

Chapter – V

Execution of Works

(Urban Administration and Development Department)

5.1 Irregular award of contract of Computerisation

Irregular payment of Rs. 1.11 crore to the contractor

Test Check of records (December 2006) of Commissioner, Municipal Corporation, Gwalior (Nagar Nigam) for period April 2004 to March 2006 revealed that Mayor-in-Council, Gwalior (MIC) decided (approval No. 524 dated February 2003) to get the work of computer operations, design and implementation done in the Nigam. The expenditure incurred thereon would be met from the service tax to be charged from the citizens. Further MIC had agreed (approval No. 689 of June 2004) that the computerisation work would be done by the implementing agency on the basis of Build Operate and Transfer (BOT) with no initial cost to Nagar Nigam.

In response to the notice for expression of interest, 32 firms applied for computerisation in Nagar Nigam. A committee consisting of Municipal Officer, Computer Specialist of MITS, IITM, NIC and representative of Collector (Committee) was constituted to short list the firms from the willing firms (32) for the computerisation work. The committee short listed 16 suitable firms and invited them for presenting their programme of computerisation (March 2004). Only 11 firms submitted their draft proposal of computerisation.

The committee, after evaluation of presentation, selected (March 2004) two firms (a) M/S C DEC New Delhi (b) M/S Oswala Data, Indore out of 11 firms and recommended both the firms for further discussion and submission of concrete proposal. Both the firms submitted their registration certificate (April 2004) but the Nagar Nigam had not awarded the contract to any of them. Overlooking the recommendation of the Committee, the Nigam awarded (July 2004) the work of Computerisation and Networking to M/S AGL Technology on the similar terms of agreement of M/S Oswala Data, Indore with MC, Indore. There was no clause of BOT in the agreement of M/S Oswala Data, Indore. Later on an agreement was also executed (August 2004) with the firm consisting of the clause of BOT. Thus agreement executed was not in accordance of award of work. Issue of work order without prior execution of agreement was irregular and resulted in non-provision of BOT in award of work. Hence the orders issuing the work awarded to M/S AGL (July 2004) was irregular. The payment of Rs. 1.11 crore was made to the firm during November 2004 to March 2007 though it was decided earlier that the same would be on BOT basis.

The condition of increases in revenue up to 40 percent was decided (Approval No. 689 of June 2004) by the Nigam but on the request of the firm, (August 2004) the condition was relaxed to increase of revenue up to 15 per cent while M/S Oswala Data Indore, the firm recommended by the committee was ready to accept the condition of 40 per cent increase. This had resulted in undue advantage to the firm along with reduction in proposed increase of revenue.

On being pointed out in audit Commissioner stated (December 2006) that M/S AGL had requested for inclusion its presentation which was accepted by the Committee and since the rates of M/S AGL were found comparatively suitable these were accepted on the line of Nagar Nigam Indore.

The reply was not acceptable as the committee had recommended only two firms and no record in support of reply was shown to audit.

The matter was reported to the Government (May 2007); reply was awaited (October 2008).