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GOVERNMENT OF KERALA

Abstract

PUBLIC SERVICES—ADMINISTRATIVE REFORMS—TENTH REPORT OF THE KERALA ADMINISTRATIVE REFORMS COMMITTEE ON EXECUTION OF PUBLIC WORKS—APPROVED—ORDERS ISSUED

PERSONNEL AND ADMINISTRATIVE REFORMS (AR) DEPARTMENT

G.O. (Ms.) No. 9/03/P&ARD.

Dated, Thiruvananthapuram, 30th April, 2003.

Read:—G.O. (Ms.) No.7/97/P&ARD dated 26-5-1997.

ORDER

In the Government Order read above, the Kerala Administrative Reforms Committee was constituted to recommend measures to simplify and streamline the present system of administration in the State. The Kerala Administrative Reforms Committee has submitted its tenth report on Execution of Public Works.

Government have examined the report of the Kerala Administrative Reforms Committee in detail and are pleased to approve the recommendations contained in the tenth report of KARC with the modifications given below in this Government Order.

Para No.	Recommendations of the KARC	Government Decisions
(1)	(2)	(3)
4.1.1	There has to be a meticulous planning of Public Works. For each work detailed estimates have to be taken and PERT charts showing the intended progress of work and expected flow of funds must be made compulsory. The annual action plan should be integrated so that the priorities of works are clearly laid down. The budget should reflect the actual cost of works and only the budgeted works should be taken up. For issue of Administrative Sanction reasonably accurate estimates need to be used. Only if funds are available should Administrative Sanction be given. In order to ensure that the annual funds are fully spent works costing 150% of the annual allotment after providing for spillover works may be allowed to be taken.	Accepted.
4.1.2	In order to operationalise this suggestion, the tendering authority should be communicated his annual allotment either lump sum or for specified works. He should be personally made responsible for adhering to the budget ceiling. Similarly flow of funds for payment of bills should be based on a computerized system at the level of the Chief Engineer, which keeps track of bills prepared according to their date. In the interest of fairness it is suggested that work stages at which bills have to be prepared may be specified for different kinds of works as also the time limit for preparing them after that stage is completed and intimation received.	Accepted.

(1)	(2)	(3)
4.1.3	The standards and specifications may be thoroughly revised providing for various cost effective as well as mechanical technologies. A Committee consisting of experts from Government, leading NGOs in the field of construction, experts from academic institutions and representatives of the premier national research institutions viz., Central Road Research Institute and Central Building Research Institute may be constituted to go into this question.	Accepted.
4.1.4	The Schedule of Rates should be updated every year and made applicable from the 1 st of April. In case some items experience sudden spurt in cost, there should be a mechanism for immediate enhancement. The Schedule also has to take care of regional variation in costs.	Revision of schedule of rates could be implemented after data book revision, which is fundamental in nature.
4.1.5	The right to information should be operationalised in respect of Public Works. All the work sites should have boards showing various details like materials to be used, funds intended to be spent, schedule of major activities etc.	The recommendation for exhibiting data boards at work sites is accepted in respect of new projects.
4.1.6	The Chief Technical Examiner should be given a key role. The CTE should be allowed to outsource some of the inspections and quality tests. A complaints procedure may be prescribed and wide publicity given to it.	Accepted the recommendation that CTE should be given a key role.
4.1.7	For works costing Rs. 25 lakhs and more a third-party quality assurance system may be introduced. Academic institutions may be involved in this.	Accepted the recommendation for introducing a third-party quality assurance system.
4.1.8	Computer based monitoring system is suggested both to watch the physical as well as financial progress. The PERT charts could enable accurate tracking of works.	Accepted.
4.1.9	In order to take care of some procedural issues, the following recommendations are made:	
	(a) The cost for investigation should be included in the estimate for the work. Powers of sanction for the Investigation may be based on percentage ceilings rather than amounts.	Not accepted.
	(b) In case of works requiring land acquisition, the detailed estimate may be prepared only at the time of taking possession of the land.	PWD has already issued orders.
4.1.10	For getting architectural designs as well as structural designs a panel of professional consultants, individual as well as institutional may be prepared and the departments allowed to utilize the services on payment of a prescribed fee fixed as percentage of the costs subject to monetary ceilings.	Accepted.
4.1.11	The Contractor Registration system may be made more elaborate. In addition to financial capacity, the capacity of executing works should also be considered. For large works costing more than Rupees one crore, the EPCM method may be resorted to. The details of this method are given in Annexure I	Accepted.
4.1.12	Before drastic reforms are introduced in the execution of works a few directions in which some experiment can be done for execution of works in an effective manner with least delay and competitive cost need to be explored. For this, it will be good if the departments take up some pilot projects with some amount of autonomy and flexibility in the execution, on the lines suggested below:	Accepted the recommendations No. 4.1.12 (1) and 4.1.12 (v).

(1)	(2)	(3)
(i)	The planning and preparation of the project should start with a reasonable, workable estimate using real market rates and a realistically assessed time of completion.	
(ii)	On the basis of a reasonable estimate, department can invite contractors for taking up the work, at the estimate cost, plus a percentage of fixed profit, which may vary from 10% to 25%, according to the size of investment and period of waiting for payment.	
(iii)	In the next step the credentials of the participating contractors may be scrutinized thoroughly particularly with reference to their previous performance, technical competency and financial ability through a points system for various qualifying criteria. The results should be published. This scrutiny can be entrusted to a Committee consisting of engineers, the administrative authority concerned and financial experts. But this Committee should not normally have members more than five or less than three.	
(iv)	From among the short-listed panel of qualified contractors, one may be selected by drawing lots and the work awarded with direction to complete the project within the time of completion set out in the project and included in the contract agreement.	
(v)	It is necessary to impose a penalty for delay in completion of the project at a percentage rate on amount due for payment on a par with CPWD or Railways.	
4.1.13	The system of maintenance contracts may be tried out for a group of roads, buildings etc.	Accepted.
4.1.14	KLDC and the Kerala Construction Corporation may be wound up and the engineers deployed to Local Governments. In the case of Roads and Bridges Corporation also winding up is suggested as the organization is not viable in the present form. If the objective is to borrow funds and executive public works since no returns are envisaged from the works there is no difference between the institutional borrowing and Government borrowing. Ultimately the liabilities of the Corporation would have to be discharged by the Government. So there is no significant gain from setting up of the Corporation.	Various options including winding up can be considered after a detailed review of the functioning of the Kerala State Construction Corporation after one year. Roads and Bridges Development Corporation has taken up a number of works including the construction of a series of railway over bridges and is a viable corporation it should continue its operation.
4.1.15	As regards Local Self Governments separate Public Works Manual may be designed to facilitate execution of Public Works through Community Contracting. For Technical Sanction the Committee endorses the recommendations of the Committee on Decentralisation of Powers (Annexure II).	Accepted.
4.1.16	Training needs assessment may be prepared and a capacity building plan chalked out especially a modular continuing engineering education systems. This could be done by respected agencies like IIM. The existing institutions could be strengthened to impart high quality training. Tie ups may be sought with national institutions. It is suggested that one per cent of the Plan Funds may be set apart for training. These institutions should also start R&D particularly with reference to technology adoption.	Accepted.
4.1.17	In order to control flagrant violation of procedures it is suggested that a legislation be made covering key points like prioritization of works, financial discipline, due process in tendering and payment of bills, complaints system, transparency requirements etc.	Accepted.

The Administrative Departments of the Secretaries and the Heads of Departments concerned will issue necessary orders for implementing the recommendations approved herein.

By order of the Governor,

DR. K. M. ABRAHAM,
Secretary to Government.

To

The Principal Secretaries/Secretaries/Special Secretaries to Government.

All Department of Secretariat including Law and Finance.

All District Collectors and all Heads of Departments.

The Director of Public Relations.

The Principal Accountant General (Audit, Kerala, Thiruvananthapuram)

The Accountant General (A&E), Kerala, Thiruvananthapuram..

The Private Secretary to Chief Minister and other Ministers.

The Private Secretary to the Leader of Opposition and Chief Whip.

The Additional Secretary to Chief Secretary.

ANNEXURE I

**Note on Engineering, Procurement, Construction Management (EPCM)
Contract**

1. For any engineering work turnkey contracts would be advisable. The basic investigation, planning and design may be done in-house. Thereafter the tender of the work would require the contractor to produce the designs. The designs should be prepared by or cleared by institutions approved by the Government like I.I.Ts, Regional Engineering Colleges and other specified institutions.

2. In such a system a three-cover bid is suggested. The first cover would contain EMD and pre-qualification details. The second cover would contain the technical bid including the designs and the third cover would contain the price bid. Detailed qualification criteria may be prescribed for pre-qualification. Joint ventures could also be permitted. For all the major works pre-bid conferences may be held and site visits allowed on pre-determined dates. The evaluation of the technical bid may be done by a Committee consisting of experts from within the organization as well as atleast one from a reputed academic institution. Once the tender is finalized the Contractor has to provide a detailed PERT Chart and also provide performance guarantee for fixed period of time. Both incentives as well as disincentives may be built in to ensure timely completion i.e. damages have to be paid for delay and incentive would be paid for early completion.

ANNEXURE II

TECHNICAL VETTING AND TECHNICAL SANCTION

Recommendations of the Committee on Decentralisation of Powers
(vide Final Report, Volume III, Part A)

5.3 Technical vetting and Technical sanction—Present system

5.3.1 At a time when local governments particularly at the Village Panchayat level did not have much professional support, Government came out with an innovative system of creating Expert Committees at the Block, Municipal, Corporation and District levels. These Committees have rendered yeomen service by harnessing the services of technical experts in diverse fields as volunteers. These volunteer experts along with professionals from the Government have made substantial contribution in keeping the system going. Now, that the Committee has recommended elaborate re-structuring of development departments to provide professional support to local governments, it is necessary to re-appraise the role of the Expert Committees and make suggestions for the future with reference to their position, constitution and functions.

5.3.2 Essentially the Expert committees were constituted to perform a three-fold function :

- (i) To render necessary technical assistance to the local governments in plan formulation.
- (ii) To vet project proposals of local governments on behalf of the DPC to ensure that they are in keeping with statutory provisions and governmental instructions, before they are formally cleared by the DPC.
- (iii) After the clearance of projects by the DPC to give formal technical sanction for projects which require such approval.

5.4 Recommendations for re-structuring

5.4.1 The Committee strongly believes that the professional staff as recommended in this report would be transferred to the various tiers of local government in their full complement. In such a context Expert Committees in the present form would need to be re-structured and modified versions for different functions would have to be provided for, with the objective of pooling various kinds of expertise available in the district. But it should be cautioned that any change in the present system should be attempted only after implementing the transfer proposals in full and would require a transition period.

5.4.2 After the full re-deployment is achieved, expert services from Government and Non-Government sources would still need to be channeled for which the following manner is suggested.

(1) For various subjects and sectors of development, district-wise panels of experts should be drawn up by the District Collectors based on clear Government guidelines regarding qualifications, experience etc. This would include engineering subjects like public works, irrigation and water supply. The panel would be prepared from among the following categories of experts.

- (i) Ex-officio members from various categories drawn from the Government and the Public Sector.
- (ii) Professionals from Government Educational and Research Institutions.
- (iii) Professionals from Non-Government Educational and Research Institutions.
- (iv) Other professionals from among retired Government servants, activists of Non-Government Organizations and employees in the private sector and qualified individuals.

In the case of categories (i) and (ii) membership of expert panels should be made compulsory through a Government directive; from among categories (iii) and (iv) membership of panels should be based on willingness and clear eligibility criteria relating to professional qualification and experience. There should also be exclusion criteria relating to disciplinary action in the case of Government and public sector officials (both serving and retired), relationship with those having any pecuniary interest or contractual role vis-à-vis the local governments etc.

(2) From the above panel the District Planning Committee if it so decides may constitute Subject Advisory Committees in accordance with general guidelines to be issued by the Government, to advise it on laying down guidelines for district plan preparation, on plan integration and on vetting of projects of local governments other than the District Panchayats and Corporations, before formal clearance, to ensure that they are in keeping with Government guidelines on subsidy, technical standards etc.

(3) The local governments may constitute Functional Committees as per rules for which they may draw experts from different sectors from the district panel, to help its technical officer prepare projects.

(4) For non-engineering projects which are not in the nature of works, no formal technical sanction need be insisted on. It is the duty of the technical officer/body preparing the project to ensure that accepted technical standards are followed. Functional Committees have an important role in this. Once administrative sanction is given by the local government, the project can be implemented.

(5) It is recommended that for the purpose of issue of technical sanction for engineering projects relating to various sectors like roads, bridges, buildings, irrigation, water supply etc. Technical Committees have to be constituted by each local government or each technical sector—water supply, irrigation, bridges, roads and buildings, low cost construction etc. The rationale behind this recommendation is given below:

- (i) Technical Committees would take the TS giving process out of a technical hierarchy and debureaucratise the process.
- (ii) They would be faster than the traditional system.
- (iii) They facilitate collective decision making based on cumulative expertise and experience of the group.
- (iv) They serve to harness expertise outside the Government.
- (v) Their mode of functioning would be more transparent than the earlier system.
- (vi) The cost of their services would be relatively cheap.

(6) For the constitution of the Technical Committee which would be empowered to accord technical sanction based on the TS giving powers of the senior-most engineer, the local government may pick up five members from the panel prepared of whom atleast two should preferably be from educational/research institution or from the Non-Government volunteers. The convenor of this committee would be the senior-most engineer of the local government in that discipline.

(7) For the issue of technical sanction certain other conditions may be prescribed.

- (i) The process of giving technical sanction should be demystified. TS should be given within a time limit strictly on first-come-first served basis. Powers of the technical committee should be clearly laid down.
- (ii) There should be an independent appellate group for each district to be constituted by the Government to sort out things when there is a dispute between the local government and the technical committee.
- (iii) Non-Government engineers should bind themselves to professional standards and personal responsibilities for items of work being done by them.
- (iv) In addition to Technical Committees, expert institutions may be identified for giving Technical Sanction.

(8) Institutions like ITIs, Polytechnics, Engineering Colleges should be involved in the design and technical approval process. Government may also nominate expert institutions both within and outside the State who could be approached for getting certain types of complicated designs prepared on payment of a prescribed fee. Likewise for certain categories of works to be specified by Government, consultancy provisions may be allowed. In order to speed up execution of works, the Engineering Procurement Construction Management (EPCM) system of contracting which basically means turnkey works contract; may be allowed for specified kinds of works. Similarly, standard engineering designs may be prepared for common types of public works like buildings, culverts, side protection works etc. and circulated among the local governments.

The Committee feels that these measures would strengthen the technical capability of local governments considerably.