

CHAPTER IV : WORKS AND MILITARY ENGINEER SERVICES

4.1 Avoidable expenditure on construction of excess dwelling units

Failure of Local Military Authorities at Chennai to correctly assess the requirement of married accommodation for JCOs had resulted in construction of 17 dwelling units at a cost of ₹ 1.79 crore in excess of the requirement and their subsequent re-appropriation as field area family accommodation. In another case, Station Commander Pune irregularly re-appropriated four Lieutenant dwelling units constructed at a cost of ₹ 47 lakh as ‘Guest Rooms’ for Brigadier and above without the approval of Government of India.

Scales of Accommodation for Defence Services stipulates that “existence of a scale neither constitutes evidence of need nor is an authority for the construction of new accommodation and the need for a work service and its scope must be properly examined and justified before the sanction is accorded by Competent Financial Authority (CFA)”. In October 2001, Ministry of Defence (MoD) issued instructions that re-appropriation of newly constructed buildings for use other than the purpose for which they were constructed tantamount to introduction of new practice and requires sanction of Government of India. The instructions also stipulated that disciplinary action would be taken against those flouting the instructions.

In contravention of the above instructions, we noticed in the course of audit of Married Accommodation Project (MAP), Chennai (January 2012) and HQ Pune, Sub Area (November 2012) that Dwelling Units (DUs) were sanctioned and constructed in excess of requirements and were later re-appropriated to other purposes without the sanction of Government of India.

Case-I

On the basis of the recommendation of the Station Commander, Chennai (June 2009), MoD accorded Administrative Approval in March 2010 for construction of married accommodation at various stations, including 200 DUs at Chennai at a cost of ₹ 42.52 crore in Phase II of the Married Accommodation Project (MAP). The sanctioned accommodation of 200 DUs included 18 DUs for officers, 106 DUs for Junior Commissioned Officers (JCOs) and 76 DUs for Other Ranks (ORs). The work was in progress (Officers-100%, JCOs-85% & ORs-87%) as of May 2014. Audit scrutiny at Project Manager, MAP Chennai (January 2012) revealed that the net

deficiency for JCOs at Chennai Army Station was only 50 DUs. However, Station HQ, Chennai recommended construction of 106 DUs for JCOs which was also approved by MoD and resulted in provision of 56 DUs in excess at a cost of ₹ 5.91 crore.

The Station HQ accepted (June 2012) the Audit contention and stated that 36 DUs against excess provision of 56 DUs for JCOs were deleted in May 2013 from the contract, based on the request of the Army HQ (January 2013) as proposed by Station HQ, Chennai (October 2012). It was further stated that only 70 out of 106 DUs were being constructed of which 20 DUs in excess of the requirement would be converted into field Area Family Accommodation (FAFA) for JCOs. The Station HQ, further, in July 2013 clarified that of the surplus 20 DUs, three DUs would be allotted to the three JCOs of DSC Platoons authorised by the Ministry in 2011 and the remaining 17 DUs would be utilized as regular accommodation for JCOs against the existing old 17 JCOs accommodations. The existing old 17 JCOs accommodation would be converted into FAFA. The above proposal would not change the status of surplus 17 accommodations as the new DUs would be allotted to JCOs and old JCOs accommodations would be converted as FAFA.

Thus, over assessment of requirement by Station Headquarter, Chennai, which was not detected either by Army HQ or by MoD while according the sanction, resulted in construction of at least 17 JCOs' married accommodation at a cost of ₹ 1.79 crore in excess of the requirement. It was only after being pointed out by Audit that the 36 units valuing ₹ 3.80 crore were deleted from the contract.

Further, the fact remains that eventual re-appropriation of the 17 JCOs existing accommodation as field area family accommodation tantamount to introduction of new practice and required approval of Government of India which was not taken.

Case-II

MoD issued sanction (September 2005) for provision of married accommodation for 84 Majors and above, four Lieutenants, 27 JCOs and 250 ORs at Army Station Pune under Phase I of MAP at a cost of ₹ 38.53 crore. DG MAP in June 2006 concluded a contract for construction of the above DUs at a cost of ₹ 27.25 crore, which was cancelled in March 2009 as the contractor had failed to complete the work. The contract for the balance works was concluded in September 2009 at an estimated cost of ₹ 31.45 crore. The work of four Lieutenant DUs was completed in May 2011 at a cost of ₹ 47 lakh and handed over to HQ Southern Command in September 2011. The Station Commander accorded sanction (February 2012) for re-appropriation of four Lieutenants DUs into Guest Rooms from 01 March 2012 to 28 February 2014.

Audit scrutiny revealed (November 2012) that even though there was a deficiency of only two DUs for Lieutenants at Pune Station, Station Commander recommended construction of four DUs at Station Family Camp along with the other DUs. Further, the Station Commander actually changed the location in September 2006 of the four Lieutenants DUs from Station Family Camp to Southern Command Officers Mess Complex and re-appropriated the same as Guest Rooms in February 2012. This indicates that construction of the Lieutenant accommodation inside the Southern Command Officers Mess complex was specifically with the purpose of re-appropriating the same as Guest room for Brigadier and above, though the sanction taken was for construction at Station Family Camp, Pune. The change of site of four DUs for the Lieutenants was, therefore, irregular and the re-appropriation was in violation of MoD's instructions.

On the matter being pointed out by Audit (November 2012), Station HQ stated that the work under MAP Phase-1 was sanctioned prior to implementation of AV Singh Committee Report. It further stated that the officers of the rank of Lieutenant posted in the Station were mostly bachelors and hence the married accommodation was surplus which was re-appropriated as guest rooms.

The reply was not acceptable as the AV Singh Committee Report was primarily focused on the restructuring of officers' cadre of the Army and achieving optimal combat effectiveness by bringing down age profile of Battalion/Brigade Commander and the same had been implemented in December 2004 prior to the sanction of the said work (September 2005) and thus had no relevance with excess construction of DUs. Moreover, Station HQ stating that Lieutenants posted in the station were mostly bachelors and hence married accommodation remained surplus indicates that proposal for construction of DUs for married accommodation was not properly assessed and was intended to use them as guest rooms for officers.

Thus the construction of four DUs for Lieutenants at a cost of ₹ 47 lakh was irregular and the re-appropriation of the same was in violation of MoD's instructions.

The case was referred to Ministry in April 2014, their reply was awaited (October 2014).

4.2 Inordinate delay in handing over the clear site to the contractor resulted in avoidable payment of escalation charges

GE Guwahati issued an inaccurate certificate for availability of clear site which resulted in delay in handing over of site to the contractor and led to avoidable payment of extra escalation charges of ₹ 4.58 crore over and above the normal escalation charges admissible to the contractor for completion of the work within PDC.

Military Engineer Services, Manual on Contracts 2007 stipulates that before a tender is accepted, a certificate to the effect that site is available for all works and free from all encumbrances shall be obtained from the Garrison Engineer (GE). This is further corroborated in Para 17.1.3(d) wherein a need for arrangement with users for a well thought out programme for handing over sites /buildings before tender action has been emphasized, in order to minimize extensions.

Audit noticed that for construction of Ammunition Storage accommodation at Narangi, GE Guwahati issued an inaccurate certificate for clear available site leading to avoidable extra payment of ₹4.58 crore as escalation. Case is discussed below:

Board of Officers (BOO) convened under Headquarter Eastern Command in December 2006 recommended construction of 13 Ammunition Storage accommodation (Explosive Store House (ESH)/Magazines (Mag)) and allied infrastructure at 14 Field Ammunition Depot (FAD) Narangi (Guwahati). Ministry of Defence (MoD) accorded sanction in March 2007 for construction of 13 Ammunition storage accommodation at a cost of ₹ 23.73 crore. GE Guwahati in November 2007 issued a certificate to Commander Works Engineer Shillong and Chief Engineer Shillong Zone to the effect that site was available for all works. Chief Engineer, Shillong Zone (CESZ) accordingly concluded a contract in June 2008 for provision of Type 'A' sheds⁵⁹, other buildings/ infrastructure (₹ 25.25 crore). The work was commenced in June 2008.

Audit noticed, in December 2012, that despite conclusion of contract and commencement of work in June 2008, GE Guwahati handed over the site to the contractor only in December 2009 due to delay in cutting of trees. In reply to audit observations (December 2013) about delay of 18 months in handing over the site from the date of conclusion of contract (June 2008), GE Guwahati stated that the delay was due to delay by District Forest Officer (DFO)/Defence Estates Officer (DEO) in marking, pricing and auctioning and cutting of trees. Reply also indicated that delay was compounded as buildings could not be vacated in certain locations which were handed over to

⁵⁹ Type 'A' shed is a classification of Explosive Store House

the contractor for demolition only in January 2013 i.e. after 20 months of due date of completion of contract (April 2011). These avoidable delays resulted in payment of escalation of ₹ 4.58 crore⁶⁰, which was over and above the normal escalation amount admissible to the contractor had the work been completed within PDC. The payment of escalation charges was verified by Audit from payments made to the contractor.

Thus, the case reveals that GE issued an inaccurate certificate for availability of clear site before conclusion of contract which led to avoidable delay in commencement of work due to delay in cutting of trees and resulted in payment of extra escalation of ₹ 4.58 crore over and above the normal escalation amount admissible to the contractor.

The case was referred to the Ministry in June 2014, their reply was awaited (October 2014).

4.3 Selection of improper site resulted in foreclosure of work after an expenditure of ₹ 5.49 crore

At Supply Depot Ahmednagar, construction of other than married accommodation could not be progressed due to ingress of sewage from civil area into low lying construction site inside the Defence Area. The local military authority failed to pursue the matter effectively with the civil authorities to resolve the matter. Poor planning and management by the Military Engineer Services resulted in foreclosure of the work after an expenditure of ₹ 5.49 crore.

Army Headquarters (September 2004) accorded Administrative Approval for 'provision of other than married (OTM) accommodation' for Supply Depot at Ahmednagar at a cost of ₹ 9.94 crore. Time for physical completion of the work was stipulated as 156 weeks. To execute the work the Chief Engineer Pune Zone (CEPZ) in March 2005 concluded a contract with M/s Mukund Enterprises, Mumbai for ₹ 7.39 crore. The work was to be carried out in two phases i.e. Phase I - One block of two single Junior Commissioned Officers Quarters and Phase II - Office building, storage accommodation, single living accommodation and associated works to be completed by 14.12.2005 and 14.9.2006 respectively.

We observed (February 2010) that the contractor had reported to Garrison Engineer (GE) (October 2005) that sewage disposal from nearby civil residential colony was spreading in low lying area of site and the area was heavily surrounded by black cotton soil up to two to three metre in depth. Further, GE reported to the local military authorities (LMA) on 17 October 2005 that sewage discharged from a civil colony was seeping into the

⁶⁰ Total escalation paid ₹8.56 crore – Admissible normal escalation ₹3.98 crore = ₹ 4.58 crore

foundation trenches and requested to take up the matter with civil authorities for diversion of sewage from the Defence land to their area as it was badly hampering the progress of the work.

The Ahmednagar Municipal Corporation (AMC) expressed its willingness in a meeting in October 2005, at the time of joint inspection, to provide covered pipe line for sewage inside the Defence area till its discharge into a natural nala⁶¹. The Station Commander did not allow it and advised to take the matter for diversion of sewage outside the boundary of Supply Depot area. The matter remained under correspondence between LMA and AMC. The AMC again put the same proposal in September 2007 and was also ready to bear the cost of future maintenance. Based on the request of Station Headquarters in October 2007, Sub Area Commander finally accorded permission to the AMC in February 2009 for laying drainage line in Defence land. The AMC started tendering action in September 2012 that is after lapse of three years of obtaining permission for laying drainage line for which MES/Station authorities could not pursue effectively. The work was completed in August 2014. The execution of OTM accommodation work could not progress beyond June 2008 due to accumulation of sewage water coming from surrounding civil area in low lying areas of buildings. Progress of the work in June 2008 was 32 per cent for Phase-I and 73 per cent for Phase-II. Commander Works Engineer (CWE) recommended in April 2012 for foreclosure of the contract due to sewage flow from civil area leading to unavailability of clear site and to avoid contractual litigation as the work could not progress since June 2008. Ultimately the contract was foreclosed in March 2013 after a booked expenditure of ₹ 5.49 crore. Cost of incomplete left over work as per schedule of contract was ₹ 2.93 crore. No fresh estimate was prepared for balance work as of August 2014.

In reply to an audit query (February 2010), the CEPZ stated that at the time of initial soil investigation the exact location of the buildings were not decided and soil investigation was carried out randomly. Later fresh soil investigation as per exact location of buildings was carried out and the safe bearing capacity of the soil where some of the buildings were to be constructed was found to be less. This led to revision in drawings which could be provided in December 2005. Chief Engineer modified its reply in June 2013 and stated that soil investigation was done after conclusion of the contract and only tentative design of building was included in tender. This indicates that the work started without complete soil investigation. CEPZ also accepted that clear site could not be handed over to the contractor as sewage from civil areas was accumulating at site. Soil testing and hindrance free land are pre-requisite for conclusion of a contract but MES and LMA failed to identify suitable site which resulted in non-achievement of objective of providing key location plan to the user in time, i.e., by September 2006.

⁶¹ Bhinger Nalla

We further enquired (October 2010) about the reasons for selecting low lying area for the project, which is the main reason for sewage accumulation at site, Chief Engineer replied that flow of sewage from civil area was not mentioned in the Recce-Cum-Siting Board (June 2003). The reply is not tenable since representatives of MES were also members of the above Board of Officers (BOO) and the fact of low lying area should have been brought to the notice of BOO.

Thus MES authorities failed to identify the fact of low lying area while planning/siting of buildings at pre-Administrative Approval stage, to conduct proper soil testing at post Administrative Approval stage and to ensure hindrance free site before conclusion of contract. Further LMA also failed to resolve the issue through liaison with civil authorities in time.

The case was referred to Ministry in June 2014; their reply was awaited (October 2014).