

No. C. 13011/ 3/ A2 / 2021-C.V.O/3101  
GOVERNMENT OF PUDUCHERRY  
CONFIDENTIAL AND CABINET DEPARTMENT  
CHIEF VIGILANCE OFFICE

Puducherry, dt. 21 NOV 2022

**I.D. NOTE**

Sub: Instructions regarding systematic improvements in the contracts awarded - Reg.

Chief Vigilance Officer -cum- Chief Secretary noted with a concern on the suo moto extension of time without due application of mind which have led to payment of huge arbitration award, thus causing loss to the exchequer. As instructed by the Chief Vigilance Officer, the followings instructions are issued to be followed scrupulously while awarding contract for works:-

- (i) The Department should issue tender notification for the works only after obtaining necessary clearance / permission from the authorities / agencies concerned.
- (ii) The Department should exercise due diligence and only in exceptional and justified cases suo moto extension of time may be granted to the contractors with approval of competent authority.
- (iii) The Department shall review the status of the works tendered by the Department on monthly basis so as to check undue suo moto extension of time to the works and thus preventing loss to the exchequer.
- (iv) The "Model Arbitration Agreement" communicated by the Finance Department vide their Office Memorandum dated 10.8.2022 shall be included in all the contract agreements executed by the Departments.

2. In addition to the above, the following guidelines / instructions are issued for the execution of Projects / Works:-

- (a) The project / works shall be undertaken only if it serves public interest at large and the public purpose shall be stated while seeking approval for the project / works.
- (b) The Administrative Department / Executing Agency would carry out a thorough assessment of the actual requirement, nature of work, cost of the project and the technical feasibility of the work.
- (c) Projects which cost more than ₹5.00 crores, a cost-benefit analysis, alongwith the PERT/ CPM chart for time planning shall be mandatory.
- (d) Projects which cost more than ₹25.00 crores [which need to be cleared by Standing Finance Committee (SPC)], the Financial Rate of Return (FRR) and Economic Rate of Return (ERR) shall be calculated to ensure that the project has utility commensurate with the investment required.
- (e) The Executing Agency / Administrative Department shall explicitly certify that the project is conceived, designed and planned with no wasteful/ superfluous component / unit / stretch and that there is no duplication with another work, during award / execution or at the time of payment.
- (f) If there is a techno-functional requirement, a Consultant / Project Management consultant (PMC) may be appointed as per CPWD Manual and GFR. The Consultant / PMC so appointed shall be paid fee/ service charges only on the initial / original estimate and no revision of fee / charges is permissible.
- (g) The Executing / Implementing Agency will work out the estimated per-unit cost and submit a statement indicating the comparative per-unit cost of projects of similar nature under execution or executed in the recent past in UT of Puducherry. The cost comparison shall be mandatory for all projects with an estimated cost of ₹5.00 crores or above.

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- (h) The Administrative Department / Executing Agency shall identify, in advance, the probable impediments, such as, land acquisition, environmental clearance, Project Planning Authority's approval for building works, etc. in the project execution so as to ensure timely completion of projects. All statutory clearances as applicable shall be procured expeditiously to avoid time delays and cost overrun during project execution. Before initiating the project, availability of encumbrance free land shall be ensured by the administrative department.
- (i) During work execution, the Executing Agency shall ensure that the item specifications, quality, quantity and measurements thereof shall be the same as in original estimates and there is no deviation whatsoever. In exceptional circumstances, extra / deviated / substituted items are necessitated, the same shall be included only after approval of the competent authority.
- (j) The project shall be completed within the timeframe and the sanctioned cost. Anticipated delays and cost escalations due to justified reasons shall be brought in advance to competent authority which accorded administrative approval and expenditure sanction.
- (k) The Administrative Department / Executing Agency shall not change the scope of work on their own and seek advance approval of competent authority in any justified cases.
- (l) A third party quality check of faithful implementations of the project, as per the approved estimate, shall be mandatory for all works costing ₹5.00 crore or more.
- (m) The project cannot be foreclosed during the course of execution. In case of extraordinary circumstances justifying foreclosure, the matter shall be brought to the decision of the competent authority.
- (n) For revised / modified estimates, the department shall not make payment without prior approval of revision / modification by competent authority.
- (o) Geotagging of works shall be undertaken by the department by capturing co-ordinates along the contours / perimeter of the work using an appropriate software / solution in consultation with IT Department in order to ensure a check against duplicating works at same site and ensure due accountability.

// By Order of Chief Secretary -cum- Chief Vigilance Officer //

  
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UNDER SECRETARY TO GOVERNMENT

To

1. Secretaries to Government of Puducherry, Puducherry.
2. Heads of the Department, Government of Puducherry, Puducherry.