



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2014-2016)**

**HUNDRED AND SEVENTH REPORT  
(Presented on 18-2-2016)**

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

2016

**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2014-2016)**

**HUNDRED AND SEVENTH REPORT**

**On**

**Kerala State Electricity Board based on the Report of the  
Comptroller and Auditor General of India for the year  
ended on 31 March, 2007 (Commercial)**

## CONTENTS

|  | <i>Page</i> |
|--|-------------|
| Composition of the Committee   | .. v        |
| Introduction   | .. vii      |
| Report   | .. 1        |
| Appendix I : Summary of main Conclusions/<br>Recommendations           | .. 7        |
| Appendix II : Notes furnished by Government on the<br>Audit Paragraphs | .. 9        |

## COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

### *Chairman:*

Shri K. N. A. Khader

### *Members:*

Shri Abdurahiman Randathani

Shri A. A. Azeez

Shri P. K. Gurudasan

DR. N. Jayaraj

Shri Elamaram Kareem

Shri T. N. Prathapan

Shri Sunny Joseph

Shri S. Sarma

Shri P. Thilothaman

Shri P. C. Vishnunadh.

### *Legislature Secretariat:*

Shri P. D. Sarangadharan, Secretary

Smt. P. K. Girija, Additional Secretary

Smt. M. R. Maheswary, Deputy Secretary

Shri P. S. Selvarajan, Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2014-2016) having been authorised by the Committee to present the Report on their behalf, present this Hundred and Seventh Report on Kerala State Electricity Board based on the Reports of the Comptroller and Auditor General of India for the year ended 31 March, 2007 (Commercial) relating to the Government of Kerala.

The Reports of the Comptroller and Auditor General of India for the year ended on 31 March, 2007, was laid on the Table of the House on 26-2-2008. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2014-2016.

This Report was considered and approved by the Committee at the meeting held on 17-2-2016.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the Audit Paragraphs included in this Report.

The Committee wish to express their thanks to the officials of the Power Department of the Secretariat and Kerala State Electricity Board for placing before them the materials and information they wanted in connection with the examination of the subject. They also wish to thank in particular the Secretaries to Government, Power and Finance Department and the officials of Kerala State Electricity Board who appeared for evidence and assisted the Committee by placing their concerned views before the Committee.

Thiruvananthapuram,  
18th February, 2016.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*

**REPORT**  
**ON**  
**KERALA STATE ELECTRICITY BOARD**

**AUDIT PARAGRAPH**

**Favour to a Private Contractor**

Decision of the Board to amend the bid documents and make payment for lump sum civil works without measurements resulted in undue benefit of ₹ 1.92 crore to the contractor.

In order to enhance the existing capacity (125 MW) of Kuttiyadi Hydro Electric Project by additional 100 MW, the Board proposed Kuttiyadi Additional Extension Scheme (KAES) and invited pre-qualification bids for its execution on turnkey basis. The scope of work as per the tender notice included design and supply of equipments and materials, civil construction, installation, testing and commissioning of Generating units. As per the Bid documents forming part of the contract, bidders were to give bill of quantities for civil works based on the estimation of the scope of work. Further, all items of work having financial value had to be measured jointly by the Board and the Contractor. The contractors were also required to make their own arrangements for engagement of labourers and their accommodation.

Five bidders including BHEL-L&T consortium (BHEL-L&T) were declared (June 1999) as qualified to submit their price bid. Before submission of price bid the Board amended (February 2000) the provisions of bid documents, according to which, the measurement of lump sum items would be based on the work completed as a percentage of the total work.

BHEL-L&T emerged as the lowest price-bidder and accordingly the Board entered into (November 2003) an agreement with them for implementation of KAES. The Board, however, did not obtain bill of quantities for civil works comprising of construction of contractor's camp offices, stores and workshop and BHEL-L&T quoted a lump sum rate of ₹ 2.79 crore for these items and proposed to utilise an area of 4100 square meter without providing the details.

It was noticed (November 2006) that as against construction of plinth area of 3075 square metre in 4100 square metre of land allotted to the consortium the actual area constructed as per measurement book was 637 square metre requiring payment of only ₹ 55 lakh. The requirement of balance area for housing their camp office, store, etc., was met from Board's own construction facilities available at KAES site by BHEL-L&T paying (December 2006) ₹ 5.49 lakh as rent. Although there was no evidence of any construction made, the Board made extra payment of ₹ 1.92 crore (₹ 2.52 crore minus ₹ 60.49 lakh) to BHEL-L&T on the ground that the work being of temporary nature did not require measurement.

Thus, the decision of the Board to amend the bid documents and non-acceptance of bill of quantities for civil works facilitated payment for lump sum civil works without measurements and resulted in undue benefit of ₹ 1.92 crore to the contractor.

The matter was reported to the Government (June 2007). The reply had not been received (August 2007).

[Audit Paragraph 4.18 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March, 2007 (Commercial).]

Notes furnished by the Government on the Audit Paragraph is given in Appendix II.

1. The Committee wanted to know the reason behind the decision of the Board to amend the bid documents and make payments for lump sum civil works without measurements, resulting an undue benefit of ₹ 1.92 crore to the contractor in the Kuttiyadi Additional Extension Scheme Project. The witness informed that to promote infrastructure facilities for temporary constructions for which the measurement of area was not taken and the lump sum payment was made according to the completion of work as per the provisions in the international contract rules and as per the bid the lump sum payment was ₹ 2.79 crore.

2. The Committee remarked with displeasure that the Board had violated the direction of the Chief Engineer to pay an amount of ₹ 55 lakh for the construction done in an area of 637 Sq.m. only. The witness explained that the documents regarding the construction done in 3075 Sq.m. land was available, but the construction done had already been demolished. The Committee demanded to furnish the details of the demolished constructions and the payments done in the matter. To a query of the Committee the witness informed that the payment for the construction in an area of 637 Sq.m. was sanctioned by the Project Manager who was also the Deputy Chief Engineer of the project under the control of the Director (General Civil). The Committee directed to furnish the details of the Project Manager and the Director of the concerned project. When the Committee enquired about the officer who sanctioned the bill for the construction beyond 637 Sq.m., the witness informed that the bill was approved by the Deputy Chief Engineer of the project.

3. Meanwhile the Accountant General informed that according to the DB note on 20-3-2007 of KSEB, there was no supporting documents regarding the construction work as per the measurement book and that the office was not aware of the completion of construction while the claim for full payment was made and the payment was for the infrastructure works. It was also noted that the taking over certificate of the completed construction was also not seen furnished along with the progressive invoice and connected documents and the Assistant Engineer/ Assistant Executive Engineer was asked to furnish the taking over certificate before effecting the payment.

4. The Director of KSEB explained that the Vigilance and Anti Corruption Bureau had conducted an enquiry in the matter and a liability was fixed for ₹ 228 lakh from the Company. But L&T Company had refused to pay the amount to the Board. The Director further informed that the Board had decided to recover the amount by encashing a Bank Guarantee for ₹ 269 lakh furnished by M/s L&T against the retention money.

5. The Committee enquired why the details of the Vigilance enquiry was not submitted along with the Government reply and also wanted to know about the action taken as per the direction of Vigilance and Anti Corruption Bureau.



The witness informed that the Board had decided to invoke the Bank Guarantee of ₹ 269 lakh from L&T Company. To a query of the Committee regarding disciplinary action taken in the matter, the witness informed that the bid documents were removed in 1999, before the commencement of work and the details of temporary structures were a main item in the bid document. As per the bid conditions, the payments for temporary constructions was to be made according to the percentage of work done in the total area but as there was no proof for the construction or demolition and hence audit objection had occurred in the matter.

6. The Accountant General informed that the Company may not remit the amount as per the recovery notice and the matter may end up as a court case that the Company can produce evidence that they had done the construction. The Committee directed to take disciplinary actions against the persons who are found guilty on the enquiry of Vigilance and Anti Corruption Bureau and directed to furnish the details of action taken in the matter along with the copy of the showcause notice issued in the case.

7. As directed by the Committee, the Power department vide Letter No. 3290/B2/15/P.D. dated 10-6-2015 had informed that the KSEBoard had issued showcause notice along with detailed charge memo on 16-5-2015 to two officers of KSEB who had found guilty on the enquiry of Vigilance and Anti Corruption Bureau and further necessary actions in this regard would be taken on the receipt of the reply from the accused. The copy of the showcause notice had also submitted along with the letter.

8. In the letter it was also informed that M/s L & T Company had filed a WP (C) 7260/15 in the High Court against the order issued to them on 18-2-2015 by the KSEBoard for the recovering of excess payment made to the firm by encashing the Bank Guarantee submitted in lieu of retention money and the Hon. High Court had issued order to stay all further actions of the Board for one month and subsequently extended the validity of the stay order till 5-6-2015. However, the Board assured that they had already taken necessary measures to recover the dues from the Company by accelerating the court procedures.

9. The Committee considered the above reply and directed to intimate the Committee about the steps taken by the Board to recover the amount in the light of termination of stay order.

#### **Conclusions/Recommendations**

10. The Committee is distressed to note that the Board made the payment of ₹ 1.92 crore to the contractor of Kuttiyadi Additional Extension Scheme Project for the lump sum civil works without taking measurement and amending the bid documents despite knowing the direction of the Chief Engineer to pay an amount of ₹ 55 lakh for the construction done in an area of 637 Sq.m. only.

11. The Committee observes that as per the notings in the measurement book, there was no proof for the completion of construction. Taking over certificate of the completed construction was also not furnished by the Assistant Engineer or Assistant Executive Engineer even though it was asked to do so. From the above facts, the Committee concludes that the Board unduly favoured the contractor of Kuttiyadi Additional Extension Scheme Project.

12. The Committee is not satisfied with the explanation of the witness claiming the availability of documents for the construction done in 3075 Sq.m. land and the claim is irrelevant as the construction had already been demolished. Therefore the Committee wanted to be furnished with the details of the demolished construction, payment done in the matter and also the details of the Project Manager and the Director of the concerned project.

13. The Committee learns that an amount of ₹ 228 lakh fixed as liability of the company by the Vigilance and Anti Corruption Bureau has not been recovered so far. The Committee agrees with the opinion of the Accountant General that the Company may not

remit the amount as per the recovery notice and the matter may end up as a Court case that the Company can produce the evidence that they had done the construction. Therefore the Committee directs to take action against the persons who are found guilty on the enquiry of Vigilance and Anti Corruption Bureau and directs to furnish the details of action taken in the matter.

14. The Committee also recommends that, since the stay order issued by the Hon'ble High Court has been expired on 5-6-2015, the Board should take urgent step to recover the excess payment of ₹ 228.79 lakh made to M/s L&T Company and the action taken in this regard should be intimated to the Committee within one month.

Thiruvananthapuram,  
18th February, 2016.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*

## APPENDIX I

## SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

| Sl. No. | Para No. | Department concerned | Conclusions/Recommendations  |
|---------|----------|----------------------|--|
| 1       | 2        | 3                    | 4  |
| 1       | 10       | Power                | The Committee is distressed to note that the Board made the payment of ₹ 1.92 crore to the contractor of Kuttiyadi Additional Extension Scheme Project for the lump sum civil works without taking measurement and amending the bid documents despite knowing the direction of the Chief Engineer to pay an amount of ₹ 55 lakh for the construction done in an area of 637 Sq.m. only.  |
| 2       | 11       | „                    | The Committee observes that as per the notings in the measurement book, there was no proof for the completion of construction. Taking over certificate of the completed construction was also not furnished by the Assistant Engineer or Assistant Executive Engineer even though it was asked to do so. From the above facts, the Committee concludes that the Board unduly favoured the contractor of Kuttiyadi Additional Extension Scheme Project. |
| 3       | 12       | „                    | The Committee is not satisfied with the explanation of the witness claiming the availability of documents for the construction done in 3075 Sq.m. land and the claim is irrelevant as the construction had already   |

| 1 | 2  | 3     | 4  |
|---|----|-------|--|
|   |    |       | <p>been demolished. Therefore the Committee wanted to be furnished with the details of the demolished construction, payment done in the matter and also the details of the Project Manager and the Director of the concerned project.</p>  |
| 4 | 13 | Power | <p>The Committee learns that an amount of ₹ 228 lakh fixed as liability of the company by the Vigilance and Anti Corruption Bureau has not been recovered so far. The Committee agrees with the opinion of the Accountant General that the Company may not remit the amount as per the recovery notice and the matter may end up as a court case that the Company can produce the evidence that they had done the construction. Therefore the Committee directs to take action against the persons who are found guilty on the enquiry of Vigilance and Anti Corruption Bureau and directs to furnish the details of action taken in the matter.</p> |
|   | 14 | ..    | <p>The Committee also recommends that, since the stay order issued by the Hon'ble High Court has been expired on 5-6-2015, the Board should take urgent step to recover the excess payment of ₹ 228.79 lakh made to M/s L&amp;T Company and the action taken in this regard should be intimated to the Committee within one month.</p>   |

## APPENDIX II

## NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS

| Sl. No. | Audit Paragraph   | Reply furnished by Government   |
|---------|-------------------|---|
| 1       | 2                 | 3   |
|         | 4.18<br>(2006-07) | <p>The Kuttiyadi Additional Extension Scheme (2x50 MW) envisages enhancing the power generation by 240 Mu additional per annum to the existing Kuttiyadi Power Station at Kakkayam (125 MW), by constructing a powerhouse of installed capacity 100 MW adjacent to the existing 50 MW Kuttiyadi Extension Scheme. The Scheme is implemented by amended constructing an intake in the existing reservoir, a powerhouse building adjacent to the existing 1x50 MW Kuttiyadi Extension Scheme powerhouse and connecting them with water conductor system consisting of 686m long tunnel and inviting 2144 m long penstock.</p> <p>The Board vide B.O. No. 1649/98 (TC5-1121/97) dated 4-8-1998 had decided to implement Kuttiyadi Additional Extension Scheme on turnkey basis with financial package, by inviting tenders on international competitive bidding. Accordingly, tenders were invited by the Chief Engineer (Civil-Construction) on 7-8-1998 for the subject work under international competitive bidding system for pre-qualification of contractor/firm, for implementing the scheme on turnkey basis with financial package. The scope of work as per tender notice Included Design, Engineering and Execution of all Civil, Hydro mechanical and Electromechanical works.</p> |

| 1 | 2 | 3   |
|---|---|---|
|   |   | <p>Altogether 34 tenders were sold, of which 8 Nos. were received back and the following five firms were pre-qualified:</p> <ol style="list-style-type: none"> <li>1. M/s SNC Lavalin</li> <li>2. M/s BHEL-L&amp;T Consortium</li> <li>3. M/s Alstom-Gammon India Joint Venture</li> <li>4. M/s Tractable Engineering</li> <li>5. Joint-Venture Consortium of CMEC &amp; CWHEC.</li> </ol> <p>In the meanwhile, the Board had constituted a Committee for the preparation of turnkey bid document of Kuttiyadi Additional Extension Scheme. The draft bid document prepared by the Committee were examined by the Full Board on 4-11-1999 and 12-11-1999 and decided to authorize the Chief Engineer (Civil-Construction) to issue bids to the pre-qualified bidders subject to certain modifications/additions in the bid document. The Full Board also decided to modify the stage payments schedule vide Clause 13.4 of General Conditions of Contract, which forms part of the bid documents, suitably by the Chief Engineer (Civil-Construction) and to place before the Full Time Members and Chairman for approval. The above decisions taken by the Full Board were communicated vide B.O. No. 2629/1999 (ICS-1598/99) dated 30-11-1999 (Annexure I). Further, the Board vide Letter No. TC5-:1598/99 dated 2-12-1999 (Annexure II) had communicated it's approval to the draft bid documents for turnkey execution of Kuttiyadi Additional Extension Scheme, subject to modifications issued vide Board Order dated 30-11-1999. The Chief Engineer</p> |

| 1 | 2 | 3  |
|---|---|--|
|   |   | <p>(Civil Construction) was also directed to incorporate the modifications specifically mentioned in the Board Order dated 30-11-1999 in the bid document. Subsequently, as per the directions contained in the Board Order dated 30-11-1999, the Chief Engineer, (Civil Construction) had suggested certain modifications in the clause relating to schedule of payments and additions of suitable clause for measurement of works. This was also considered by the Board and issued orders vide B.O. No. 2849/1999 (TC5-1598/99) dated 21-12-1999 (Annexure III), modifying the schedule of payments clause in the bid document. The Board also decided to insert a new sub-clause namely 13.3A as under, between 13.3 and 13.4 Volume I of bid documents.</p> <p>(i) All items having a financial value shall be measured in the manner as prescribed by the KSEB, so that a complete record is maintained for all works performed under the contract. All records shall be made in two copies, one copy shall be kept by the Employer's Representative and the other copy by the contractor. The measurement of lump sum items will be based on the work completed as a percentage of the total work,</p> <p>(ii) Measurements shall be taken Jointly by the Employer's Representative or his authorized representative and the Contractor or his authorized representative,</p> <p>(iii) Measurements shall be signed and dated by both parties on the site. If there is any dispute in any of the measurements, a note to that effect shall be made in the measurement record against the disputed items and such note shall be signed and dated by both parties engaged in taking the measurements and the parties shall discuss and resolve the same immediately thereafter.</p> |



| 1 | 2 | 3  |
|---|---|--|
|   |   | <p>Further it had come to the notice of the Board that modifications stated in the B.O. No. 2849/99 dated 21-12-1999 have not been completely incorporated in the modified price bid document forwarded by the Chief Engineer. Hence the Chief Engineer was directed vide Board's LetterNo. TC5-1598/99/115 dated 18-1-2000 to incorporate such details in the bid document and forward to the Board.</p> <p>The price bid document was issued by the Chief Engineer (Civil Construction) to the pre-qualified bidders from 22-1-2000. The last sentence in the new sub-clause 13.3A(I) to the effect that "The measurement of lump sum items will be based on the work completed as a percentage of the total work," which was approved by the Board vide B.O. dated 21-12-1999 but not included in the price bid document at the time of issuance to be pre-qualified bidders was subsequently issued by the Chief Engineer as Addendum No.1 to all the pre-qualified bidders on 15-2-2000 (Annexure IV) with a direction to sign, seal and attach with the bid documents while submitting the bids, strictly adhering to Clause 8.3 of "Instructions to Bidders," which forms part of the Agreement. In Clause 8.3 (Addenda/Amendments to Bid Documents) of Instructions to Bidders, it is specified that <i>"At any time prior to the deadline for submission of bids, the KSEB may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify the Bid Documents by the issuance of Addenda/Amendments."</i></p> <p>From the above it can be seen that the decision communicated by the Chief Engineer to all the pre-qualified bidders vide Addendum No. 1 was taken by the Board as early as in 21-12-1999 and also prior to the issuance of the price bid documents to the pre-qualified bidders.</p> |

| 1 | 2 | 3  |
|---|---|--|
|   |   | <p>Out of the five pre-qualified bidders, M/s Alstom did not submit their offer and the price bid submitted by the pre-qualified bidders, the Full Board decided on 30-7-2003 to accord sanction to award the works of Kuttiyadi Additional Extension Scheme (2x50 MW) on turnkey basis without financial package to M/s BHEL-L&amp;T Consortium at their quoted basic price of US Dollar Twelve lakh and Indian Rupees 15109.19 lakh with a one-time escalation of 7.5% of the basic rate and an Agreement was executed with the consortium on 10-11-2003 vide No. 10/CECC/2003.</p> <p>As per Clause 8.1 of the General Conditions of Contract, which form part of the Agreement, the Contractor shall make his own arrangements for the engagement of all staff and labour, local or otherwise, and for their payment, housing, feeding and transport. Also as per Clause 6.6 (Facilities for Staff and Labour) of the General Conditions, the contractor shall provide and maintain all necessary accommodation and welfare facilities for his (and his subcontractor's) staff and labour. The Contractor shall also provide the facilities specified in the Employer's Requirements, for the Employer's and Employer's Representative's Personnel. The Contractor shall not permit any of his employees to maintain any temporary or permanent living quarters within the structures forming part of the works. The Contractor shall provide facilities such as accommodation, canteen, transportation, toilet, washrooms etc. to outside labourers near the site.</p> <p>In Clause 8.10 (other points) of instructions to Bidders, it is also specified that "Bidders while assessing their requirement of infrastructure and construction facilities to suit their Construction</p> |

| 1 | 2 | 3  |
|---|---|--|
|   |   | <p>technology and methodology for successful implementation of the project, should take into account the infrastructure and construction facilities already existing at site, as described in the Project Profile, Vol. II of Bid documents.”</p> <p>In additions, Clause 1.1.2 (scope of works) of the Technical specification provided the works to be constructed by the contractor under the design, build and turnkey and it; sub-clause 1.1.2.1-Temporary works, include the Provisions of site general construction facilities including temporary housing, work facilities and services of operation and maintenance. Also sub-clause 1.1.2.2 Permanent Civil Works, include all Civil Works related to the construction of all component structures of the project.</p> <p>The bidders had to quote their contract prices as provided in Form A1 of Schedule A1, as detailed below, as per tender conditions.</p> <p><b>“PRO FORMA FOR PRICE BREAKDOWN OF WORKS</b></p> <p><b>(A) CONTRACT PRICE</b></p> <ol style="list-style-type: none"> <li>1. Planning, Design and Engineering</li> <li>2. Civil Works       <ol style="list-style-type: none"> <li>(i) Infrastructure works and construction facilities</li> <li>(ii) Main Civil Works</li> </ol> </li> <li>3. Hydro Mechanical Works</li> <li>4. Electrical and Mechanical Works.</li> </ol> |

| 1 | 2 | 3   |
|---|---|---|
|   |   | <p>(B) CONTINGENCIES FOR MAIN CIVIL WORKS</p> <p>Also, as per tender conditions, the bidders had to quote the break-up of contract price for works/components in the pro forma given in schedule A1 as detailed below:</p> <p><b>“PRO FORMA BREAK-UP OF CONTRACT PRICE OF WORKS/COMPONENTS</b></p> <ol style="list-style-type: none"> <li><b>1. Planning, Design and Engineering</b> <ol style="list-style-type: none"> <li>(i) Overall Planning Report,</li> <li>(ii) Further investigation required, if any.</li> <li>(iii) Model Studies,</li> <li>(iv) Engineering Design and Drawings.</li> </ol> </li> <li><b>2. Civil Works</b> <ol style="list-style-type: none"> <li>I. Infrastructure works and construction facilities etc.</li> <li>II. Main Civil Works           <ol style="list-style-type: none"> <li>(i) (a) Water conductor systems—intake including power tunnel up to surge shaft.</li> <li>(b) Surge Shaft, Butterfly Valve Gallery and Penstock.</li> <li>(ii) Power House Complex               <ol style="list-style-type: none"> <li>(c) Power House Complex</li> </ol> </li> <li>(iii) Construction Adit for surge shaft.</li> <li>(iv) Tailrace Channel.</li> </ol> </li> </ol> </li> <li><b>3. Hydro-Mechanical Works</b> <ol style="list-style-type: none"> <li>(i) Design, manufacture and supply of items.</li> <li>(ii) Storage, assembly, erection, testing and commissioning of items.</li> </ol> </li> <li><b>4. Electrical and Mechanical Works</b> <ol style="list-style-type: none"> <li>(i) Design, manufacture and supply of items</li> <li>(ii) Storage, assembly, erection, testing and commissioning of items.”</li> </ol> </li> </ol> |

| 1  | 2                                  | 3   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
|--|------------------------------------|---|-------------------|------------------------------------|-----------------|--|--|----|--------------------------------------|-----|-----------|-----|---------------|-----------------------|--|
|  |                                    | <p>Further, the contract price for Infrastructure Works and Construction Facilities included the following item of works (Table 1):</p> <p>As stipulated in the tender conditions, M/s BHEL-L&amp;T consortium had offered the contract price for the subject work in the prescribed form. As per the offer of M/s BHEL-L&amp;T consortium, the break-up of contract price for Infrastructure Works and Construction Facilities (lump sum price) are as follows (Table2):</p> <p>Construction Camp and Facilities.</p> <p>Considering the location of work fronts required, M/s BHEL-L&amp;T consortium had planned the following set-up at various locations:</p> <p>Area at Kuttiyadi Dam Location and along Penstock alignment.</p>  |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
|  |                                    | <table border="1"> <thead> <tr> <th data-bbox="288 776 743 945">Land required for</th> <th data-bbox="743 776 991 945">Approximate area<br/>Rate<br/>sq. m.</th> </tr> </thead> <tbody> <tr> <td data-bbox="288 945 743 997">At Dam top area</td> <td data-bbox="743 945 991 997"></td> </tr> <tr> <td data-bbox="288 997 743 1050">Accommodation for staff and field office</td> <td data-bbox="743 997 991 1050">90</td> </tr> <tr> <td data-bbox="288 1050 743 1118">Labour Colony (within 1 Km. of site)</td> <td data-bbox="743 1050 991 1118">700</td> </tr> <tr> <td data-bbox="288 1118 743 1191">Workshops</td> <td data-bbox="743 1118 991 1191" rowspan="2">150</td> </tr> <tr> <td data-bbox="288 1191 743 1259">Cement Godown</td> </tr> <tr> <td data-bbox="288 1259 743 1352">At Penstock alignment</td> <td data-bbox="743 1259 991 1352"></td> </tr> </tbody> </table> | Land required for | Approximate area<br>Rate<br>sq. m. | At Dam top area |  | Accommodation for staff and field office | 90 | Labour Colony (within 1 Km. of site) | 700 | Workshops | 150 | Cement Godown | At Penstock alignment |  |
| Land required for                        | Approximate area<br>Rate<br>sq. m. |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| At Dam top area                          |                                    |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| Accommodation for staff and field office | 90                                 |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| Labour Colony (within 1 Km. of site)     | 700                                |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| Workshops                                | 150                                |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| Cement Godown                            |                                    |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |
| At Penstock alignment                    |                                    |   |                   |                                    |                 |  |  |    |                                      |     |           |     |               |                       |  |

| 1 | 2 | 3   |      |
|---|---|---|------|
|   |   | Small field offices and stores  | 60   |
|   |   | Locations   |      |
|   |   | Total area required at dam top locations  | 1000 |
|   |   | <p>The consortium also proposed to use the existing structure available in this area, if it is useful, after making necessary repairs to the same, if permitted by KSE Board.</p> <p>Area at Kakkayam.</p> <p>The Consortium also proposed to construct staff colony, labour colony, main stores, cement godown, workshop, etc. for the construction works pertaining to the entire project. They also proposed to establish field office and laboratory in this area. The following statement provided the details of facilities and area proposed for the same (Table 3):</p> <p>As per the proposal of the Consortium, the total area or 'Construction Camp and Facilities' was 4100 m<sup>2</sup> and the lump sum amount quoted by them for the item. "Construction of Contractor's Camp, Offices, Stores &amp; Workshops" was Rs. 279.20 lakh. In this item, the bidder was not required to furnish the bill of quantities being 'temporary work' and accordingly, the contract had quoted only a lump sum amount for this item as stipulated in the tender conditions. The Bidders were to give bill of quantities based on the estimation of the scope of work only for the main civil works.</p> |      |

| 1                        | 2   | 3   |                       |                 |                       |                 |                       |                 |                          |   |
|--------------------------|---|---|-----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|--------------------------|---|
|                          |   | <p>As per the assumption taken by the field officers which is reiterated by Audit only 3075 m<sup>2</sup> of construction can be done in the land area of 4100 m<sup>2</sup>. As per the Agreement, stage payments are envisaged for major items of work/supply. For main civil works, monthly payment based on measurement of executed quantities are agree. In the case of Planning Design &amp; Engineering and Infrastructure &amp; Construction facilities under Civil Works/contract prices are provided as lump sum amount. For these items, payment was made considering the completed work as a percentage of total work. As per Schedule D3-Schedule of payments, for infrastructure work. The payment condition was as follows:</p> <table border="1" data-bbox="288 602 1001 894"> <tbody> <tr> <td data-bbox="288 602 647 663">1st stage 30% payment</td> <td data-bbox="647 602 1001 663">Within 2 months</td> </tr> <tr> <td data-bbox="288 663 647 725">2nd stage 50% payment</td> <td data-bbox="647 663 1001 725">Within 4 months</td> </tr> <tr> <td data-bbox="288 725 647 786">3rd stage 90% payment</td> <td data-bbox="647 725 1001 786">Within 6 months</td> </tr> <tr> <td data-bbox="288 786 647 894">Taking over 100% payment</td> <td data-bbox="647 786 1001 894">Payment or completion of infrastructure works</td> </tr> </tbody> </table> | 1st stage 30% payment | Within 2 months | 2nd stage 50% payment | Within 4 months | 3rd stage 90% payment | Within 6 months | Taking over 100% payment | Payment or completion of infrastructure works |
| 1st stage 30% payment    | Within 2 months                               |   |                       |                 |                       |                 |                       |                 |                          |   |
| 2nd stage 50% payment    | Within 4 months                               |   |                       |                 |                       |                 |                       |                 |                          |   |
| 3rd stage 90% payment    | Within 6 months                               |   |                       |                 |                       |                 |                       |                 |                          |   |
| Taking over 100% payment | Payment or completion of infrastructure works |   |                       |                 |                       |                 |                       |                 |                          |   |
|                          |   | <p>Though theoretically the total quantity of built-up area of temporary buildings towards the Construction Facilities is 3075 m<sup>2</sup> the temporary works under Construction Facilities made by the contractor is 3917.628 m<sup>2</sup> as per field report (Annexure V). Even though the contractor had completed 100% construction area (3075 m<sup>2</sup>) by CC 17 &amp; Part and they are eligible for full payment at this stage as per Schedule D3-Schedule of payments, the 100% payment under this item was effected to the contractor only by CC 32 &amp; Part (Annexure V).</p> <p>From the above, it can be seen that the field officers did not admit the Contractor's, claim in toto, but they have certified only proportionate amount admissible as per the progress achieved at site by the contractor. Bill-wise details of construction Facilities certified by the Project Manager, Kuttiyadi Additional Extension Scheme are shown in Annexure VI.</p>  |                       |                 |                       |                 |                       |                 |                          |   |

| 1 | 2 | 3   |
|---|---|---|
|   |   | <p>In compliance to Clause 8.10 (other points) of "Instructions to Bidders" mentioned above, various dilapidated quarters/dormitory constructed long back in the KSEB colony which were lying abandoned, were handed over to the contractor as per their request, in addition to the area of 4100 m<sup>2</sup> proposed and constructed by the consortium for Construction Camp and Facilities. "These quarters were subsequently renovated by them at their own expense and occupied by their Managers and Senior Engineers for which the rent due as per the norms prevailing in KSEB is also being recovered from them. Here, it may be noted that all the above quarters/dormitory were constructed more than 40 years back and were not being used by the KSEB Staff. All these buildings are rented out to the contractor at the monthly rent rate applicable to outsiders worked out as per PWD norms. In addition, water charges and current charges at applicable rates are also being collected from the contractor. In the case of dormitory having a plinth area of 441.19 m<sup>2</sup> the rate of rent collected is Rs. 7,000 per month and the water charge is Rs. 300 per month. Also electricity charge is being collected for the actual metered units, at prevailing tariff. In addition, 9 Nos. quarters having a total plinth area of 659.79 m<sup>2</sup> are also rented out to the contractor. Up to 2/2008, an amount of Rs. 8,00,480 has also been recovered from the contractor on this account. Another point to be noted is that all these renovated buildings can be used for Board's Staff, once the construction works are over, without incurring additional expenditure, which otherwise could have been used by Board for its purpose, by incurring lakhs of rupees towards repairs and maintenance. The above area of rented building has not been included in the built-up area towards the Construction Facilities.</p> |



| 1 | 2 | 3  |
|---|---|--|
|   |   | <p>Hence the statement that, "<i>The requirement of balance area for housing their Camp, Office, Store, etc. was met from Board's own construction facilities available at KAES site by BHEL-L&amp;T paying (December 2006) Rs. 5,49 lakh as rent</i>" is against true facts.</p> <p>From the facts mentioned above, it can be seen that the payment of Rs. 2.79 crore was made to the Contractors. BHEL-L &amp; T Consortium for that item,</p> <p>"Construction Facilities", strictly adhering to Clause Addendum 13.3A of General Conditions of Contract (Annexure VII) and item 3 of the Addendum No. I (Annexure IV) of the Agreement and also based on the measurements jointly taken by the Board and the Contractor and recorded in the Measurement Books.</p> <p>Considering the above facts, the Audit Para may kindly be dropped.</p> |

Table 1

| Sl.No | Description of Works  | Amount |
|-------|---|--------|
| 1     | Site mobilisation of Staff (expatriate/Indian, workmen, vehicle etc.)   |        |
| 2     | General mobilisation of contractors construction plant and equipment etc.   |        |
| 3     | Site installation of Contractors construction plant and equipment etc.  |        |
| 4     | Construction of contractors<br>i. Camp.<br>ii. Offices<br>iii. Stores<br>iv. Workshops  |        |
|       | Forming of new roads if required, widening and improvement of existing roads, including construction of cross drainage works etc to enable plying of trailers carrying permanent equipment and for movement, of heavy construction equipment to various project sites, etc. |        |
| 5     | Alternate Construction Power  |        |
| 6     | Other miscellaneous items to suit contractor's programme, planning, methodology etc.  |        |
| 7     | Total   |        |

Table 2

| Sl.No | Description of Works  | Amount in Lakhs (₹) |
|-------|---|---------------------|
| 1     | Site mobilisation of Staff (expatriate/Indian, workmen, vehicle etc.)   | 13.50               |
| 2     | General mobilisation of contractors construction plant and equipment etc.   | 16.00               |
| 3     | Site Installation of Contractors construction Plant and equipment etc.  | 9.60                |
| 4     | Construction of contractors<br>i. Camp.<br>ii. Offices<br>iii. Stores<br>iv. Workshops  | 279.20              |
|       | Forming of new roads if required, widening and improvement of existing roads, including construction of cross drainage works etc to enable plying of trailers carrying permanent equipment and for movement, of heavy construction equipment to various project sites, etc. | 487.86              |
| 5     | Alternate Construction Power  | 22.37               |
| 6     | Other miscellaneous items to suit contractor's programme, planning, methodology etc.  | 48.85               |
| 7     | Total   | 877.38              |

Table 3

|   | Land required for   | Approximate Area in Sq.m               |
|---|---|--|
| a | Staff Colony (including quarters, GH, etc)near KSE Board Colony | 1100                                   |
| b | Labour colony   | 800                                    |
| c | Workshops:P&M,carpentry, steel fabrication                      | 1200(near to powerhouse site junction) |
| d | Cement Go down  |  |
| e | Store for E&M etc.  |  |
| f | Laboratory and filed offices                                    |  |
| g | Contractor's main offices                                       |  |
| h | Total area required at Kakkayam Junction Area                   | 3100                                   |

©  
Kerala Legislature Secretariat  
2016

KERALA NIYAMASABHA PRINTING PRESS