% of power to accord TS, whichever is lower	
		SE/DOH	30% of contract value or equal to the power to accord technical sanction, whichever is lower.	
		SE promoted on in situ basis	30% of contract value or equal to the power to accord technical sanction, whichever is lower.	OM/MAN/231A
		CE	Full power	OM/MAN/175 & 231
34	Accord of sanction to deviation in quantities of agreement items	AE/AEE/ADH	10% of contract amount or 50% of power to accord TS, whichever is lower	OM/MAN/175 & 231

		EE/DDH	15% of contract amount or 50% of power to accord TS, whichever is lower	OM/MAN/175 & 231
		SE/DOH	30% of contract amount	
		SE promoted on in situ basis	15% of contract amount	
		CE	Full power	
<p>Note:</p> <ol style="list-style-type: none"> 1. Deviation means increase or decrease in quantities of agreement items. 2. Deviations upto $\pm 10\%$ of agreement quantity will not require any sanction. 3. Items deviating beyond $\pm 10\%$ of agreement quantity needs sanction for total deviation (including initial $\pm 10\%$) 4. The amount of a deviation statement shall be the sum of absolute value of deviated amounts of all individual items. 				
35	Purchase of Materials from open market through quotations or tenders or through DGS&D rate contracts Modified as per OM/MAN/186 & 231		Individual supply order	Annual ceiling
		AE/AEE/ADH	10% of powers to accord TS	Powers to accord TS
		EE/DDH	do	do
		SE/DOH	do	do
		SE promoted on in situ basis	do	do
		CE	10% of power to accept the tender under his own authority	Power to accept the tender under his own authority
		ADG (i) Under his own Authority (ii) With prior Approval of DG	20% of power to accept the tender Full Power	No limit No limit
<p>Explanation: Para 37.3 & 37.4 under section 37 of CPWD Works Manual 2007 may be referred. Manual Provisions are very clear in this regard that financial powers to purchase materials through DGS&D or through open market shall be as laid down in Appendix - 1.</p> <p>Purchase of the materials from open market may be either by issuing supply order after call of quotations or by call of tenders. Materials can also be purchased by placing supply order through DGS&D contract. But financial powers are same in all situations as mentioned above irrespective of method of procurement.</p> <p>To bring more clarity financial powers under para 35 to approve supply order has now been replaced with Purchase of Materials from open market through quotations or tenders or through DGS&D rate contracts (Added vide OM/MAN/186A)</p>				