

## CHAPTER VII : MINISTRY OF HOME AFFAIRS

### Sashastra Seema Bal

#### 7.1 Excess expenditure on construction of residential quarters

**Sashastra Seema Bal did not initiate measures for construction of residential quarters in a timely manner after the approval of authorisation norms by the Ministry of Home Affairs. This led to cost overrun of ₹ 5.19 crore on construction of 108 residential quarters.**

Paragraph no. 4.3 of Audit Report no. 13 of 2012-13 mentioned inordinate delay in the construction of staff quarters by the Subsidiary Intelligence Bureau, Lucknow, resulting in cost escalation of ₹ 2.17 crore.

In the Action Taken Note on the paragraph the Ministry of Home Affairs stated (May 2013) that all Central Armed Police Forces (CAPFs) have been advised to hold regular monthly meetings with Central Public Works Department (CPWD) at the Headquarter level to discuss the delayed proposals. Further, list of Projects having cost/time overrun may be sent by CAPF HQ to CPWD HQ on monthly basis for their intervention to resolve the issues.

In an another instance, Audit examination of the construction of residential quarters of Sashastra Seema Bal (SSB) revealed inordinate delay as discussed below:

SSB proposed (June 2004) construction of 371 residential quarters for Battalion Headquarters at Falakata, West Bengal. The Finance Wing of SSB, based on the fact that the category-wise requirement of the residential quarters was under finalization by the Ministry of Home Affairs (MHA) revised the requirement downwards to 189 residential quarters (**Type I-140, Type II-48 & Type V-1**). The MHA accorded sanction (February 2005) of ₹ 11.78 crore for construction of the proposed residential quarters.

Audit noted that the MHA approved (February 2006) the authorization norms for residential accommodation for the SSB. (**Type I-25 Type II-269 & Type V-2**). As a result, the corresponding sanctioned accommodation now stood at 296. The SSB, after observing, huge variation in the number of quarters sanctioned earlier and authorized later, decided to carry out construction of only 52 quarters as detailed below:

Type	Number of quarters sanctioned	Number of quarters now authorised	No. of quarters already held	No. of quarters allowed to be constructed
I	140	25	22	03
II	48	269	-	48
V	1	2	-	1

Accordingly, the SSB requested (March 2006), the CPWD to construct only 52 quarters. It also informed the CPWD that the decision for remaining type of quarters would be conveyed after obtaining the revised sanction from MHA as per the approved authorisation norms.

Audit noted inordinate delay on the part of the SSB in pursuing the matter thereafter with the Ministry for obtaining the revised sanction. The SSB initiated the matter only in January 2009 that too after being requested by the CPWD to expedite the matter. This constituted a delay of 33 months (from April 2006 to December 2008). The CPWD also informed that 52 quarters had been completed at a cost of ₹ 4.10 crore.

Subsequently, the SSB approached (January 2009) the MHA for revision of sanction for the construction of additional quarters as per the details given below:

Sl. No.	Type	No. of quarters earlier sanctioned	No. of quarters completed	No. of quarters proposed for conversion into/from other type	Total number of quarters after conversion
1.	Type I	140	03	137 <sup>1</sup>	03
2.	Type II	48	48	108	156 (48+108)
3.	Type V	01	01	-	1
	<b>Total</b>	<b>189</b>			<b>160</b>

MHA accorded (March 2009) revised sanction for construction of 160 residential quarters. However, CPWD showed its inability to undertake the work at the earlier rates and submitted (October 2009) a revised preliminary estimate of ₹ 21.06 crore. CPWD attributed the enhancement in the estimates to increased cost of material and labour. SSB approached the MHA (August 2010) for obtaining the revised expenditure sanction of ₹ 21.06 crore which was accorded in September 2010. Audit noted that 91 per cent of construction work at a cost of ₹ 16.75 crore had been completed by the CPWD as of January 2013.

<sup>1</sup> 137 Type I quarters were proposed to be converted to 108 Type II quarters keeping in view the plinth area equivalence.

Thus, failure of the SSB in processing the case in a timely manner led to substantial cost overrun of ₹ 5.19 crore on the project (**Details in Annex-11**).

SSB stated (May 2013) that the time taken in revision of cost by the MHA was procedural and involved correspondence and clarification from CPWD to the nature of the project and unique condition in which it was launched.

SSB did not provide documentary evidence in support of its contention. Further, the reply was not borne out by the records of the SSB which clearly established that no action was taken after March 2006 and upto December 2008 in pursuing the matter with the Ministry in obtaining the revised sanction which resulted in an escalation of cost of ₹ 5.19 crore.

## **Border Security Force (BSF)**

### **7.2 Irregular procurement**

#### **Failure of the BSF to follow laid down provisions while procuring Field Telephone Cable resulted in a loss of at least ₹ 1.45 crore.**

Rule 150 of the General Financial Rules stipulate that invitation to tenders should be used for procurement of goods of estimated value of ₹ 25 lakh or more. The GFR allows deviation from this procedure only in cases (i) where the competent authority in the Ministry or Department certifies that any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of the urgency or (ii) the sources of supply are definitely known and the possibility of fresh source beyond those tapped, is remote. Rule 154 of the GFR further requires the Ministry or the Department to provide Propriety Article Certificate<sup>2</sup> (PAC) before procuring the goods from a single source.

Border Security Force (BSF) uses Field Telephone Cable JWD-I for communication purposes.

Directorate General, BSF procured (June 2009) 7290 kilo meters (Km) length of Field Telephone Cable JWD-1(HDPE) at a cost of ₹ 5.43 crore (@ ₹ 7384 per km) from M/s Ordinance Cable Factory (OCF), Chandigarh. The procurement was made on PAC basis.

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<sup>2</sup> A certificate to the effect that only a particular firm is the manufacturer of the required goods.

BSF invited fresh tenders (September 2010) from the same firm for procuring additional 2000 km length of Field Telephone Cable JWD-I (HDPE) on PAC basis. However, due to non-acceptance of Liquidated Damages (LD) and Delivery Period clauses by OCF, the tender for procurement of the cable had to be scrapped (October 2010). BSF subsequently decided (January 2011) to invite open tender for procurement of cable. Four firms submitted their bids against the open tender invited in February 2011. M/s Network Cables quoted a rate of ₹ 5462 per km, was declared the lowest bidder (L1). BSF placed (October 2011) supply order on the firm at the tendered cost of ₹ 1.09 crore.

Audit noted that Field Telephone Cable JWD-1(HDPE) procured by BSF in 2009 was not a PAC item, as is evident from the responses to the open tender invited by BSF in February 2011. Thus, the provisions contained in Rule 154 of GFRs were not applicable in this case. Audit further noted that PAC used by the BSF was signed by OCF during 2008. Thus the applicability of the PAC was not confirmed by the BSF before placing supply orders on OCF in June 2009. As a result the cable procured by BSF from OCF during 2009-10 was higher by ₹ 1922 (₹ 7384 - ₹ 5462) per km in comparison to the rates offered by M/s Network Cables in 2011<sup>3</sup>. Hence, BSF suffered a loss of at least ₹1.45 crore on procurement of Field Telephone cable (JWD) from OCF.

BSF stated (September 2012) that though the L-1 firm met the specifications but the quality, finish, make and durability of Field Telephone Cable JWD-I (HDPE) supplied by OCF Chandigarh was far better and superior in all respects from what had been supplied through open tendering process. The Ministry reiterated (April 2013) the stand taken by BSF.

The contention of BSF is not borne out by facts as M/s Network Cables was awarded the supply order of Field Telephone Cable (JWD) after it had met the required technical specifications. Moreover, the sample of the Cable supplied by M/s Network Cable was found complying with the specifications of BSF by an independent laboratory.

BSF also stated that MHA had subsequently allowed (August 2011) a similar procurement of Carrier Quad Cable of 1000 km length on single source basis from OCF. The Ministry had observed that PAC was not required in this case as the firm was a Department under Ministry of Defence.

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<sup>3</sup> This comparison is justified in view of the fact that the price of the cable quoted by the OCF in September 2010 was ₹ 8800/- per k.m. which showed an upward trend.

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This reply is not in consonance with the provisions of GFR which do not provide special dispensation for procurements from Government department. Further, in the absence of bidding Audit is unable to form an opinion whether the price for this procurement was competitive.