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Preventive Vigilance: an Effective tool of Good Governance

Preventive vigilance is nothing but adoption of a package of measures to improve systems/procedures to reduce or eliminate corruption. Purpose of preventive vigilance is to bring about a higher order of morality, rationality and watchfulness in public service. Three elements of preventive vigilance are the Eyes, the Ears and finally justification of brain.

Measures for preventive vigilance:-

- Define duties and responsibilities of an officer and work men.
- Simplification of rules and procedures having loopholes.
- Study of working culture of the organization.
- Study of sensitive and corruption prone areas.
- locate sensitive spots.
- Surprise inspection.
- Detection of failures in quality/speed of work.
- Reduce discretionary areas.

The above are some of the general aspect of preventive vigilance measures. Preventive vigilance measures help the management to get optimum results from the different activities. All the procedures could work well only if there is a total commitment and honesty on part of implementing them. Let we therefore dedicate ourselves to be honest to implement the preventive vigilance procedures to make our nation & organizational function in a very effective and in efficient way so that we could reach the commanding heights in the economics and social development of the nation.

**COMMON IRREGULARITIES/LAPSES OBSERVED IN AWARD OF ELECTRICAL,
MECHANICAL AND OTHER ALLIED CONTRACTS AND GUIDELINES FOR
IMPROVEMENT THEREOF -PART-3**

4. ESTIMATES

4.1 In some cases, it has been observed that the estimated value put to tender is at large variance with the actually accepted value of the contract. The reasons for this can be attributed to either wrong assessment of quantities of items or the sketchy estimates prepared in an unprofessional manner. Sometimes to arrive at the estimated value for a particular item, the rates of lower capacity items are extrapolated or a linear escalation is added to the last accepted rates for similar items. The estimates thus prepared are found to be far from realistic. This results in award of contracts at very high rates vis-à-vis the estimates. In one hydroelectric project, against an estimated cost of about Rs. 300 crores, the contract was awarded at Rs. 600 crores. To justify the rates various factors which were not tenable at all were considered and the estimated cost escalated so as to bring it as close to the quoted rates as possible. The award, despite a padding of the estimate was still at 31% above the justified amount

In some of the big value turnkey projects, it was noticed that the techno-commercial feasibility reports are prepared by some external agencies and the project award and implementation is done by different departments - at time with a considerable time gap. In one such case, in the award of a contract for an effluent treatment plant; the implementing agency, initially considered the estimated cost in the feasibility report as correct and the bids were also invited based on those estimates. However, the work was subsequently awarded at a rate almost 100% more than the estimated cost and the vast difference was justified on the plea that the estimate was deficient and unrealistic.

Contd.....

Preparation of estimates for contracts is an area, which needs special emphasis. A well-defined scope of work and a realistic market rate estimate can prove to be a vital input for successful execution of a contract with high standards of quality. The estimates should take into consideration all relevant factors based on the prevailing market price of various inputs such as labour, material, equipment, etc. at the concerned locations.

The estimates inter-alia should include the basic price, fabrication charges, inspection fees, duties, packing, handling and transportation charges, sales tax on works (WCT), octroi or any other statutory levies and installation, erection, testing and commissioning charges, licence fees, contingencies, etc. as applicable at the time of conception of the project.

For big projects like Hydro-electric projects and other turnkey contracts where financial assessment of the project is done well in advance, before the finalisation of the contracts, the financial amount indicated in Te -Economic clearance/Techno- Commercial feasibility reports should be duly analysed and updated before converting the same into a workable estimate. Any deficiency or inadequacy of data (in terms of rates or quantity) found in such reports should be highlighted beforehand in order to prepare a realistic estimates for the tenders.

- As Per CTE's Organization



Prize Distribution of Debate & Essay Competitions at H.O., Nagpur



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