

## **CHAPTER-1 INTRODUCTION**

The Chief Technical Examiner's Organization was created in 1957, in the Ministry of works, Housing & supply for the purpose of conducting a concurrent technical audit of works of the Central Public Works Department with a view to secure economy in expenditure and a better technical as well as financial control.

Santhanam Committee on prevention of corruption set up in 1963 observed that the CTE Cell had been doing extremely good work and recommended that this organization not only needed to be continued, but be strengthened to enable it to work more effectively. The Committee further recommended that the jurisdiction of the CTE organization should be extended to cover construction works undertaken by other ministries/departments, as well and to place it under the administrative control of the Central Vigilance Commission. The recommendation was accepted by the Government of India and the Chief Technical Examiner's Organization now functions under the administrative control of the Central Vigilance Commission.

Initially, CTE's organization was conducting intensive examination of construction works of civil and electrical, but with the growing expenditure on stores/ purchases including IT related purchases and outsourcing of services, CTE's Organisation started examining these contracts also. All the outsourcing activities of the government i.e. execution of works, various purchases and hiring of various services etc. clubbed together is defined as public procurement.

### **Definition and Principles of Public Procurement**

Public Procurement can be defined as the procurement of goods, works and services by all Govt. Ministries, Departments, Agencies, Statutory Corporations and Public Sector Undertakings in the Centre and the States, Municipal Corporations and other local bodies and even by private Public Sector Undertakings providing public services on monopoly basis.

Public procurement is only an extension of the personal procurement by two key words i.e. transparency and fairness. When we take up any construction work for ourselves or make personal purchases or hire of any services, we always try to ensure that we get the value for money, good quality product and timely delivery. In case of public procurement we have to go a little further i.e. in addition ensure that procurement is done in a transparent fair and equitable manner.

The canon of Public Procurement is to procure work, material, services of the specified quality within the specified time at the most competitive prices in a fair, just and transparent manner.

In brief, the watchwords in this context are

- Transparency
- Fairness
- Value for money
- Quality
- Time

Adhering to the canons of public procurement is in fact a tight rope walk involving a balance between transparent and fair action on one side and achieving timely delivery of quality goods at competitive rates on the other side. It is indeed going to be more demanding to perform the task with the implementation of the Right to Information Act 2005. Now all our actions and decisions are open for scrutiny by public at large.

During intensive examinations of public procurements done by central public authorities, the CTEO have observed a number of irregularities indicating that canons of public procurements have not been adhered to in totality. Some of the irregularities are common in nature which can be easily avoided by being alert and vigilant through the process. Towards preventive vigilance measures, the Central Vigilance Commission has been issuing guidelines/instructions from time to time. CTEO has also published various booklets enumerating various irregularities observed during various intensive technical examinations. All these circulars and publications are available on the CVC Web Site ( [www.cvc.nic.in](http://www.cvc.nic.in))

1.0 The process of Public Procurement can be categorized in three distinct Stages-

**1. Pre-tender Stage**

(Project formulation, Appointment of Consultants, Preparation of Detailed Project report/ Detailed Estimate)

**2. Tender Stage**

(Preparation of tender documents, inviting & opening of tenders, pre-qualification, tender evaluation & award of work)

**3. Execution Stage**

(Compliance of agreement conditions, making payments, ensuring quality & timely completion)

**Pre-tender stage is further bifurcated into following stages-**

- Estimation of requirements and financial sanction.
- Appointment of Consultant
- Detailed Project Report

**Tender Stage is further bifurcated into following stages**

- Preparation of tender documents
- Inviting and opening of tenders
- Pre-qualification
- Tender evaluation and award of work.

**B The important items in the execution stage are as follows:**

- Issue of Letter of Intent, Work Order/Supply Order and Signing of the agreement.
- Various Advance Payments like Mobilization Advance, T&P Advance, Secured Advance etc.
- Implementation of various contract provisions such as obtaining labour licenses, insurance policies ( CAR Policy, Workmen Compensation policy etc. ), employing technical staff etc.
- Watching time and cost overrun.
- Payments for the work done/supply made/services provided by the Contractor/Vendor etc.
- Checking quality of work, ensuring mandatory testing, and visual inspection.

The CTE's organization conducted examination of various power projects recently. The deficiencies observed during various stages of public procurement, relevant instructions issued by the Commission on the subject, check- points to avoid such deficiencies and preventive measures to be taken by the CVO are discussed in subsequent chapters.