

**CHAPTER II : MINISTRY OF CONSUMER AFFAIRS, FOOD
AND PUBLIC DISTRIBUTION**

2 Bureau of Indian Standards

2.1 Delay in air-conditioning of Manak Bhavan at BIS Headquarters

**Improper planning and ineffective monitoring by BIS resulted in
infructuous expenditure of Rs. 55.04 lakh.**

Bureau of Indian Standards (BIS) invited bids (April 2002) for Project Management Consultancy (PMC) to install a new central AC plant for its buildings, Manak Bhavan (MB) and Manakalaya (MK). BIS issued (August 2002) Letter of Intent (LOI) to Engineering Projects India Limited (EPIL) who furnished (October 2002) their consultancy report for installation of AC in both the buildings at a cost of Rs. 5.65 crore. However, BIS decided (May 2003) to provide central AC in MB building alone and EPIL did not continue with the project due to the changed scope of work.

BIS, thereafter, invited (June 2003) offers for PMC for air-conditioning of MB and entered (February 2004) into an agreement with National Building Construction Corporation (NBCC) for completion of work by February 2005. Accordingly, NBCC invited tenders and awarded (September 2004) the work to a contractor at a cost of Rs. 2.56 crore to be completed by June 2005. BIS made advance payments totaling to Rs. 72 lakh to NBCC in June 2005 (Rs. 30 lakh) and April 2006 (Rs. 42 lakh). The contractor suspended the work in March 2005 after purchasing materials worth Rs. 35 lakh due to hike in price of all items. NBCC submitted (November 2008) their final bill for Rs. 53.13 lakh for the work done against a total of Rs. 79.56 lakh released by BIS including PMC fees. BIS decided (March 2008) to close the contract with NBCC.

Meanwhile, BIS appointed (May 2007) another consultant, viz M/s Bijoy Contractor Engineers for a fee of Rs. 1.85 Lakh. The consultant stated that the proposed scheme of NBCC was sound and that it was possible to complete the work with the same design and parameters.

Finally, the work of installation of the AC plant along with other related works of both the buildings was awarded (December 2008) to Central Public Works Department (CPWD) at an estimated cost of Rs. 15.92 crore with a completion period of 24 months. CPWD had not started the work as of November 2009.

Audit scrutiny (May 2009) revealed that due to frequent changes made by BIS in designs, non-approval of modernization work which was integral to air-conditioning, not providing the site and delay in release of money to NBCC, the work could not be completed.

The Ministry replied (October 2009) that NBCC was solely responsible for delay in execution of work. The Ministry further stated that on physical verification, the possibility of utilization of the stores already purchased would be explored.

The Ministry's contention is not acceptable as non-finalization of scope of work before inviting tender, frequent changes of design, delay in handover of site, release of funds after time for completion of work had ended and ineffective monitoring were attributable to BIS. Further, the argument that the stores purchased would be utilized was not supported by the CPWD estimates which did not take into consideration the same.

Thus, due to improper planning and ineffective monitoring BIS incurred infructuous expenditure of Rs. 55.04 lakh. Besides, an amount of Rs. 26.43 lakh as unspent balance remained to be recovered from NBCC.