CHAPTER-7

Procurement and Execution of Works

This Chapter discusses procurement and work execution under the JJM, encompassing an assessment of the tendering process and the financial management.

7.1 Repetitive imprudent decision of cancellation of tenders

7.1.1 Neglecting the aspect of justified costing

The Finance Department set a 15 *per cent* limit on Tender Premium (TP) above the estimated cost, based on the Basic Schedule of Rates (BSR)-2021, for approval of the bidder's offer in tenders for works under the Jal Jeevan Mission. The Department sanctioned 15 projects amounting to ₹ 9810.20 crore. The tenders of these projects were deferred twice by the Finance Committee (FC) of the Rajasthan Water Supply and Sewerage Management Board (RWSSMB) of PHED. The media highlighted the delay in the finalisation of the tenders in 10 projects.

Audit conducted a detailed analysis of 'Parwan Akawad Water Supply Project', which was one of the above 15 projects. This project was planned under the JJM to provide 1,52,437 FHTCs[1] in 1402 villages[2] of Baran, Jhalawar and Kota Districts. Baran District was identified as an aspirational district by the GoI to give top priority under the JJM. A no. of 907 villages, including 303 PVTG habitations with 23,361 tribal rural HHs of the Baran District, were to be covered under the Project. The SLSSC issued Administrative and Financial sanction for the project amounting to ₹ 3,523.16 crore in September 2021. The project was divided into six (I to VI) functional packages.

Scrutiny of records revealed that for packages- II, III and IV of the Project, the Department prepared estimated costs based on the PHED's BSR 2021, which was issued in July 2021. Subsequently, the technical sanctions were issued (August 2022-May 2023), and the tenders were invited (August 2022). The lowest (L-1) offers in the tendering for the respective packages were received at the Tender Premiums (TPs), ranging from 37.03 to 37.20 *per cent* above the estimated costs. The Department approved (December 2022) these price bids, subject to concurrence of the Finance Department for bearing additional liability in proportion to the State matching share through the State fund.

Rule 65 of Rajasthan Transparency in Public Procurement (RTPP) Rules 2013 provides for ensuring that the offer recommended for sanction is justifiable, looking at the prevailing market rates of the goods, works and services required to be procured. Since the tenders were invited after a substantial period of 13 months from issue of the BSR 2021 and therefore, the rates contained in the estimates based on this BSR may be much less than the rates quoted by the bidders as per the prevailing market rates, hence, evaluation of received rates in

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1 Baran: 98,873 FHTCs, Jhalawar: 29,811 FHTCs and Kota: 23,753 FHTCs.

2 907 villages of Baran, 311 villages of Jhalawar and 184 villages of Kota district.

terms of prevailing market rates was mandatory in accordance with the Rule 65 of RTPP Rules 2013. The Finance Department also directed (January 2023) to conduct rate analysis and rate justification with respect to the lowest offers received.

Audit observed that the Department assessed the justified cost of works in view of the prevailing market rates and found the lowest offers in respective packages to be reasonable, as these were 0.01 to 0.02 *per cent* lower than the assessed justified cost of works.

Department, however, ignored the aspect of justified costing of works and annulled (March 2023) the procurement process. The decision taken by the Department was in contravention of the Rule *ibid* and the directions of the Finance Department.

Later, a new BSR (BSR 2022) was issued in May 2022 by PHED. Therefore, before re-inviting the tenders for the revised four functional packages, the Department was required to prepare estimates of the packages based on this BSR and revise the respective Technical Sanctions accordingly, but the tenders were re-invited (May 2023), surprisingly, as per the estimates based on the BSR 2021. This time also the TPs of the lowest bidders stood at 23.73 to 28.07 *per cent* above the respective estimates based on the BSR 2021. The lowest offers being only 4.21 to 5.30 *per cent* above the justified cost of the work assessed as per the BSR 2023, were required to be approved and proceeded with further action, but the Department, once again, neglecting the justified costing, annulled (January 2024) the procurement process.

Thereafter, PHED's new BSR (BSR 2023) was issued in April 2023. The Department bifurcated the project into five packages to increase the participation and re-invited (March 2024) the tenders for the third time, but the estimates/TS were not revised based on the PHED's latest BSR (BSR 2023) this time also. The tenders could not be finalised due the reasons such as bidders being declared non-responsive, non-extension of bid validity by bidders and moving of bidders to the court of law.

Thus, overlooking the aspect of justified costing resulted in cancellation of tenders and the works could not be awarded (as of September 2024), thereby depriving 1,52,437 rural HHs of 1,402 villages of Districts- Baran, Jhalawar and Kota of the intended benefits under JJM for more than three years.

It is worthwhile to mention here that the Department worked out estimated costs of the other 14 projects mentioned earlier, based on BSR 2021, and the tenders of all these projects too were cancelled, considering the TPs of L-1 bidders higher than the limit set by the Finance Department. Therefore, the possibility of wrong decisions regarding the cancellation of tenders may not be ruled out in the remaining 14 projects also.

State Government stated (August 2025) that presently price bid for four Packages (Pkg- I, II, IV and V) has been approved by the FC, and agendas for permission to place work orders for these packages have been submitted to the Finance Department. The TPs of the lowest bidder in the current tender stood at

9.76 *per cent* to 14.88 *per cent* above the respective estimates based on BSR 2021 which were much lesser than the TPs of lowest bidder in the previous tenders (37.03 *per cent* to 37.21 *per cent* and 23.73 *per cent* to 28.07 *per cent*) and are more economical and judicious in nature resulting in greater benefit to the State Government.

The reply is not tenable as the Department itself assessed justified cost, and the negotiated offer was arrived at within the justified cost assessed by the Finance Department itself based on prevailing market rates. Further, the Department's contention that new price bids are more economical and judicious in nature, cannot be examined in the absence of a revised Technical Sanction. The fact remains that the work orders for Parwan Akawad Water Supply Project, which intended to provide FHTCs to 1,402 villages of the district Jhalawar, Kota and the aspirational district Baran having PVTG villages, are still in process despite the passage of four years of A&F sanction.

7.1.2 Non-finalisation of tenders beyond the stipulated period without justification

Rule 40 (2) of RTPP Rules, 2013 envisaged that a decision of acceptance or rejection of bids invited in a procurement process must be taken within a period of 40 days and 50 days, where the bid falls within the financial powers of the ACE and CE respectively, from the date of opening of financial bids. If the decision is not taken within the prescribed time by the concerned sanctioning authority, the bids shall be submitted to the next higher authority for decision with justification. Further, as per the Schedule of Power (March 2017) of the PHED, the SE and the ACE were competent to accept bids amounting to ₹ 120 lakh and ₹ 250 lakh respectively.

Scrutiny of records of EE, PHED, Division Baran revealed that A&F sanction was accorded (March 2021) for the work of 'Augmentation of RWSS Bhoyal Tehsil Shahbad to provide FHTCs, including one year defect liability period' for ₹ 123.08 lakh.

- Tenders were invited (August 2022) by the SE, Circle Baran, at a cost of ₹ 114.64 lakh (based on BSR 2020). The Department conducted negotiation with the L-1 bidder, wherein the offer of ₹ 145.41 lakh (TP 26.84 *per cent* above the estimated cost) was given (07 October 2022) to the L-1 bidder, but the offer was refused by the L-1 bidder.

  Thereafter, the same offer was given (12 October 2022) to the L-2 bidder, who agreed (13 October 2022) to execute the work at the offered rate. Despite this, the Department did not issue the work order to the L-2 bidder without any reason and requested on 21 November 2022 to the L-2 bidder to extend the bid validity up to 31 December 2022, as it was going to expire on 23 November 2022. The L-2 bidder extended the bid validity up to 31 December 2022. However, the Department again refrained from issuing him the work order without any justification and before expiry (31 December 2022) of the extended bid validity, requested him again (28 December 2022) to extend the bid validity up to 28 February 2023. Eventually, the work order was not issued to the Contractor in this extended bid validity period also.

- Later, the BSR 2022 was issued in May 2022. Instead of re-inviting the tenders based on BSR 2022, the Department re-invited the tenders (April 2023) at a cost of ₹ 114.64 lakh, which was based on BSR 2020. The Department conducted (August 2023) negotiation with the L-1 bidder, wherein it offered a price of ₹ 134.06 lakh to the L-1 bidder, but he kept his price at ₹ 140.42 lakh (22.49 *per cent* above the estimated cost). Therefore, the Department offered (29 August 2023) the same price to the L-2 bidder on which he agreed on 31 August 2023. However, the Department, adopting the same pattern just like previous tenders, did not issue him the work order. Subsequently, the Department kept on getting the bid validity extended by the L-2 bidder repeatedly, but refrained from issuing him a work order. Ultimately, the L-2 bidder rejected the Department's request to extend the bid validity on 29 January 2024, quoting an increase in the costs of pipes.

- At the third time, the Department re-invited (June 2024) the tenders again at the cost of ₹ 114.64 lakh (based on BSR 2020) without revising the estimate as per the BSR 2023. This time, only one bidder was found qualified. The Department conducted (July 2024) negotiation with the bidder, wherein he lowered his price up to ₹ 139.51 lakh. This price was 0.39 *per cent* below the justified cost assessed by the Department, and the committee recommended (July 2024) to approve the bid to the ACE, PHED.

  The third time also, the negotiated rates arrived at 0.39 *per cent* below the justified rates and the SE, PHED, circle Baran recommended (July 2024), ACE, PHED, region Kota to approve the bid; however, the Department took one year to issue a work order (June 2025), that too after being pointed out by the audit. Further, the work order issued at ₹ 139.52 lakh was higher than the ₹ 134.06 lakh of the accepted counter-offer under NIT of April 2023 (second time). Thus, due to not taking timely action on finalisation of the bid, not only was the important PWS scheme for Village Bhoyal of tribal block Shahabad delayed for more than four years from A&F sanction, but an excess amount of ₹ 5.46 lakh had to be borne by the State Government.

Thus, the action of the Department of not finalising the bids despite acceptance of counter-offer of the Department and extension of bid validity period time and again by the contractors was incomprehensible and creates doubt on the Department's intention towards finalising the tenders. Additionally, this action was also in violation of Rule 40 (2) of RTPP Rules, which prescribes a certain time period (70 days) for finalising the tenders.

The State Government stated (August 2025) that the work order was issued in July 2025, in respect of the tenders invited in June 2024. It was also stated that the Finance Department directed that the negotiation may be conducted as per the rule or go for retendering. Since the negotiation had already been conducted, there was no option but to go for retendering.

The reply is not tenable as there was no need for re-negotiation because at all three times the Department was successful in achieving the offers within the justified cost through negotiations, and the bidders accepted these counter-offers made by the Department, duly extending the bid validity. The contention of the audit is corroborated by the fact that the Department ultimately issued the work order at the same cost (₹ 139.52 lakh) achieved through negotiation during the third time, but after a lapse of more than one year.

7.2 Irregularities noticed in the execution of water supply schemes

Audit examined in-village infrastructure constructed by the PHED under 26 Rural Water Supply Schemes (RWSSs) in respect of 28 selected villages. The irregularities noticed in the execution of the RWSSs are discussed in the succeeding paragraphs:

7.2.1 Delay in completion of selected RWSSs

Clause 7.5.2 of the Operational Guidelines of JJM prescribed a maximum 18 months' and 36 months' time period for completion of a Single Village Scheme (SVS) and Multi Village Scheme (MVS), respectively. Further, the CE (Special Project), PHED *vide* his circular dated 02 July 2021, fixed a time limit of 12 months for completion of the Water Supply Project with an estimated cost of up to ₹ 50 crore sanctioned under JJM.

Audit observations (November 2024) in respect of 26 selected RWSS are as under:

- Out of 26 selected RWSSs, only eight had been completed within the prescribed time, two were completed with a delay of 447 to 744 days, and work was still in progress for the remaining 16 schemes despite the passage of 11 to 38 months beyond their stipulated completion dates.
- PHED took time in the range of 102 to 431 days from the date of approval by SLSSC to issue work order for the selected 26 RWSSs.
- Out of 10 completed RWSSs, in five[3] RWSSs, the issuance of completion certificates was pending and in three[4] RWSSs, the payment of the final bill was pending.
- Out of 16 incomplete RWSSs, in 13 RWSSs[5], hindrance registers were not maintained to assess the duration and reasons of the delay.
- Out of 16 incomplete RWSSs, in 11 RWSSs[6], despite subsequent delay, the required time extensions were not issued by the competent authority. As a result, the work contracts did not remain alive.

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[3] Joga, Kharabia Purohiton, Khejarli Khurd, Jaleli Champawatan and Jatiyawas.

[4] Prempura, Baldevpura and Batavada, and Joga.

[5] Jawli, Ratawali, Ratanpura, Prempura, 21 LLW, 1 CLD, Alam ka Gaon, Dornari, Nimbara, Bhootgaon, Jamotra, Panduri and Derna.

[6] Mau, Baldevpura and Batavada, 1 CLD, Alam ka Gaon, Dhakri, Dornari, Nimbara, Bhootgaon, Jamotra, Panduri and Derna.

The State Government stated (November 2025) that the schemes were delayed due to rising material prices caused by the Russia-Ukraine war, lack of bidders' participation, and slow progress by the contractors. The reply is not tenable as external factors do not absolve the Department of its responsibility to ensure the timely execution of the schemes. Adequate planning, effective contract management and timely remedial measures were required on the part of the Department to safeguard the Government's interest.

7.2.2 Non-Levy of Liquidated Damages

As per Clause 2 of the agreement executed with the contractor, the contractor was liable to pay Liquidated Damage (LD) for not maintaining the *pro rata* progress of the work and to bear the extra cost incurred on completion of the balance work by another contractor.

It was noticed that the Department did not levy the LD amounting to ₹ 16.81 crore[7] ***(Appendix-5)*** on the contractors under clause 2, in case of 18 out of 26 selected RWSSs, for not maintaining the *pro rata* progress of the works.

The State Government stated (August 2025) that a partial amount was withheld in 'Deposit V' towards LD. The reply is not tenable as the Department was required to timely withhold the amount towards LD, but the whole amount was not withheld even after the passage of the stipulated date of completion.

7.2.3 Irregular payment to the contractors without pre-inspection of Third-Party Inspection Agencies (TPIAs)

The execution of RWSS for providing FHTCs to every rural HH involves multi-disciplinary engineering activities[8], depending on the type of schemes. To ensure that such schemes operate for their full design life and deliver the intended services, it is important that construction and other materials procured conform to the prescribed quality standards and that the proper quality control measures are enforced. To assist the PHED in fulfilling this obligation, the JJM Operational Guidelines provide for the empanelment of Third-Party Inspection Agencies (TPIAs) by SWSM under the support activity of the JJM.

As per Chapter 6 of the Operational Guidelines of the JJM, all works executed were mandatorily required to undergo third-party inspection and certification before payment to gain assurance of quality work. As per the condition incorporated under clause 32 of the Special Conditions of Contract of all RWSSs, on request for release of running payment from the executing agency, a combined inspection of the site was to be undertaken by VWSC, PHED and TPIA. The agreed discussion points were to be recorded and signed in a separate 'works register' created for this purpose. Based on this, the PHED was to record the measurements in the Measurement Book (MB) for further processing of payment.

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[7] 10 *per cent* of the remaining work (₹ 16814.77 lakh) on the stipulated date of completion.

[8] Civil/ Public Health, Mechanical, Electrical, Instrumentation, Water Resources/ Hydraulic engineering.

Audit noticed that in 26 test-checked RWSSs, an amount of ₹ 122.31 crore was paid (as of December 2024) to the contractors without following the aforesaid provision of inspection and certification by the TPIA ***(Appendix-6)***. This shows that the quality of construction and materials utilised was not ensured before payment of running bills to the contractors.

The State Government stated (November 2025) that the TPIAs were engaged in February 2023 and became fully mobilised in September 2023. Further, the ACEs of concerned regions were empowered to check the quality of works executed before TPIA's engagement/mobilisation. Also, the State-level quality control wing, from time to time, checked the quality of such works in the absence of TPIAs.

The reply is not tenable as inspection by TPIAs provides independent oversight, which ensures that the executed works and the material used in the works meet the necessary quality standards. The engagement of TPIAs in February 2023 and their full mobilisation only in September 2023 reflect a delay of over six months, during which substantial volumes of JJM works were executed without adequate independent quality checks. Assigning the responsibility of quality checks to Departmental authorities does not fulfil the very purpose of getting an independent verification for ensuring quality assurance in works.

7.2.4 Non-providing/renewals of insurance cover in the selected RWSSs

As per the Special Conditions of Contract, the contractor was required to provide a minimum insurance cover for manpower and equipment from the date of starting of work to the end of the contract period. The responsibility of timely payment of the premium, as well as that of lodging claims as and when the situation arises, was on the contractor.

Out of 26 selected schemes, the required insurance cover was taken only in the case of two RWSSs. In three cases, the Department did not provide a copy of insurance; therefore, Audit could not ensure that the insurance had been taken. In two cases, the Department was not aware of the aspect of insurance cover. The insurance cover was not obtained in the remaining 19 cases. By failing to enforce the requirement, the PHED not only provided undue benefit to the contractors but also failed to mitigate the risk associated with the manpower engaged and the equipment utilised.

The State Government stated (August and November 2025) that, as per the Special Conditions of Contract, the responsibility for obtaining and renewing insurance cover for manpower and equipment rested with the contractor. It further stated that notices were issued to the contractors in this regard. The schemes in the selected villages were physically completed, and no accident, loss, or claim was reported during the contract period in these works.

The reply is not tenable, as while the contract conditions may assign the responsibility of obtaining and renewing insurance cover to the contractor, it was incumbent upon the Department to ensure compliance with these provisions before permitting execution of work. Moreover, non-compliance with this essential requirement cannot be overlooked merely because no adverse incident was reported.

7.2.5 GIS mapping of the pipe network not done

According to the orders issued (December 2022) by the Ministry of Jal Shakti, GoI, GIS mapping of the pipe network and other resources constructed was required to be done.

Scrutiny of records in respect of the completed nine RWSSs out of 26 selected RWSSs revealed that GIS mapping of the pipe network was not done in any of the selected RWSSs. Thus, the transparency and monitoring of the water supply scheme could not be ensured.

The State Government, while accepting the facts, stated (November 2025) that due to technical, logistical and resource-related constraints, GIS mapping could not be executed across all schemes. However, necessary instructions have been issued to all field officers to ensure 100 *per cent* GIS mapping of the remaining assets.

7.2.6 Irregular payments

Condition 14 of the Special Conditions of Contract provided that the submission of an original purchase invoice indicating details of supplied/installed material or work carried out by the Contractor was mandatory for obtaining payment. During scrutiny of records of selected PHED Divisions, the following cases of payment based on false/cancelled invoices in respect of material procured were observed:

7.2.6.1 Payment based on submission of fabricated material invoices and without submission of material invoices in 'Conversion of RWSS to Piped WSS, Villages Khuiyala Bandha' work

Scrutiny of records (November 2024) of EE, District Division, Jaisalmer, revealed that in *one* selected work- 'Conversion of RWSS to Piped WSS of Villages Khuiyala Bandha, Block Sam, District Jaisalmer under JJM', the stock ledger was not made available to the audit, despite repeated requests. In its absence, the audit checked the payment aspect of procured material from the Measurement Books/Running Account Bills of the work and found that the contractor utilised 1,11,220 metre of HDPE/DI pipes in the work **(*Appendix-7*).** However, only 28 invoices bearing 52,176 meters of pipes were found in departmental records.

Audit conducted verification of these 28 purchase invoices with the GST e-invoices verification mobile application (an NIC Application) and observed that 12 of these invoices bearing 18,180 metre of pipes were false as these were fabricated by pruning in other e-invoices used in the work. Thus, the amount of ₹ 1.33 crore paid to the Contractor based on these invoices for execution of work (supply, laying, testing and commissioning) was suspicious ***(Appendix-8)***.

On being pointed out, EE, District Division-Jaisalmer replied (November 2024) that original invoices of all items used in the work have been obtained from the contractor, and no payment was made to the contractor against bogus/false invoices. Copies of 48 invoices of 88,333 metre of pipes were enclosed in support of the reply. It was also stated that the quality of these pipes was ensured.

The department's action of obtaining invoices from the contractor after making payment itself proves that the payments had been released without obtaining/ checking the related invoices.

Audit further checked the above 48 invoices and found that the destination point of pipes in eight invoices was erased. It was further revealed that the destination point of pipes (Ramsar) as recorded on the GST e-way bill portal in respect of four invoices were different from the work site (Khuiyala). In the remaining four invoices, the e-way bill numbers were not mentioned, and therefore, the audit could not ascertain the destination of the pipes supplied **(*Appendix-9)*.** As such, the payment of ₹ 0.67 crore made to the contractor based on these eight invoices again remained suspicious. Further, the invoices in respect of 22,887 metre[9] pipes were not provided with the reply**.**

The State Government stated (August and November 2025) that self-attested invoices were provisionally accepted at that time due to urgency, and the quality of material used in the project was also tested and verified. Regarding the four bills of work at Khuiyala, it was stated that these invoices pertained to other works and were inadvertently submitted for this scheme. However, the show-cause notices have been issued to erring field officers.

The reply is not tenable, as the original invoices for the remaining 22,887 metres of pipes have still not been furnished. The presence of 12 false/fabricated invoices in the files raises serious concerns regarding the authenticity of the material procured. Further, out of the 48 vouchers re-submitted by the Department to audit, the genuineness of four invoices relating to work of Khuiyala and four invoices without e-way bill numbers remains doubtful, as the original vouchers in support of these documents were not produced.

7.2.6.2 Payment based on false/cancelled/another contractor's invoice in 'Barmer Lift Water Supply Project, Phase II, Part-D'

The Department awarded (March 2022) a work 'Barmer Lift Water Supply Project, Phase II, Part-D' under JJM to a contractor. Irregularities related to payment, observed in this work are as under:

(i) Payment based on false invoices

Audit conducted test-verification of material invoices with GST e-invoice official website and found that 10 invoices were fake (bogus) as the Invoice Reference Numbers (IRNs) marked on these invoices were different from the actual IRNs appearing on the above website. Based on these false material

[9] 1,11,220 metre minus 88,333 metre.

invoices, the contractor claimed and received payment of ₹ 0.86 crore up to the 21st running bill (as of 04 October 2024) ***(Appendix-10).***

The State Government, while accepting the facts, stated (November 2025) that a notice requiring original invoices was issued to the contractor, and now, the contractor has submitted the invoices, which have been forwarded to the GST Department for verification, along with the previously submitted invoices.

(ii) Payment based on a cancelled invoice

The contractor used one[10] material invoice in the work for obtaining payment of ₹ 0.06 crore[11]. Verification of this invoice with the GST e-invoice official website, as well as the e-way bill portal, revealed that the invoice and the associated e-way bill had been cancelled; despite this, the payment was released to the contractor.

The State Government stated (November 2025) that the purchase invoice and the corresponding e-way bill were cancelled due to procedural reasons. However, the supply was duly received, and the payment was made only after verification of the quantity of material received at the site. The same was also reported in the GST return (GSTR-2B).

The reply is not convincing as procurement and transportation of goods based on a cancelled invoice and e-way bill are in contradiction with Section 31 of the CGST Act 2017 and Rule 138 of the CGST Rules 2017, which made the invoice and e-way bill mandatory for supply and transportation of goods. Furthermore, the Department is required to confirm the transaction from the Commercial Tax Department of the State, in support of the reply.

(iii) Payment based on copies of another contractor's invoices

Test-check of material invoices revealed that 25 invoices regarding procurement of DI pipes were in the name of a different contractor, having different PAN, GSTIN and AA-Class Contractor Registration Number (AA-CCRN) from the contractor to whom payment of ₹ 4.10 crore has been made based on these invoices ***(Appendix-11).***

The State Government, while accepting the facts, stated (August and November 2025) that due to budgetary constraints on the part of the contractor, the materials were procured through a sister concern firm, though the material was used in the same project. However, a show-cause notice has been issued to the erring field officer.

The justification of procuring through a sister concern firm, as mentioned in the reply, is not tenable as the two firms are distinct entities under the GST law, and the Input Tax Credit may have been wrongly availed by the sister concern firm

10 No. JPLLP/23-24/64 dated 27 May 2023 for HDPE Pipe 75mm PE-80 PN 6 (M/s Jaiyant Prime Polymers).

11 {₹ 187 per metre (rate of pipe) * 3561 (quantity in running metre) *0.95 (for 95 *per cent* payment} (-) ₹ 11,260 (1.78 *per cent* Tender Premium).

in contravention of Section 16(2)(b)[12] of the GST Act 2017, even if the material was used in the same work.

7.2.6.3 Payment based on false invoices in 'Conversion of P&T Scheme, Village Panduri'

The Department awarded (July 2021) a work 'P&T Scheme, Village Panduri' under JJM to a contractor under the jurisdiction of PHED Division Abu Road. Audit test-checked the material invoices submitted by the contractor in the work for the procurement of DI, K-7, 150 mm pipes and observed that a date of 12 June 2022 was marked on four[13] invoices, whereas two different dates (05 August 2022 and 16 August 2022) appeared on verification of these invoices with the GST e-invoice official website. The Department made a payment of ₹ 0.31 crore to the contractor based on these invoices. This shows lack of proper checking and due diligence in making payment.

Audit further observed that one of these four invoices was submitted originally by the same contractor in another work (PWS Village Vasda under JJM) and was later on re-submitted in the work 'Conversion of P&T scheme, Village Panduri' by altering the date.

The State Government, while accepting the facts, stated (November 2025) that the contractor had been instructed to furnish all relevant documents of the scheme, and necessary action would be taken as per the terms and conditions of the tender document and the RTPP Act 2012. It was further stated that the Department made the payment after receiving all the material in good condition and commissioning of the system, and hence, no undue financial benefits were extended to the contractor.

The fact remains that utilisation of the same invoice in two different works resulted in payment of a higher quantity as compared to the actual material received, thereby extending the financial benefits to the contractor. Moreover, the deliberate alteration or manipulation of dates in purchase invoices is not only unethical but also a violation of the law, for which no specific reply was given.

7.2.6.4 Payment for work without obtaining original purchase invoices of pipes

The Department awarded (February 2023) a work- 'WSS Guda Ram Singh' under the JJM to a contractor under PHED Division Sojat City at ₹ 1.51 crore. The work included providing, laying, jointing, testing and commissioning of HDPE/DI pipeline. The details of the pipes used in the work as per the work completion certificate (October 2023), are as under:

12 No registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

13 Invoice no. 173, 174, 175 and 182 issued by M/s Lucky Enterprises.

Table 7.1: Details of pipes used in the WSS Guda Ram Singh (Sojat City)

S. No.	Type of pipe	Quantity used (meter)	Payment based on invoice (₹)	Invoice No.	Shortcomings observed
1.	GI 80 mm	1145.0	5,93,110	Original invoice/copy of invoice not found	
2.	DI K-7 100mm	348.0	5,69,252	All-016 (Copy)	Original invoice not found. E-way bill no. missing on copy of invoice
3.	HDPE PE-80 PN-6 75mm	1248	1,59,533	864/22-23 (Copy)	Original invoice not found
4.	HDPE PE-80 PN-6 90 mm	4823	8,46,406	865/22-23 (Copy)	Original invoice not found
5.	HDPE PE-80 PN-6 110 mm	3427	10,33,342	866/22-23 (Copy)	Original invoice not found
6.	HDPE PE-80 PN-6 125 mm	1224	4,25,592	867/22-23 (Copy)	Original invoice not found
7.	HDPE PE-80 PN-6 140 mm	1140	4,92,162	868/22-23 (Copy)	Original invoice not found
	Total	**13,355**	**41,19,397**		

Source: Information provided by the Department

The **Table 7.1** above shows that in the work 'WSS Guda Ram Singh', original invoices for 13,355 meter pipes were not found in records, and the payments of ₹ 0.41 crore were released in the work based on the xerox copies of the original invoices. Even for 1,145 metre of GI 80 mm pipes, xerox copy of the invoice was also not found. Besides, details of inspection of pipes carried out at the manufacturer's place before despatch, quality tests conducted for the pipes and the register of samples sent for quality check were also not provided to the audit. In the absence of these details, the quality and genuineness of pipes procured could not be verified in audit, and the payment of ₹ 0.41 crore made for these pipes, therefore, also remained irregular.

The State Government, while accepting the facts, stated (November 2025) that during the execution and billing process, the contractor submitted copies of invoices, which were provisionally accepted for payment after due verification of site execution, measurement books, and material account records. Now, the original invoices have been obtained. Also, the instructions have been issued to field officers, technical officers and auditors of the Department to strictly ensure that original purchase invoices, quality test reports and inspection documents are mandatorily attached with the payment bills, and material receipt protocols are rigorously followed.

The fact remains that releasing payment based on the xerox copies of the material invoices is a violation of Condition 14 of the Special Conditions of Contract.

7.2.6.5 Irregular payment to the contractor for FHTCs

(i) 73 FHTCs in village Khejarli Khurd

As per JJM-IMIS reports, there were a total of 131 households in the selected village Khejarli Khurd (District- Jodhpur Gramin). Out of these, 73 households had already been provided with the FHTCs in an earlier scheme- 'Contingency work WSS Khejarli Khurd' as of August 2010, and thus, only the remaining 58 households were to be provided with FHTCs in this village under JJM.

Scrutiny of records of EE, PHED District Division- II, Jodhpur, however, revealed that the Department awarded (December 2021) a work to a contractor under JJM for providing FHTCs to all 131 HHs of the village Khejarli Khurd, instead of the remaining 58 households. As such, the payment of ₹ 0.72 lakh[14] made (as of June 2022) to the contractor for 73 FHTCs, which were already existing in the village, remained suspicious.

The State Government stated (November 2025) that no FHTCs were provided in the village under the earlier water supply scheme, namely 'Contingency Work WSS Khejarli Khurd', and total expenditure incurred under this scheme was only ₹ 0.22 lakh. It was further clarified that the FHTCs were entered in the IMIS merely to reflect the scheme's coverage.

The reply is not convincing as the audit observation was framed based on the information available on the JJM portal and the Department's reply shows that incorrect information was entered by the Departmental authorities on JJM portal regarding old scheme's coverage.

(ii) 548 FHTCs in village Kharabera Purohiton

In the selected village 'Kharabera Purohiton' under PHED District Division- II, Jodhpur, there were 548 households as on 01 April 2023. These households had already been provided with the FHTCs up to August 2017 in two earlier schemes- 'RWSS Kudi Luni Satlana Salawas' (472 FHTCs) and 'Installation and Commissioning of 500 LPH Capacity RO Plant' (76 FHTCs). Despite this, the Department included (July 2020) these 548 households of the village under the 'Parallel Rate Contract for Construction of FHTCs up to the Consumer's Property Limit in the Villages of Luni Block' under JJM and made an expenditure of ₹ 7.60 lakh for providing the FHTCs again to these households.

During the beneficiary survey, most of the beneficiaries stated (September 2024) that they had already been provided with FHTCs prior to the implementation of the JJM. The Joint Physical Verification Report also confirmed (September 2024) that no new Medium Density Polyethylene (MDP) pipes or tap connections were installed at any beneficiary's house selected for verification.

The payment of ₹ 7.60 lakh to the contractor, therefore, was deemed suspicious, as the contractor was unduly benefitted for the work that had already been completed during pre-JJM. Further, the necessary documentation, including administrative and financial approvals, technical sanctions, work orders, and measurement books related to the work of providing FHTCs, were also not made available to audit.

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[14] ₹ 993 (rate per FHTC after reducing tender premium * 73 (No. of FHTCs)).

The State Government stated (November 2025) that FHTCs under other previous water supply schemes were entered on IMIS only to reflect coverage. It was further stated that the FHTCs were provided through the pipelines laid under the JJM, and only 145 FHTCs were provided under the rate contract, with no duplicate payments.

The reply is not tenable as according to the second and final bill of the work, the average cost per FHTC was ₹ 1,561[15] and considering this cost, the total cost of providing 145 FHTCs stands at ₹ 2.26 lakh only, which is much below ₹ 7.60 lakh as mentioned in the said bill for providing FHTCs in village 'Kharabera Purohiton'. Further, the results of the beneficiary survey of the village also confirmed that beneficiaries have not been provided with FHTCs.

7.2.7 Sub-standard construction of Over Head Service Reservoir

A 200 KL Over Head Service Reservoir (OHSR) was constructed (February 2021) at Jatiyawas (Jodhpur) under a scheme of JJM for a 'Piped water supply scheme for village Doliya and Jatiyawas' under PHED District Division-II Jodhpur. The Department considered the work executed by the Contractor satisfactory and issued (December 2021) him the work completion certificate. Additional performance guarantee was also returned (March 2022) to the contractor.

Audit scrutiny of the records of the Division revealed that as per Condition 1.11.3 of the contract agreement, the Contractor was required to use a cement conforming to the IS:12269 standards, *i.e.,* Ordinary Portland Cement (OPC) Grade-53, in the work. However, as per the test report dated 01 April 2021, OPC Grade-43 cement was used. Further, as per the above condition of the contract agreement, in case of non-utilisation of the cement within 90 days of its manufacturing date, its quality was required to be tested in an approved laboratory, and till satisfactory test results are obtained, it was not to be utilised.

It was, however, observed that a sample of cement was taken on 26 February 2021, for which the test report was issued on 01 April 2021. Considering the manufacturing of the cement on 26 February 2021 or prior, the Department was required to conduct quality tests after 26 May 2021 for using it in the work, but no test of cement was found to be conducted after this date, as per the records. However, the top dome of the OHSR was cast on 05 June 2021 using cement. Thus, the cement was used beyond the 90 days validity period without conducting the required quality test.

Besides, with respect to construction of the above OHSR, the Manufacturer's test certificate for each batch of cement/steel used and test reports of reinforcement work confirming the use of Thermo Mechanically Treated (TMT) steel bars were also not provided to the audit.

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15 ₹ 44,05,521 (Total Payment)/2,822 (No. of FHTCs provided in the work).

The above non-compliances indicate that the work of construction of the OHSR Jatiyawas was sub-standard, and therefore, the Department's action of considering the work satisfactory and issuing a work completion certificate to the contractor was not justified. During joint physical verification (September 2024), a vertical long crack (corrosion crack) was found on one of the RCC pillars of OHSR, as shown in **Picture 7.1** below:

Picture 7.1: Long crack on RCC pillar of OHSR, Jatiyawas

Source: Photograph taken during the Joint Physical Verification

The State Government stated (November 2025) that the cube test reports were found satisfactory for each casting of RCC. It was further clarified that the visible mark was caused by the installation of a GI strip for earthing after casting and the same has been repaired now.

The reply is not tenable as what has been referred to as a mark is, in fact, a significant crack, as clearly shown in the photo taken during the audit and confirmed by the joint physical verification report. Further, the reply is silent about the use of sub-standard cement in the work, which may lead to other structural deterioration in future. Further, the Manufacturer's test certificate for each batch of cement/steel used and test reports of reinforcements work confirming the use of TMT were not provided with the reply.

7.2.8 Undue favour to the bidder in RWSS Village Deoli Hulla Bagari Nagar

The Department awarded (May 2023) a work namely- 'RWSS Village Deoli Hulla Bagari Nagar under JJM' under jurisdiction of the PHED Division Sojat City, Pali. A Payment of ₹ 11.72 crore was made to the Contractor in the work (as on 15 April 2024) for pipe works. A bidder procured a quantity of 1,39,354 meter of various size of K-7 DI pipes at a cost of ₹ 2.22 crore in PHED Division

Karuali during February to March 2023, in respect of a bid applied by him for a water supply scheme, before opening of the bids. Later, the contractor transferred the pipes to Division Sojat City in May 2023. Thereafter, the EE, Karauli, *vide* his letter dated 16 June 2023, communicated his 'No Objection' to EE, Sojat City for utilising these pipes in the work of Division Sojat City 'RWSS Village Deoli Hulla Bagari Nagar under JJM'. The pipes were subsequently utilised in the above work of the Division Sojat City.

Procurement of pipes before opening of the bids at Karauli and transfer of pipes to Sojat City, before issuance of an NOC, creates doubt on overall tendering process.

As the pipes had been procured at another location (Karauli) before the award of the work in Division Sojat City and therefore, no Quality Assurance Programme (QAP) was issued to the contractor. This shows that pre-despatch inspections of pipes at the manufacturer's premises for quality assurance and their testing at work site could not be carried out by the Departmental Engineers. Resultantly, the quality and genuineness of pipes could not be ensured. Moreover, the original invoices for pipes were also not found in the records of the Division Sojat City.

The State Government stated (November 2025) that by considering the urgency and time-bound targets under the JJM, the available material was utilized in the work of RWSS Deoli Hulla Bagri Nagar to avoid delays in execution. It was further stated that the concerned firm procured DI pipes of various sizes on its own, after quality testing by the inspecting agency- SGS India Pvt. Ltd. Further, the physical quality of the pipes and compliance with technical specifications were verified at the site level by field officers during execution.

The reply is not tenable as relying solely upon supplier-arranged private agency tests and site-level checks, in lieu of the Department's laid down procedure, dilutes accountability and weakens the quality control mechanism. Further, the urgency of work does not justify bypassing prescribed procedures of quality assurance.

7.3 Summary of Findings

This Chapter revealed that the tenders were cancelled without adequate justification, leading to delays. Instances of irregular payments, submission of fake/cancelled or another contractor's invoices, and absence of supporting original invoices indicate weak financial controls and monitoring. Inferior quality of works, such as cracks in OHSR structure and improper material usage, further compromised the durability and safety of the assets created. Payments were suspiciously made for household tap connections already installed under earlier schemes, indicating possible duplication. These lapses not only undermined transparency and accountability in procurement but also delayed the intended benefit of functional household tap connections for rural households.

7.4 Recommendations

- ***The Department may strengthen tendering and procurement processes by ensuring transparency, proper justification for cancellations, and timely finalisation of contracts.***

- ***A robust system of financial scrutiny, including invoice verification, e-way bill matching and third-party checks may be established to prevent fraudulent claims.***

- ***Quality assurance mechanisms may be enforced through mandatory third-party inspections, GIS mapping of the pipe network, and strict penal action against contractors for substandard work.***

- ***Use of digital monitoring tools may be prioritised to improve accountability and timely completion of works.***

JAIPUR
The 22nd March 2026

(RAMAWATAR SHARMA)
Accountant General (Audit-II)
Rajasthan

Countersigned

NEW DELHI
The 23rd March 2026

(K. SANJAY MURTHY)
Comptroller and Auditor General of India