“Both personal probity and professional honesty are important. Good executives are not greedy – they find enjoyment in renunciation and believe that whatever is in this world belongs to Lord. Isopanishad tells us the following in this regard:

ईशावास्यमिदं सर्व यत्किज़गत्यां जगत्
तेन त्यक्तं भाजीथा मा गृहं कस्यतिविद्धनम्।

“If a country is to be corruption free and become a nation of beautiful minds, I strongly feel there are three key societal members who can make a difference. They are the father, the mother and the teacher.”

Abdul Kalam
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Prologue

It is a privilege and honour to be working in Vigilance Department of Northern Coalfields Limited, a subsidiary of Coal India Limited. It gives me immense joy to state that a sincere attempt is being made to raise the awareness and consciousness levels of individuals about vigilance matters. It is rightly said that “eternal vigilance is the price of the liberty”. This organization is highly dedicated and determined to evolve pro-active systems and good practices to develop zero-tolerance towards corrupt practices.

NCL is publishing a magazine named “SPOORTHI” to inculcate a spirit of inspiration amongst its employees.

CVC has declared a theme of vigilance awareness week as “Transparency in Public Procurement”. Public procurement is now engaging its attention widely in our country. A draft public procurement bill 2012 has been introduced in the Lok Sabha recently. Public sector units deal with high magnitude of funds, wide range of materials and services of high value. It has now become desirable by the stake-holders that a fair and equitable treatment along with efficiency and transparency in public procurement is needed. A sound procurement system should address itself to the high risk of corruption involved by the procurement officials, the cost of procurement, the complexity of technology involved and so on. It is also suggested that professional standards have to be incorporated and suitable training and certification requirement are to be made must to officials dealing with public procurement matters. To make the public procurement efficient and transparent and equitable CVC circulars related to tendering have been made part of this publication.

The focus of the vigilance would be broadly on punitive, preventive and pro-active vigilance. Adoption of innovative methodologies, best practices and latest technologies in the world would lead to systemic changes thereby reducing corruption levels. The department would encourage innovative ideas, system improvement schemes to help to reduce the scope of corruption in all areas of NCL. Vigilance Excellence Awards will be given to executives who contributed towards innovative ideas leading to
benefits to NCL and also who are upright, honest and dedicated to work. The vigilance department would put its best foot forward to inculcate values like fairness, integrity, honesty, transparency, equity & loyalty amongst all members of the organization to improve satisfaction level of the government, customer, employees and NCL. The satisfaction of all stake-holders has to be set as a goal. This is possible by maximising and ensuring transparency, accountability & probity in the procurement process, fair and equitable treatment of bidders, promoting competition, enhancing efficiency & economy, maintaining integrity and public confidence in the procurement process.

The activities of Vigilance Awareness Week 2012 have also been included in the magazine for letting NCL officials know about the programmes that had been organized. I would also like to thank all the officials who have contributed their articles to the magazine.

I sincerely wish all to make the NCL a role model organization in the country which does not involve in mal-practices.

(K.P. Venkateshwar Rao IPS)
DIG/Chief Vigilance Officer

[Signature Image]
MESSAGE

Vigilance Awareness Week 29th October to 3rd November, 2012

Central Vigilance Commission has been striving to promote transparency and integrity in various Central government offices and public sector organizations. Observance of Vigilance Awareness Week every year is an effective outreach measure for inclusive participation of citizen and stakeholders. The Commission expects all public officials to work with utmost sincerity and integrity. This demands consistency between core values of integrity and public actions. It also requires moral courage to act on these values even if doing so requires sacrifice. Public officials need to act without fear or favour.

The theme for this year’s Vigilance Awareness Week is “Transparency in Public Procurement”. Public procurement encompasses procurement of goods, works and services by all public organizations. Public Procurement is an activity vulnerable to corruption. While lack of transparency and violation of laid down procedures needs to be curbed, steps are also required to ensure fair competition and objectivity in selection assuring value for money. Therefore, the Commission’s effort is to emphasize transparency, accountability and probity in public procurement.

The Commission expects that the public authorities will undertake a review of their public procurement policies/methods and introduce systemic changes. The Commission emphasizes these authorities to act as enabler for leveraging of technology and make substantial measurable progress in this regard in the coming days.

Let us all take a pledge to unite in the fight against corruption.

(R. Sri Kumar)
Vigilance Commissioner

(J.M. Garg)
Vigilance Commissioner

(Pradeep Kumar)
Central Vigilance Commissioner
MESSAGE

I am happy to learn that Vigilance department, NCL is going to publish the next issue of Vigilance magazine ‘Sphoorthi’ during the Vigilance Awareness Week 2012.

The observation of such events helps in developing awareness about the consequences of corruption as well as recognizing the importance of integrity and transparency in all spheres of our activities. It is important to educate people about the negative effects of corruption and impart ethics and values. An effective and transparent system surely translates into sustainable growth for any organization and ensures quality output. While emphasizing the need to promote transparency, I also call for systemic improvement to reduce administrative delays and simplifying rules/procedures.

I wish the Vigilance Awareness Week all success.

(S. Narasing Rao)
संदेश

मुझे यह जानकार अत्याधिक प्रसन्नता हो रही है कि सतर्कता विभाग, एनसीएल सतर्कता जागरूकता समाधान-2012 के दौरान सतर्कता पत्रिका "स्फूर्ति" का अगला अंक प्रकाशित करने जा रहा है। मुझे पूर्ण विश्वास है कि यह पत्रिका जान के प्रचार-प्रसार, पारदर्शी और सर्वोत्तम प्रथाओं के आदान-प्रदान और सतर्कता के क्षेत्र में व्यावसायिकता को बढ़ावा देना के लिए एक महत्वपूर्ण साधन के रूप में अपनी सेवा प्रदान करेगा। आज के परिवेश में आवश्यकता इस बात की है कि कोल इंडिया परिवार में गर्व की भावना कण-कण में प्रवाहित हो ताकि इस महत्वपूर्ण संस्था में श्रद्धालु तक समाप्त किया जा सके। इस हेतु सहभागी और निराकर सतर्कता को बढ़ावा देना अति आवश्यक है। इस पत्रिका के माध्यम से "श्रद्धाशाला के लिए शुभ्र सहिष्णुता" की संस्कृति के प्रचार-प्रसार के लिए में सतर्कता विभाग, एनसीएल के प्रयासों की सराहना करता हूं। मैं उम्मीद कर रहा हूँ कि यह पत्रिका मामलों का अध्ययन, लेख और नवीन प्रणाली सुधार को समाहित कर सतर्कता प्रशासन को सुधार करने में उपयोगी सिद्ध होगा।

मैं सतर्कता विभाग, एनसीएल को पुनः शुभकामनाएं देता हूँ और चाहता हूँ कि पत्रिका "स्फूर्ति" यथा नाम तथा, सतर्कता अध्ययन में एक नई प्रणाली का संचारण करे।

(मनोज कुमार)
मुख्य सतर्कता अधिकारी
कोल इंडिया लिमिटेड
MESSAGE

I am happy to note that NCL is celebrating Vigilance Awareness Week from 29th October, 2012 to 3rd November, 2012. The vigilance week is observed every year under the guidance of CVC which is the apex level integrity institution of the country striving to promote integrity and transparency in the Government and public sector units.

The theme of this year as suggested by CVC is “Transparency in Public Procurement”. Integrity in public procurement, reducing risk of corruption in public procurement, reducing the knowledge gap in the procurement, improving the systems related to procurement are all issues which need to be tackled as anti corruption strategies.

NCL is committed to improving the systems through leveraging technology, creating awareness amongst its employees and the society at large, introducing e-payment and e-procurement and all such measures required in the coming years ahead to eradicate corruption at all levels.

I wish to congratulate the vigilance department of NCL for publishing a magazine “SPHOORTHI”. I extend my best wishes to vigilance department for the efforts in bringing transparency in the system in NCL and inculcating the culture of participative and preventive vigilance.

(Shailesh Kumar Singh)
मुझे यह जानकर प्रसन्नता हो रही है कि एनसीएल में मनाए जाने वाले सत्कार जागरूकता सप्ताह, 2012 के दौरान सत्कार पत्रिका ‘स्फूर्ति’ का अगला अंक प्रकाशित होगा।

सरकारी कामकाज में कर्मियों की कार्य के प्रति निष्ठा, कर्त्तव्यपूर्ति एवं ईमानदारी से न केवल निर्धारित लक्ष्यों को प्राप्त करना आसान हो जाता है बल्कि जनमानस में सरकारी कार्यालय के प्रति स्वस्त छवि का बनाना ही है। ऐसे कर्मचारी अपने कार्यकलापों से सहकर्मियों के लिए प्रेरणादायी बनता ही है, साथ ही कंपनी को हर क्षेत्र में ऊँचाइयों तक पहुँचाने में महत्वपूर्ण भूमिका निभाता है।

सत्कार विभाग द्वारा एनसीएल में चलाए जाने वाले जागरूकता समंद्र के कर्मियों की निर्देशन पूरी निष्ठा से सम्पन्न करने के लिए प्रेरित होते हैं।

मुझे पूर्ण आशा है कि सत्कार जागरूकता सप्ताह अपने उद्देश्यों में सफल होगा। मैं सत्कार पत्रिका ‘स्फूर्ति’ के अगले अंक के सफल प्रकाशन की कामना करती हूं।

(शान्तिलता साहू)
I am happy to note that the Vigilance Department of NCL is going to publish the next issue of Vigilance Magazine – SPHOORTI during the Vigilance Awareness Week, 2012.

It is commendable that the Vigilance Department of NCL is creating awareness about the systems and procedures, consequences of corrupt practices and improvements needed to eradicate corruption. This is a big step towards participative and preventive vigilance.

Educating people and formulating working procedures to cater to the different situations shall help in achieving transparency in the system. This will definitely help in better and faster decision making keeping in mind the interests of the company for meeting the demand of coal to fulfill the increasing energy demand of the country.

(Niranjan Das)
Director (T/P&P)
MESSAGE

I am glad to know that Vigilance Department, NCL is going to publish Vigilance Magazine “SPHOORTHI” during the Vigilance Awareness Week 2012.

Celebration of Vigilance week is to develop awareness amongst all stakeholders of the company to remain honest, sincere and loyal in all activities of the Company. Every employee needs to maintain integrity, transparency and equity. Observance of Vigilance Week is to instil vigilance consciousness in employees and make each employee of NCL, a vigilant member of Company.

It is essential to learn and study Acts, Regulations, Rules and Company circulars, standing orders etc., governing job assigned to avoid mistakes made inadvertently. Each employee must be provided with copies of Rules and guidelines by which his services are governed to adopt best practices in respect of the job assigned.

The best way to fight corruption is to adopt best practices by improving methodologies and use of Information Technology. The need of the hour is to sensitise officers, staff and workers on their role and responsibility in weeding out corruption.

I hope that the magazine will certainly work as guide for employees to remain vigilant in all financial, execution and administrative jobs performed in the company.

I wish the Vigilance Week all success.

( A D MATHUR )
DIRECTOR (TECHNICAL) OPERATIONS

( A D MATHUR )
DIRECTOR (TECHNICAL) OPERATIONS

11/10/2012
MESSAGE

I am happy to know that Northern Coalfields Limited is celebrating the Vigilance Awareness Week from 29th October to 3rd November, 2012. The very purpose of Vigilance Awareness Week is to create awareness about transparency, ethics and integrity in public dealings among the various stake holders.

As we are vigilant about our health, our social relationship and family welfare, we should be equally vigilant in our decision making process and performing our assigned job. This will help to a great extent not only in creating a harmonious and homogeneous relationship at our working place, but we can contribute a lot to the development of our society and country as a whole.

Let us join together and work untiringly to ensure that our Company through the best practices from mine to market touches the new heights. To start with, this year our focus area should be transparency, ethics and integrity.

On this occasion I extend my greetings and facilitations to all those associated with the cause and wish the “Awareness Week” very success.

(A.K.Pandey)
Director(Finance)
Vigilance: The Emerging Trends and New Approaches in Public Procurement

By
K.P. VENKATESHWAR RAO, IPS, CVO NCL.

Central Vigilance Commission has chosen “Transparency in Public Procurement” as this year’s theme for Vigilance Awareness Week in its efforts to spread awareness about the important role of transparency in Public Procurement.

India is one of the largest democracies in the world. The annual expenditure on public procurement for the Union Government is more than Rs. 3 lakh crores. This is nearly 15% of the union budget of the country. This huge procurement business impacts the economy significantly generating demand and consumption.

The system of public procurement in public sector units is literally ineffective and not foolproof and transparent in our country. The rules/regulations of each PSU are interpreted and manipulated by corrupt officials. There is lot of discretionary powers to the officials of procurement to bend rules to make corrupt practices.

A number of watch dog anti corruption bodies have come up like CVC, CAG, CBI, IB, Economic Intelligence, SEBI, RBI etc. besides Parliamentary Standing Committee. Despite all these institutions, the magnitude of corruption is rising each and every day.

Central Vigilance Commission, entrusted with the responsibilities of acting as anti-corruption watchdog, has always been alert to the ills afflicting public procurement and has been taking suitable measures in order to bring back public confidence in the process of procurement. One of the most important decisions in this direction, it took a few years back, was to ban price-negotiation with any firm/bidder other than the lowest one. This decision proved to be a milestone in its efforts to bring about transparency in tender finalization which in its wake brought much needed equity and fairness.

Further boost to this effort of bringing about transparency has come in the form of adoption of Integrity Pact in all cases of procurement above a threshold value, which in our case is Rs. Two Crore. This pact, a brainchild of Transparency International, is between procurement entity and the bidder and is monitored by Independent External Monitor.

Public Procurement is the procurement of goods, works and services by all Govt. Ministries, Departments, Agencies, Statutory Corporations, Central Public Sector Undertakings, Municipal Corporations and other local bodies.

The cardinal principle of any public buying is to procure the materials / services of the ‘specified’ quality, at the most competitive prices and, in a fair, just and transparent manner eliminating arbitrariness in the system. These purchases are made using public funds, they have to be made following ka uniform, systematic, efficient and cost effective procedure, in accordance with the relevant rules and regulations of the Government.
The Public Procurement Bill, 2012 seeks to regulate procurement by Ministries/Departments of the Central Government and its attached/subordinate offices, Central Public Sector Enterprises (CPSEs), autonomous and statutory bodies controlled by the Central Government and other procuring entities with the objectives of ensuring transparency, accountability and probity in the procurement process, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy, safeguarding integrity in the procurement process and enhancing public confidence in public procurement. The Bill is based on broad principles and envisages a set of detailed rules, guidelines and model documents. Government says the Bill builds on national and international experience and best practices, as appropriate for the needs of the Government of India.

However, a number of experts believe that the draft of new bill is full of effective provisions including a provision of debarring bidders found engaged in corrupt practices. Once the bill becomes law, it will route through an e-portal purchases of over 11 lakh crore goods and services by all central government departments and ministries and public sector entities. The Bill would create a statutory framework for public procurement which could provide greater accountability, transparency and enforceability of the regulatory framework. Government believes that the bill provides for codifying the fundamental principles governing procurement, essential for achieving economy, efficiency and quality as well as combating corruption and legally obligates procuring entities and their officials to comply with these principles.

The new bill is aimed to maximize the competition in procurement in the interests of economy, efficiency, integrity. It provides adequate flexibility to take into account diversity of needs and types of procuring entities, types of procurement needs and methods of procurement. The most important feature of the bill is that it provides a strong framework of transparency and accountability through a public procurement portal and a grievance redressal system in which an independent mechanism, chaired by a retired High Court Judge, would review grievances.

They are raising serious questions over the existing tender procedures. Discrepancies in tender process contribute to the slower pace of procurement and lead to delays in project implementations. The faulty tender process also forces the government system to compromise on the inferior quality of service delivery to its own citizen despite making huge investments of the public money. These problems must be checked to make the public procurement system more effective.

Public procurement in India is facing a number of challenges and the quality of manpower is an important one of them. Manpower which operates the procurement system is not equipped with specialized knowledge and skills. Government should treat the public procurement as a specialized activity. It’s an irony that the most critical and complex procurements are handled in a non-professional manner. Only Railways and the DGS&D have created a specialised cadre for this purpose. The government should work to either hire qualified staff handling procurement or to provide adequate professional training to convert the procurement officials into procurement managers.
In prevailing system, procurement is carried out through competitive bidding or tendering process with the intention of achieving maximum economic efficiency through competitive process. If any anticompetitive practices in a procurement process, such as collusion, bid-rigging, fraud and corruption take place, it could lead to artificially raised prices, or compromise on the parameters. It will have adverse impact on exchequer and the precious national resources. So, government should think that ensuring effective functioning of public procurement markets is also part of good governance. It's time to strengthening of audit in public procurement.

In a democratic society, public awareness and understanding of government practice ensure stability and confidence in governing systems. Awareness and understanding of government practices rely greatly on the public’s ability to access the information relevant to its interests. Ease of information access and understanding is more succinctly referred to as “transparency.”

- The Public Procurement Bill, 2012 was introduced by the Ministry of Finance in the Lok Sabha on May 14, 2012. This Bill seeks to regulate and ensure transparency in the procurement process.

- A procuring entity could be a Ministry or Department of the central government, any Central Public Sector Undertaking, any company in which the government has a stake of more than 50%.

- This Bill shall not apply to procurements which are less than Rs 50 lakh, emergency procurements made for disaster management, and procurement for the purpose of national security.

- The basic norms that the procuring entity shall adhere to include: (a) ensuring efficiency, economy and transparency; (b) provide fair and equitable treatment to bidders; (c) promote competitiveness; (d) ensure the quality is consistent with the price of the bid; and (e) prevent corruption.

- The Bill also defines a Code of Integrity for the procuring entity or Central Purchase Organization (CPO) as well as the bidders. It prohibits acceptance of bribe, collusion, misrepresentation, coercion or threat, and obstruction in the auditing process of the procurement made.

- The procuring entity shall first determine the need for the procurement and estimate the cost of the procurement based on certain specified matters. It may publish information regarding planned procurements.

- The CPO shall not limit participation of bidders or discriminate against or amongst bidders except for the protection of public order and morality, animal or plant life, intellectual, national security. The central government may make procurement mandatory from certain bidders only on the grounds of promotion of domestic industry, socio economic policy, or other considerations in public interest.
• The procuring entity may specify certain requirements for the qualification of bidders. It may also engage in a pre-qualification process prior to inviting bids. The pre-qualification shall ordinarily be for a single procurement.

• The CPO may maintain a panel of registered bidders to help identify reliable bidders for certain class of procurements.

• The procuring entity may make modifications to the bidding document or issue clarifications before the last date of submission of bids. It may allot extension of time for submitting the bids if the clarifications need to be taken into account while submitting the bids.

• The evaluation criteria of the procurement bids shall include among other factors the price; cost of operating, maintaining, and repairing the goods; time for delivery and completion; terms of payment and guarantee; and qualities such as reliability, and functional competence.

• The Bill provides for exclusion of a bid if the procuring entity determines that the bidder is not qualified; bid contains false information; conflict of interest involved; a bribe or gratification given by a bidder; etc.

• The six methods of procurement listed in the Bill are (a) open competitive bidding, (b) limited competitive bidding, (c) single source procurement, (d) two-stage bidding, (e) electronic reverse auction, and (f) request for quotation and spot purchase.

• The Bill provides for a Central Public Procurement Portal to ensure transparency in the procurement process. Information such as pre-qualification document and details of bidders shall be displayed on the Portal.

• The central government shall constitute one or more independent procurement redressal committees. Any prospective bidder aggrieved by the decision of the CPO may file an application with such a committee.

• The Bill states different degree of penalties for offences such as taking gratification in respect of procurement, interference with the process, making vexation, frivolous or malicious complaints, and abetment of offences.

• The central government shall debar a bidder if he has been convicted of an offence under Prevention of Corruption Act, 1998 and the IPC. A bidder shall be debarred from the procurement process if he breaches the code of integrity for a period not exceeding two years.
The Draft Public Procurement Bill after taking the form of law would regulate public procurement with the objectives of ensuring transparency, accountability and probity in the procurement process, fair and equitable treatment of bidders, promoting competition, enhancing efficiency and economy, and maintaining integrity and public confidence in the public procurement process.

Some good practices adopted at Northern Coalfields Ltd.

- To avoid unwanted building up of inventory and procurement of optimum quantity of materials, NCL has got a system of compilation, analysis of annual requirement wherein data like stock, consumption pattern etc. is taken from Global Networking (Integrated Business Solution), available in NCL.
- Tenders are given wide publication in all the leading newspapers, uploaded in website of NCL and Indian trade Journal depending upon the tender enquiry, as to whether it domestic or global tender enquiry.
- Sufficient time is given for submission of tender enquiry, 30 days in case of domestic tender and 45 days in case of global tender.
- Last Purchase Price’s are taken from past Supply Orders available in Integrated Business Solution (IBS) net work.
- Latest orders placed by other Subsidiaries of coal India Ltd. as well as other Public Sector Undertakings.
- Consumption pattern is being taken from IBS of that item.
- To ensure authenticity of documents submitted by the participating bidders, the Tender Documents have inbuilt provision to effect submission of Notorised documents for –
  - Proof of manufacturer
  - Directorate general of supplies & Disposals and National Small Industries Corporation registration certificate.
  - Copy of certificates TOWARDS Sales ax and Excise Duty.
  - Copy of complete Bureau of Indian Standards marking license.

- As per the CVC order no. 46/9/03 dated 11.09.2003, NCL adopted the policy of e-Tendering/procurement w.e.f. April 2010 wherein the complete tender document is available in e-format and tenderers need not be physically present to submit document. In this system, presently, Tender document Cost, Earnest Money Deposit and certain other important documents are required to e submitted off line but in due course of time e-transfer of tender document cost & Earnest Money Deposit will be allowed and other documents could be allowed to be uploaded after scanning. After complete implementation, the system will became fully online. Till date 51 tenders have been finalized by E-tendering valuing around Rs. 380 Crs and procuring trailing cable, mobile cranes, 100Te dumpers; 250 mm drills, etc.

- In the E-tendering / Procurement the Price –bids are uploaded and kept in encrypted form till the time of price-bid opening. In such case earlier system of keeping physical Price –Bids has been discontinued
thereby the problems related with the safety of price-bids have also ended.

- E-Tendering is being done at Headquarter level of centralized items like HEMMs, trailing cables, Drill bits, idlers & Rollers, Various Oils and lubricants, etc.
- On the recommendation of CVC, New Delhi, NCL has adopted Integrity pact in respect of major procurement. For this, in each and every tender having value of Rs. 2.00 crores and above. Independent External Monitors (IEMs) having eminent personalities, of high Integrity and reputation, appointed by CIL are being engaged, who in case of any dispute regarding transparency raised by either side i.e. by the Purchaser or Seller examine and the advice of these IEMs are taken note of and acted upon.
- Lot of work has been done to maintain uniformity in framing of NIT and the efforts have started yielding results.
- All the provisions of Purchase Manual of Coal India Limited is being complied in all the purchase cases with no deviation.

There still remain some areas of concern which need to be addressed as soon as possible. Fast changes in the ways of procurement emanating from harnessing of technological advances have not been met with corresponding changes in the provisions of the Procurement Manuals. Such time lag results in lack of uniformity in adoption and application of changes brought about by technology. Infrastructural bottlenecks coming in the way of implementation of e-tendering / procurement across all the projects warrant our immediate attention.

To sum up, satisfaction to all the stakeholders that is the Public, Customers, PSUs and the Government, is the goal which we wish to achieve by maximizing transparency in public procurement that would prove to be a big and right step in the direction of preventive vigilance.

“Once you eliminate the impossible, whatever remains, no matter how improbable must be the truth”-Sherlock Holmes(Sir Arthur Canyon Doyle)
VIGILANCE & INNOVATIVE MANAGERIAL PRACTICES

Niranjan Das, Director (Tech) (P&P), Northern Coalfields Limited

Changing Role of Public Sector Enterprises

- Being the largest commercial enterprises in the country, PSEs provide a huge leverage to the Government to intervene in the economy directly or indirectly to achieve the desired socio-economic objectives.

- PSEs play a key role in steering the national economy in right direction with their huge investment capability.

- There are in all, close to 250 Central Public Sector Enterprises (CPSEs) in India with approximately 70 percent of them being profitable.

- The PSE disinvestment story has been a successful one – the 44 listed CPSEs contribute approximately 25 percent of the Bombay Stock Exchange’s total market capitalisation.

- CIL Public Offer in 2010-11 has been the largest ever PSE IPO, raising Rs. 15,199 Crore. Market capitalisation of CIL as on 30.9.2012, is Rs. 2,27,041.72 Crore, second only to ONGC.

- Public Sector Enterprises (PSEs) play a key role in nation building activities. They have laid a strong foundation for the industrial development of the country.

- The original purposes for which the PSEs were set-up included objectives such as:
  (a) setting up of an infrastructure for rapid industrial growth;
  (b) creation of additional employment opportunities;
  (c) facilitation of balanced regional development;
  (d) generation of surplus funds for further investment for economic development; and
  (e) reduction in disparities in income and wealth through prevention of concentration of economic power in private hands.

- Current thinking stresses the importance of these Units becoming self-reliant and profitable business ventures.

- Performance, Productivity & Profitability have now become key words for PSEs. Though PSEs have wider objectives than commercial concerns in private sector, results are important as they affect public life and are subject to public criticism.

- In the changed economic scenario, the vigilance has two pronged role - it should check motivated or reckless decisions which may cause damage to the interests of the organisation / stakeholders but at the same time, must not detract from, impair, or inhibit commercial decision-making.
Importance of Coal in Indian Economy

- Of the three primary energy resources (coal, oil and gas), India is primarily endowed with coal, which meets nearly 53% of the country’s current commercial primary energy requirement.

- Coal India Limited is the primary energy provider and producer of coal in the country, producing nearly 84% of total coal in the country and meeting 46% of the country’s primary commercial energy requirement.

- CIL should be prepared to take off and grow in a manner that helps in meeting the shortfall in domestic energy. However, CIL is facing critical challenges, which are hampering its growth agenda.

- CIL has to adopt best practices in various fields of activities such as equipment availability and utilization, maintenance planning and scheduling, workforce planning, production planning, procurement strategy, logistics, inventory management, etc.

- For meeting these requirements, management needs greater autonomy in operations & decision making. However, for ensuring accountability, systems & procedures are to be developed resulting in greater transparency.

Role of Vigilance

- Vigilance is basically and admittedly a managerial function and, therefore, it is an integral part of the duties of an executive.

- Transparency and accountability; and consistency and credibility of decisions are important.

- The primary responsibility for the maintenance of purity, integrity and efficiency lies with every employee.

- It is essential to codify the rules, procedures, norms and systems in key areas such as purchases, stores, operations, finance, award of contracts, personnel management, etc.

- Vigilance departments of PSEs should work in cooperation with other Divisions/Units of the Corporation at all levels.

Concept of Vigilance in Ancient Scriptures

- Vigilance means being aware and watchful.

- Concept of Vigilance is found in Atharva Veda and many other old scriptures.

- Isopnishad tells us the following

  ईशावास्यमिदं सर्व यतिक्यं जगत्
  तेन त्यक्ते शुंकीया ना युक्तार्थसिद्धदानम्।

- Both personal probity and professional honesty are important.
• Good executives are not greedy – they find enjoyment in renunciation and believe that whatever is in this world belongs to Lord.

> गुणवत्त गुण वदुष्टं कुर्वता कार्यालात्<br>परियोजनकायं खलतं प्रतिफळेऽनं<br>अतिरिक्त वृत्तान्त कर्मणा साविकर्तात्<br>भविष्यति तद्वेद जाहि शायतुतानो विषयः

• Every step should be taken after duly considering the consequences. Merits and demerits of all actions should be carefully considered and then consequences be assessed.

> त्योज्येऽकं चुलस्यायं ब्राम्स्यायं चुलेऽतुः<br>जानं अवरुपत्यायं आत्मायं पूर्वी त्योज्यः

• Larger interest should prevail in decision making. A decision should not be guided by narrow interest.

> प्रत्यत्त परिक्षणम् कार्यं परिक्षेत्

• You should try to examine the visible & invisible aspects of any task and make efforts in right direction.

• Rigveda guides us that

> आजी भवं क्रंतो चावलु विश्वतः

• Do not hesitate to shift to totally new and better path.

• Kalidas in Malikagnimitra has written that:

> प्राणनिषिद्धः न साधस्यास्माः<br>सत्त्वं पद्यत्वात् दण्डनार्तेऽति<br>आत्माबलानं चूला सहसरविजयेन यथा वो

• Never punish a person for the fault of someone else.

> गुण दोषावस्थानिवर्त्य विविधं चद निध्येः<br>यज्ञबल्बं वचा वस्त्रो, दर्पणार्यं मुखे करः

• Neither punishment nor reward should be given without ascertaining right or wrong.

• ascertaining right or wrong.

> निध्यं कुर्व कर्मादं कर्म ज्यायो हृतकर्मणः

• Many times, the prevailing circumstances discourage us from taking decisions and performing actions. But remember, take timely decisions and do perform obligatory action, for action is superior to inaction.

> वस्त्रां निध्यं श्रेयः पत्रां भावावः

• Death while performing ones’ own duty is much superior than living with a tag of non-performer.
Our Expectations

- Role of Vigilance under these circumstances should be more of preventive than punitive.

- Vigilance can contribute to formulation of Guidelines, Procedures, Rules, etc. and Revision of Manuals on regular basis to remove anomalies and promote standardisation & transparency.

- Another important issue to be addressed by Vigilance Dept is for Educating employees of existing Circulars, Rules, Regulations & Procedures and giving correct interpretation of clauses which are open to different interpretations.

- There should be differentiation between corruption cases and procedural lapses. If a large number of employees are committing same type of mistake, it denotes that system improvement is needed. Vigilance cases on mass scale affects morale of the employees and it is adversely reflected in company’s performance.

- Punishing employees should be the last resort as it affects the social standing of employee as well as his entire family. Employees should be given chance to correct themselves.

- Timely completion of Vigilance Cases shall be of great help.

Innovative Management: Use of Technology

- Use of latest technological tools like e-procurement, computerisation of records, e-payment, etc shall be implemented to reduce chances of wrong-doing and delays.

- Installation of CCTVs at strategic locations, GPS on vehicles, Voice Recording System for complaint registration with automatic complaint number generation shall help in effective management and control.

- Real time computerised record-keeping of inventory/spares, maintenance records of HEMM, Running Hours of HEMM shall help in maintaining proper control. Effective system for this is to be implemented.

- Computerisation & Real-time record keeping of production and sales data in the required formats to be effectively implemented.

- Reducing paperwork and file movement by encouraging use of e-mails, SMSs, LAN, etc.

Innovative Management: Creative Ideas – Out of box Thinking

- Innovative & unconventional ideas to be tried on experiment basis to deal with peculiar problems.

- Blasting for drainage of accumulated water when Hume Pipe is not available.

- Use of Dumper Dalla on bridge approaches frequently washed out.
How to Maintain Financial Procedures and Prudence in a Tender

By A K Pandey, Director (Finance), NCL

In all spheres of commercial operation, either for the sake of provision of spares and services or any other works to be carried out by outside agencies, the process procurement and contract become the nucleus of entire managerial efficiencies, effectiveness, transparency and creating a cost advantageous and competitive environment.

The topic “How to maintain financial procedure and prudence in a tender” is the most important area, subservient to the objective of creating a transparent, flawless, competitive and cost advantageous system for maximization of value to the organization.

The topic constitutes of the key words:

- Tender
- Financial procedures
- Prudence

A Tender is an offer to do or perform an act which the party offering is bound to perform to the party to whom the offer is made.

Financial procedure may be defined as a system, in-built in an organization, for maintaining financial discipline, internal check and control and/or observance of cannon of propriety. Thus, the financial procedures refer to the set of activities tracking the operations of a company with prime objective of financial management and control.

Prudence refers to application of wisdom in exceptional circumstances full of complexities and situation not falling in line of prescribed guidelines / rules. It may also be referred as a cautious decision with logical conclusion warranted in the interest of the organization.

A tender is envisaged, when a decision is taken for procurement or outsourcing the work to the outside agencies. Thereafter, a set of activities comes into process on the basis of formulated organizational policies, guidelines, rules and manuals etc. And, the activities performed by finance right from the stage of proposal/estimation/indent to award of work or issue of purchase order may be referred as financial procedures in the case of tendering process.

A systematic presentation of financial procedures in the case of tender either for procurement or contract is being outlined below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Stage</th>
<th>Detailed financial procedures to be adopted at different stages of a tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Estimation/Indent &amp; Administrative approval</td>
<td>After a tentative approval by competent authority, proposal / estimates / indent is prepared by executing authority. The accountability and responsibility of estimation / proposal rest with the executing authority. Before putting it for approval, it is to be ascertained by finance that the estimation / indenting have been done in a realistic manner. It is also to be ensured by Finance that the proposal/estimate has been recommended for approval of the competent authority (as per DOP).</td>
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</tr>
<tr>
<td>2</td>
<td>Budget Provision</td>
<td>Responsibility to ascertain that there is sufficient budget to accomplish the job falls in the chain of financial procedures and tendering process gets further momentum, when sufficient budget is certified.</td>
</tr>
<tr>
<td>3</td>
<td>Formulation of NIT</td>
<td>Formulation of NIT is the prime responsibility of executing department. Approved / standard NIT with all applicable terms and conditions forms the basis of tendering process.</td>
</tr>
<tr>
<td>4</td>
<td>Floating of NIT</td>
<td>Floating of NIT falls in the domain of concerned executing department. But, process on the part of finance gets intermingled with opening of the tender, as one member of finance constitutes the committee in all types of tenders.</td>
</tr>
<tr>
<td>5</td>
<td>Evaluation of the offers</td>
<td>Offers are evaluated in terms of contents in the NIT. Broadly, these are evaluated as per technical parameters and commercial terms and conditions. Commercial evaluation lies in the chain of financial procedures in association with concerned executing authority. All offers are checked and evaluated in the line of provisions in the NIT to ascertain that nothing is in deviation of the commercial terms and conditions.</td>
</tr>
<tr>
<td>6</td>
<td>Tender committee</td>
<td>It is the most important activity in a tendering process and this may not be called a financial activity in its entirety. But, there is always a finance member in a TC in decision making and recommendation process. Hence, it may be termed as the most important activity of financial procedures. Reasonability of rates/price/value to be offered to the party has to be deliberated/ascertained by the tender committee. At this stage, it has to be ascertained and evaluated that everything has been followed as per rules/guidelines and satisfying the criteria of transparency, equity, fairness and competition.</td>
</tr>
<tr>
<td>7</td>
<td>Financial concurrence</td>
<td>Financial concurrence is ultimate responsibility and authority of finance. It may be termed as a final word by concurring authority. While concurring the proposal / Tender Committee recommendation, the concurring authority has to ensure that (a) TC has deliberated about the procedural aspect of tendering and found it to be in the line of various rules, provision in the manual / guidelines issued by company / Govt. / CVC etc. from time to time. (b) Adequate budgetary provision has been taken care of. Apart from it, it is also to be ensured that the proposals have been recommended for approval of competent Authority (as per DOP).</td>
</tr>
</tbody>
</table>

The procedures described above are an un-exhaustive elaboration. All actions, as necessitated depending on the specific conditions in a tender, should form part of financial procedures with a basic goal in sight that the tendering process is based on the principle of transparency, equal opportunity, fairness, competition and cost advantageous to the entity.

**Prudence**

Where procedures are the systematic activity, prudence entails a cautious judgement in a specific condition and exceptional circumstance in the context of a tender. Application of prudence becomes imminent where procedures/guidelines are insufficient/silent and it is apprehended that merely guidelines do not remain to be reckoned. Some situations are stated below where prudence may play a vital role:

- In the case of complexity of product/work, a pre-bid meeting is necessitated to formulate the NIT and other yardstick with a view to make the tendering process competitive, inclusive and successful.

- Analytical judgement i.e. prudence comes into play, where a situation has arisen of cancellation of the tender/re-tendering. A logical and wise decision is warranted keeping in view of market trend, emergent situation etc. in the interest of the company.
- In the case of cartel formation, a cautious decision is essential and application of prudence becomes important.

- Any other special circumstances, where decision entails upon analysis and study of situations, prudence comes into operation to arrive at a logical conclusion.

**Conclusion**

Both procedures and prudence are the fundamental framework in a tendering process. Every organisation has to strive for finalization of a tender to make it equitable, competitive, fair, transparent and rules abiding on the principle of defined procedures and application of prudence where necessary. It is appropriate to mention that Finance Manual of CIL provides guidance in observance of financial procedures and system.
VIGILANCE PERSPECTIVE 2012 OF NCL.

By D.H. Lalwani
Company Secretary/GM (PA)
NCL HQ.

In simple words, the term “VIGILANCE” means to be “Alert” or “Watchful”. Like one is watchful in carrying out his activities in day to day life for personal matters and tries to avoid loss or damage to him or his family; almost the same degree of vigil, if not higher, must be exercised, by every employee while undertaking jobs for and on behalf of the Organization where he is employed.

Vigilance is not a standalone activity. Vigilance also does not refer to policing. It has to be taken as part and parcel of the Total Management Function. Like Finance, Personnel, Operations, Commercial and Planning Functions, the function of Vigilance should also be looked upon by the progressive management with greater degree of attention and given due importance.

It is often seen that employees, whether honest or not, are scared of vigilance and want to keep a safe distance away from it. This may happen because of the attitude of the management. If the employees are made to understand the function and utility of vigilance and treated in a friendly and cordial manner, fear in the mind of employees will vanish to a considerable extent and employees will contribute immensely towards effective and meaningful working by the Vigilance which in turn will help in achievement of organizational objectives.

As rightly pointed out by many Authors in their articles on vigilance function, more attention need to be paid on preventive vigilance than on punitive vigilance. If the employees are educated about the Rules, Regulations and Procedures which they have to follow during the course of discharge of their duties, the possibility of committing mistakes will get eliminated to a large extent because it is seen that in large number of vigilance cases, the employees charged with committing mistakes are found to be lacking proper knowledge of Rules, Regulations and Procedures. Of course, there may be cases where people commit fraud or other wrongs inspite of knowing entire systems, rules and regulations. In these cases of wilful commission of wrongs, of course, there would be no other alternative but to take recourse to punitive vigilance and deal with them sternly.

To sum up, in order to make vigilance function more effective and meaningful in the near perspective, it would be desirable to focus attention on following parameters:-

1. Laying more thrust on preventive vigilance so that need for resorting to punitive action rarely arises.

2. Imparting proper knowledge to the employees of all Rules, Procedures and Systems in which they are required to follow while doing the working, so that mistakes are minimized; if not totally eliminated.
3. Bridging the gap between Vigilance and Employees of other Departments by eradicating fear psychosis with a view to develop Whistle Blowers at every nook and corner in the Organisation. This will also facilitate informal channel of communication to receive valuable information.

4. Distinguishing between a genuine innocent mistake during the course of performance of duties and an intentional wrong committed with a motive, so that employees can work fearlessly.

5. Besides punishing dishonest employees, there should be a system of rewarding honest and efficient employees i.e. to adopt carrot and stick policy.
INTEGRITY PACT (IP) IN NCL
By Sri K K Gangopadhyay, Chief Manager(Excv)/Vigilance

1.0 Introduction:

Integrity Pact (IP) is a tool devised by Transparency International to curb Corruption in Public procurement and it was first implemented in 1990s in Germany during the Construction of Berlin Airport.

The driving recognition behind the Integrity Pact is that corruption can take place at any point of time of the procurement process. Generally the focus of anti-corruption drive is often on the bidding process itself. However, Transparency International has observed that there are frequent occurrences of corrupt practices in pre-tender and post-tender stages.

Identifying and recognizing the different forms and complexities of the corruption risks associated with each stage of procurement cycle, Transparency International launched the Integrity Pact.

IP, in concept and mechanism, is a neutral in approach and equitable in application. It is a preventive anti corruption tool that addresses all forms of corruption in the procurement process. The IP consists of a process of signing an agreement between the government or a government department and bidders for public procurement contract. It contains a commitment that neither side will pay, offer, demand or accept bribes or collude with competitors to obtain the contract or while carrying it out.

Before an organization can adopt an IP, it must form a Memorandum of Understanding (MOU) with Transparency International India (TII).

2.0 Implementation of Integrity Pact in India

ONGC (Oil and Natural Gas Commission of India) was the first PSU which implemented IP in India by entering into a MOU with transparency International India in 2006. Since then, 44 PSUs in India have Implemented IP.

The real boost of IP programme came when Central Vigilance Commission (CVC) issued its first circular on 4th Dec. 2007 recommending for the adoption of Integrity Pact in all major procurements of Central PSUs. Moreover, CVC has approved appointment of Independent External Monitors (IEMs) and recommended for periodical monitoring of IPs.

2.01 IEMs: Independent External Monitor (IEM) is the watchdog for smooth functioning of IP programme. He is responsible to ensure the credibility of the programme. IEM should be an eminent personality of impeccable integrity and reputation. It is desirable that the IEMs should posses domain experience of contracting / tendering procedures. The panel of IEM for central PSUs is approved by CVC. The use of IEM’s advice for solution of conflict mechanism is important for sound implementation of Integrity Pact (IP).
2.02 **Standard Operating procedure (SOP) of IP:**

Central Vigilance Commission (CVC) vide its OM no. 008/CRD/013 dated 18/05/09 formulated details of Standard operating procedures for adoption of Integrity Pact in major Government department / Organizations. The details are reproduced as follows:

2.03 **Background**

2.03 The Central Vigilance Commission has been promoting Integrity, transparency, equity and competitiveness in Government/PSU transactions and as a part of Vigilance Administration and superintendence. Public procurement is a major area of concern for the Central vigilance Commission and various steps have been taken to put proper systems in place. Leveraging technology, especially wider use of the web sites for disseminating information on tenders, clearly defining the pre qualification criteria and other terms and conditions of the tender are some of the steps recently taken at the instance of the Commission. In this context, Integrity Pact (IP), a vigilance tool conceptualized and promoted by the Transparency International, has been found to be useful. The Commission has, through its Office Orders No. 41/12/07 dated 04.12.07 and 43/12/07 dated 28.12.07 and Circulars No. 18/05/08 dated 19.05.08 and 24.08.08 dated 05.08.2008 (copies appended), recommended adoption of Integrity Pact and provided basic guidelines for its implementation in respect of major procurements in the Government Organizations.

2.05 **Integrity Pact**

2.06 The pact essentially envisages an agreement between the prospective vendors/ bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this pact would be a preliminary qualification. The essential ingredients of the pact include:

- Promise on the part of the principal not to seek or accept any benefit, which is not legally available;
- Principal to treat all bides with equity and reason;
- Promise on the part of bidders not to offer any benefit to the employees of the Principal not available legally;
- Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.
- Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC/IPC Act;
- Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- Bidders to disclose the payments to be made by them to agents/brokers or any other intermediary.
- Bidders to disclose any transgressions with any other company that may impinge on the anti corruption principle.
2.07 Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

3.0 Implementation procedure:

3.01 Adoption of IP is voluntary for any organization, but once adopted, it should cover all tenders/procurements above a specified threshold value.

3.02 The threshold value for the contracts to be covered through IP should be decided after conducting proper ABC analysis and should be fixed so as to cover 90-95% of the total procurements of the organization in monetary terms.

3.03 Apart from all high value contracts, any contract involving complicated or serious issues could be brought within the ambit of IP after a considered decision of the management.

3.04 The Purchase/procurement wing of the organization would be the focal point for the implementation of IP.

3.05 The Vigilance Department would be responsible for review, enforcement, and reporting on all related vigilance issues.

3.06 It has to be ensured, through an appropriate provision in the contract, that IP is deemed as part of the contract so that the parties concerned are bound by its provisions.

3.07 IP should cover all phases of the contract, i.e. from the stage of Notice Inviting Tender (NIT)/pre-bid stage till the conclusion of the contract, i.e. the final payment or the duration of warranty/guarantee.

3.08 IP would be implemented through a panel of Independent External Monitors (IEMs), appointed by the organization. The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.

3.09 Periodical Vendors’ meets, as a familiarization and confidence building measure, would be desirable for a wider and realistic compliance of the principles of IP.

3.10 Information relating to tenders in progress and under finalization would need to be shared with the IEMs on monthly basis.

4.0 Role/Functions of IEMs:

4.01 IEM would have access to all Contract documents, whenever required. Ideally, all IEMs of an organization should meet in two months to take stock of the ongoing tendering processes.

4.02 It would be desirable to have structured meeting of the IEMs with the Chief Executive of the organization on a monthly basis to discuss/review the information on tenders awarded in the previous month.

4.03 The IEMs would examine all complaints received by them and give their recommendations/views to the Chief Executive of the organization, at the earliest. They
may also send their report directly to the CVO and the commission, in case of suspicion of serious irregularities requiring legal / administrative action.

4.04 At least one IEM should be invariably cited in the NIT. However, for ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the mater should be examined by the full panel of IEMs, who would look into the records, conduct an investigation, and submit their joint recommendations to the management.

4.05 The recommendations of IEMs would be in the nature of advice and would not be legally binding. At the same time, it must be understood that IEMs are not consultants to the management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.

4.06 The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him or directed to him by the Commission.

5.0 Appointment of IEMs

5.01 The IEMs appointed should be eminent personalities of high integrity and reputation. The Commission would approve the names of IEMs out of the panel of names, initiated by the organization concerned in association / consultation with the CVO.

5.02 While forwarding the panel, the organization would enclose detailed bio-data in respect of all names proposed. The details would include postings before superannuation, special achievements, experience, etc., in Government Sector. It is desirable that the persons proposed possess domain experience of the PSU activities of the relevant filed with which they may be required to deal.

5.03 A maximum of three IEMs would be appointed for Navratna PSUs and upto two IEMs for others.

5.04 Organizations could propose a panel of more than three names for the consideration of the commission.

5.05 Persons appointed, as IEMs in two organizations would not be considered for a third organization.

5.06 For PSUs having a large territorial spread or those having several subsidiaries, there could be more IEMs, but not more than two IEMs would be assigned to one subsidiary.

5.07 Remuneration payable to the IEMs would be equivalent to that admissible to an Independent Director in the organization. This remuneration would be paid by the organization concerned.

5.08 The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. They could be communicated individually to the IEMs concerned.
5.09 The normal term of appointment for an IEM would be 3 years, and it would be subject to renewal by the Commission thereafter.

6.0 **Review System:**

6.01 An internal assessment of the impact of IP shall be carried out periodically by the CVOs of the organizations and reported to the Commission.

6.02 Two additional reviews are envisaged for each organization in due course.

Financial impact review, which could be conducted through an independent agency like auditors, and Physical review, which could be done through an NGO of tested credibility in the particular field.

6.03 It is proposed to include the progress in the implementation of IP in the Annual Report of the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their monthly reports or special reports, wherever necessary.

6.04 All organizations are called upon to make sincere and sustained efforts to imbibe the spirit and principles of the Integrity Pact and carry it to its effective implementation.

7.0 **Integrity Pact in NCL**

7.01 **Implementation of Integrity Pact**

In pursuance of CVC’s Order No. 41/12/07 dated 04.12.07, NCL was the first subsidiary of CIL to have entered into an agreement with Transparency International for introduction of integrity pact in award of major contracts. A memorandum of understanding was concluded between CMD/NCL and Chairman, Transparency International India on 14.03.08. Subsequently, the Board of Directors of NCL in the 128th meeting held at Varanasi ratified the MOU and also approved the introduction of integrity pact in respect of all tenders that attract approval of CMD/NCL.

With regard to the need for introducing integrity pacts in major procurement actions with a view to bringing about transparency and competition in the procurement/award of tenders and in pursuance of the decision of the Board of Directors of NCL, the following directions were issued by CMD, NCL vide letter no. NCL/VIG/PSP/2008/F-247/112 dt. 16/17.4.2008.

i) Integrity pacts should be implemented in respect of tenders that attract the approval of CMD/NCL.

ii) Integrity pacts between the prospective vendors/bidders of the company shall be the preliminary qualification/condition precedent for participation of a bidder/vendor in the tender process. All bidders who do not sign this pact should be disqualified from participation in the tender process. The integrity pact between NCL and the prospective bidders/vendors should be as per the format.

iii) The bidder(s)/contractor(s) should undertake(s) to demand from all subcontractors a commitment in conformity with the integrity pact and to submit it to NCL before contract signing.

iv) The need for entering into the integrity pacts should be made an inherent part of the NIT and clearly stipulated therein.
v) The Independent External Monitors, for overseeing the implementation of integrity pact should be selected & appointed.

Further, NCL Board in its 136th meeting held on 28.1.2009 approved signing of integrity pact in case of all tenders with value of more than Rs. 2 crores.

8.0 Appointment of Independent External Monitor (IEM) in NCL

Coal India Limited vide its office order No.CIL/C2D/Inegrity Pact/2008/1688 dated 19/03/2008 engaged Shri Brijesh Kumar, IAS (Retd.) and Shri M.N.Buch, IAS (Retd) with due approval from Central vigilance commission, to act as an Independent External Monitor (IEM) in NCL. Accordingly, communication for engagement as IEMs for NCL by Coal India Limited were issued to the said persons by CMD, NCL vide letter no. NCL/CMD/F-88/2009/261 dated 24.11.2009 & NCL/CMD/F-88/2009/262 dated 24.11.2009.

The engagement of the IEMs was for three years and as such, the existing panel of IEMs has already been expired. Action for empanelment of new IEMs is in process.

9.0 Impact of Integrity Pact in NCL.

Since inception, MM department of NCL has included names of IEM in 235 tenders having value Rs. 2 crores and above. Total 05 complaints have been referred to the IEMs. The complaints were sorted out by the IEMs with logical conclusions and it was helpful in finalizing the tenders. A single case has been referred to IEMs by CMC department wherein decision from one IEM is still awaited.

10.0 Impact of Integrity Pact in Govt / Central Public Sector organizations of India.

Transparency International India (TII) has observed the following benefits after adoption of Integrity Pact (IP) in Govt/ Central Public Sector Organizations of India.

(i) Greater transparency and integrity between the Govt. / Public Sector Organization and the bidders.
(ii) Elimination of external interventions in matters of contracts and tenders.
(iii) Improved range of ethics in the companies and among the bidders.
(iv) Reduction in representation / complaints from bidders / contractors for review.
(v) Improvement in the bottom line.
(vi) Increased reputation of the company.

11.0 Conclusion: Fight against the menace of corruption can’t be entrusted with an individual/ office / organization. It is the combined effort of all the employees of the organization, stakeholders, teachers, students, NGOs etc. to turn the dream of a corruption free society into a reality. Let us take a pledge on the occasion of Vigilance Awareness Week 2012 towards above goal.
Coal India Limited, a Public Sector Undertaking, has to play a significant role in the country in the economic as well as social development. In public undertakings, the systems have to work more than individuals. Therefore, there is a need for a strong preventive vigilance to plug loopholes to minimize leakages in the system which adversely affects productivity and profitability in an organization. A close in-built monitoring is required on the activities of purchase of material, work, and services which spend most of the money in any organization.

PREVENTIVE VIGILANCE is more important than punitive vigilance. Management must be more interested in preventive vigilance measures than doing post-mortem after corruption is noticed. The objective of preventive vigilance is to ensure that the management gets best possible output from its various transactions in terms of quality product or work at competitive rates. A number of organizations both in public and private sectors are using information technology having in-built cross checks to prevent such leakages. Northern Coalfields Limited (NCL) is already having computerized on-line network of IBS but it needs some inbuilt cross-checks.

In this article, some places and points as loopholes have been pointed out where one can do a mistake unknowingly or use them for vested interests. Some solutions have also been suggested with a view to prevent leakages by plugging these loopholes to stop corrupt practices by someone having vested interests. These suggestions are very practical and can be implemented easily in NCL having vast IBS network.

**Purchases:**

Two types of material are purchased in NCL—1) spares 2) consumables. There are various ways prevailing in NCL for procurement of spares. An attempt has been made here to highlight the points and places as loopholes in the context of present practices in NCL which attract corruption or causing leakage of money.

**Procurement of spares and consumables**

- **Depot agreement:** - New price list of OEM or authorised dealer is approved on the basis of comparison of past two year consumption value of DA spares consumed. Overall increase is kept normally below 5%. It has been noticed that rates of fast moving items are abnormally increased by OEM and rates of slow moving parts are reduced to manipulate overall increase within 5% limit. As a result, major part of fund is leaked consumed in such fast moving items. Procurement of many fast moving as well as slow moving items gets curtailed falling under high value zone affecting performance of equipment badly. In some cases, hike of rate of an item is more than 70% or even more than 100%.

- **Rate contract:** -- Rate contract for spares is concluded for a model of equipment which is not applicable or not checked normally for other model or type of machine.
There is variety of machines in NCL from the same manufacturer having common parts with same part number. As a result procurement of same part is made at different rates causing leakage of money. Lower R/C rate is not applied for common parts of other type of equipment. Hence procurement is made at higher rate.

- **Alternate Part No.** -- Change in part numbers by OEM in case of product improvement or for alternate/superseded/substitute parts are not properly communicated and recorded in parts catalogues and hence not updated in IBS regularly in time. As a result the same material is procured knowingly/un-knowingly against various part numbers and different generic codes, even if available in stock. In many cases rates are different, hence procuring at higher rates also.

- **Multi material code/ CIL generic groups**- Different models of equipment of a manufacture are also having many common parts with same part number, but spares are being procured and regularized against different generic material codes using IBS. As a result the same item is being procured knowingly/un-knowingly against different codes even if available in stock. In many cases rates are also different and high.

- **Parallel indent:** - There are following reasons and ways to move parallel or overlapping indents which may lead to excess purchase and at different rates.
  - Moving supplementary indents on different dates mentioning previous indents.
  - Using CIL codes of consumables for some spares/substitute of spares.
  - Using CIL codes of consumables for its substitute.
  - Using alternate part nos. having different CIL codes
  - Using one part no. having different CIL codes
  - Moving indents at different dates hiding information of previous indents.
  - Using different codes for same item having similar description.
  - Parallel indents are moved by a person knowingly and by different persons unknowingly. Different persons or sections are instructed to move such indents. As a result purchases are made in excess and at different rates.

- **Local purchase**: There are following practices prevailing in local purchases.
  - Frequent repeated LP of selected item.
  - Only local purchase of selected items not through emergent indent.
  - Local purchase of items covered in depot agreement
  - Local purchase of items covered in rate contract
  - Local purchase of items due on order.
  - Local purchase of different items using one part-no. /code.
  - Local purchase of different items using similar description.

- **False certificate declaring item as NDA**- One may get knowingly/un-knowingly a false certificate for an item declaring as NDA i.e. not covered in depot agreement or rate contract. As a result such items are procured by tendering at different rates from other vendor. Once the indent is moved from depot, there is no cross checking for such false certificate during the process of finalizing the indent till placement of supply order.
Discontinuity in depot agreement/ Rate contract: - After expiry of DA or RC, indents are moved as NDA for procurement by tendering. Many a times DA or RC gets finalized during gap between indenting and supply order. But such indents are not cross checked knowingly/un-knowingly in between, before placement of supply order. As a result items are procured by tendering at different rates from different vendors.

Purchase through repair proposals: - At present preparing estimate, finalizing tenders and recording of purchased repairs are not very transparent as they are not connected with IBS or intranet. No information regarding such work is available on computer network. Many repair proposals are prepared having lot of store items but not routed through IBS. As a result consumption of such items is not seen in IBS. Global rates of such items are not available in IBS or intranet for any future reference. Many times purchase and repair proposals both are also made in parallel or overlapping due to lack of transparency. Warranty of such items is also kept less in repairs as compared to purchase.

Bulk issue – At present there is no restriction on quantity and value of material to be drawn from store. All such restriction is for purchase only not on consumption. There are following ways and reasons for drawing material in bulk or full lot.

- Creating high consumption pattern for future indents
- Creating stock as nil for next indent.
- Hiding stock for other sections or projects.
- For reducing inventory in IBS record.
- Hiding poor quality or performance of supply.
- Hiding short supply.
- For managing warranty replacement from site.
- For misuse, theft, re-circulation.
- Hiding “delivery on paper only”.

Accepting high rates – There are following reasons and ways to accept high rates while finalizing tenders.

- Comparing rate of indigenous parts with OEM rate which is normally on higher side due to proprietary and monopoly.
- Comparing with imported rate which is normally on higher side due to tax as import-duty
- Sudden abnormal increase in rate in any project by some reason or other causing higher LPP benchmark.
- On the plea of higher L-1 offer received.
- Increase at shorter interval in steps justifying marginal increase.
- On the plea of urgency of job.
- Justifying as per price list of manufacturer or dealer or brand.
- Due to fake price list
- Due to in-correct or vague specification.
- On the plea of high guarantee/ warranty
- Justifying on the basis of previous supply order even if global LPP is lower.
Splitting of indents- There are following reasons and ways for splitting indents

- To keep indent value low for easy approval.
- Requirement for short period on piece meal basis.
- To keep inventory under control.
- Grouping items as per nature, category, class or favorable product.
- Indent value less than Rs. one lakh to avoid tender notice on website.
- Value less than Rs. five lakhs viewing DOP of project CGM/GM for single offer in tender.
- To discourage wider participation and competition in fear of quality deterioration.
- To suit tenders to friendly parties.
- To distribute or creating chance for more vendors.
- Pleasing maximum number of vendors to arrest complaints.

SOME PRACTICAL SOLUTIONS

At present some of these methods and solutions are being used by some individual on personal level only but it should be in-built in the system. Simplification of IBS is also needed which is not very user’s friendly. These solutions may be implemented by using technology presently available.

- Accounting software may be used while finalizing and approving price list for depot agreement for short listing items having abnormal hike in rates. Coal India Limited or NCL should exercise their bargain power of Big Customer of HEMM. There should be limit of hike for individual item also. Moreover, it is a policy matter.

- Periodical updating of alternate part nos. is to be done in IBS in consultation with OEM to restrict excess indenting and purchase on higher rates. This is being done on individual level only, if noticed.

- Vague specifications of consumables either to be corrected or deleted to generate new codes.

- Print of all material codes should appear on the body of IBS indent for a part number or for all alternate part numbers.

- List and rates of DA and RC items to be linked with IBS and they should appear on the body of the indent to prevent purchase by tender or local purchase.

- Checking status of tendered NDA items just before placing of supply order for DA or RC if concluded during gap between indent and supply order.

- Transaction statement must be attached with IBS indent for local purchase to restrict frequent repeated purchase of selected items.
✓ All work order related to purchased repair must be made available on computer network along with BOQ with the help of scanner

✓ All store items arranged through purchased repair must be routed through IBS. A separate transaction code is to be developed for transaction of such items.

✓ Restricted/regulated issue of material will help in following

- Reduced Crisis of spares globally in NCL.
- Stop Re-circulation of items through favored vendors.
- Incorrect material will be available in regional store. It will stop managing from the site of user.
- Restriction on repeated or excess indenting and purchase due to regulated real consumption
- Reduced Misuse of new items.
- Control on Theft
- Wrong supply cannot be dumped anywhere to hide the performance.
- Stop hiding poor performance.
- It will encourage the use of spares from surveyed off grounded equipments
- It will encourage the use of old serviceable spares/consumables.
- Surrendering off-take if not to be used.
- Ensure correct quantity and quality
- Surprise inspection in depot for quantity and quality will be possible.
- Easy tracking of spares issued from depot.

✓ Ways to regulate issue and record of material from store

- Machine no. in issue voucher of IBS and machine wise issue of spares.
- Where machine no. is not possible, a reference no. / Local work order no. to be mentioned in issue voucher for future tracking of item issued.
- Weekly or monthly quota to be fixed for consumables
- Simplification in IBS format to record machine no., employee no. of indenter and receiver directly in format.
- Old parts and material are to be returned back to store.
- Quantity restriction for one time issue for consumables.
- Approval should be needed for bulk issue on the issue voucher.
- Approval should be needed for issue of high value item on the issue voucher
- Value limit as per rank of authorised executive for withdrawal.
- Encourage inventory at Regional Store not at site.
- Min. /Max level of inventory is to be fixed. Pressure of inventory remains throughout the year causing drawing material from depot.
- Review of requirement before placing supply order in case of abnormal delay in tender finalization.
- Warranty replacement is to be through IBS. A separate transaction code to be generated and fixed.
- Minimum and maximum LPP should appear in global stock status report at least for last one year.
✓ **Wider participation using SMS and e-mails.** Reasons of poor participation is mainly due to splitting of indents, keeping tender value below Rs. One lakh to prevent tender notice on website creating scope for making favour to friendly parties and also to make syndicate of bidders. Vendors know the psychology of management very well to raise indents on piece meal basis. **Management follows the path of least resistance as low value indents are easily sanctioned, quick finalization of tenders, easy inventory control, pleasing more persons in the system as well as more number of suppliers.** We should minimize the tendencies of splitting indents especially for items to be tendered frequently. If indents are prepared for long period requirement with provision of phasing in delivery, bidders will be bound to participate in tenders as they will know that next tender will not be there for long period. Eligibility criteria and Qualification criteria has already been fixed very high and tight in NCL for participation in tender which is very good from the quality point of view. Management has to encourage wider participation and healthy competition. **It can be done by registering regular vendors for two to three years and sending them SMS and e-mails through internet.** Such registration will not guaranty eligibility or qualification criteria for tender. Un-registered vendors will also be allowed to participate in open tenders. Registration will be only for sending information.

The management has to play a fair and transparent role honestly and boldly by implementing software having in-built cross checks so that a possibility of loop holes is minimized. The management has to play the role of vigilance. It should be as an essential and internal part of management.
बच्चन में माँ अपने बच्चे को गोद और क़ल्पों पर बेटाकर बड़ा करती है। छोटी सी भूल से बच्चा किसी भी तरह की चपेट में आ सकता है इसलिए माता पिता सदैव सतर्क रहते हैं। बच्चे की किसी भी तरह की असुविधा या बिमारी का प्रतिकार करने की कोशिश करते हैं। समय समय पर टीका लगवाने के लिए आज्ञाका माता पिता बहुत सतर्क रहते हैं। संसार में माता पिता को बच्चों के लिए तीव्रदिन प्रतिकृति का प्रतिकृत क्षण सावधान रहना पड़ता है। यही प्रकृति का नियम है। इसी प्रकार हम बड़े होते हैं गए माता पिता की चेतावनी सुनते रहे कि मुन्ना, छूप में मत जाओ। मुन्ना टिकसे लिखाई ठीक से करो। मुन्ना बदमाश लड़कों से दोस्ती मत रखो। समय पर घर आओ। बिना पूछे कहीं मत जाओ। एक दिन तुम्हें बड़ा आदमी बनना है। यह सभी चेतावनियाँ जब प्रातः शुरू होती हैं तो महसूस करता हूँ कि यही सत्कर्मिक है। अपने बच्चे का कदम वे बड़ा होना मुश्किल है। बच्चा जितना ही बड़ा हो जाए माँ की बाप की नजर में छोटा ही रहता है। बच्चे बड़े होने के बावजूद माँ की बाप उत्तर रहते हैं कि उनका किसी भी तरह का कदम वे देख नहीं सकते, कदम कदम पर उन्हें इसीलिए साहेब करते रहते हैं। आज जो में बड़ा हुआ है, वह बुद्धि में पास है वह सत्कर्मा की बढ़ौता है। उनकी सत्कर्मा हो सकता है वे अक्षर अपना कर पाएं हूँ लेकिन काफी हद तक मैंने अपना करना का प्रयास किया है। बचपन से ही में सत्कर्मा का पान करते हुए आ रहा हूँ। अनुशासन के बिना जीवन यापन संभव नहीं है। इस बात का में उसी दिन से अनुसरण करते आ रहा हूँ।

स्वामी विवेकानन्द ने कर्मयोग पुस्तक में कई तरह के निर्देशों से साहेब किया है। उन्होंने कहा है कि जीवन का उद्देश्य ज्ञान प्राप्ति है न कि सुख भोगाना। सुख और दुःख मन के उपर अपनी छाप छोड़ जाते हैं। यह छाप ही मनुष्य के चरित्र का निर्माण करती है। जो की हम ज्ञान प्राप्त करते हैं उसके श्रेय है मन। दुनिया में तामाम पुस्तकालय हमारे मन में समाय हुए हैं। जिस तरह पहले में चक्कर रहती है उसी तरह मन के भीतर ज्ञान रहता है। यदि हम स्वयं अध्ययन करेंगे तो पा एँगे कि हंसना, रोना, सुख-दुःख, आशि-आभार, निद्रा-तारीक यह बहिर्ज्ञात संधर्म से प्राप्त होते हैं। इस आधारों की समस्ति को ही हम कार्य कहते हैं। हम हमेशा काम करते रहते हैं। हम बात करते हैं यह कर्म है। हम घूमते हैं। यह कर्म है। शारीरिक और मानसिक जो भी हम कार्य करते हैं वह कर्म है। कर्म हमारे मन पर आभार छोड़ जाता है। हम जगत में जितनी भी यात्राक होते हैं। वे सभी मनुष्य की इच्छा का परिणाम है। छोटी बढ़ी महिलाओं गांव शहर जहाँ, युद्ध के टंकर, सब आदमी की इच्छा का परिणाम है। यह इच्छा व्यतीत के चरित्र से उत्तन होती है। चरित्र कर्म से निर्माण होता है। जो भी कर्म करते हैं उसका उद्देश्य हम की शक्ति को बहार आना। आत्मा को जगाओ। प्रत्येक मनुष्य के अंदर यह शक्ति है और ज्ञान है। यही कर्म हमारे अंदर की शक्ति बन बहार ले आता है और उससे महाशक्ति का निर्माण होता है। मनुष्य विविध उद्देश्यों से काम करता है। बिना किसी उद्देश्य कोई काम नहीं होता है। कुछ लोग यह के लिए काम करते हैं। कुछ कर्म के लिए और प्रभुत्व पाने के लिए।
विवेकानन्द ने हमें बार बार सत्ता करने का कहा है – कर्म करो, फल का त्याग करों
अनास्वाद रहो। यह याद रखो कि यह दुःखिया आपकी नहीं है। हमारी भी नहीं है।
वास्तविकता में न तो हमारा शरीर है। हम कोई काम नहीं करते हैं। हम सब आपात
उर्जा हैं। घर रिश्ते हैं अहं चिर शान्त है। जो हम यश आदि की कामना के बिना काम
करते हैं वहीं सच्चे अर्थों में कर्म है। गौतम में लिखा है कि कर्म करो लेकिन आस्वाद नहीं
किसी भी काम से बाध्य न हो। जगत में दुःख के जो भी श्रोत हैं वह आस्वाद से आते
हैं। आनन्द प्राप्ति के लिए आस्वादहीन होना पड़ता है।

प्रत्येक कर्म के परिणाम में शुभ अशुभ भिन्नता रहता है। जगत में ऐसा कोई काम
नहीं है जिसमें अशुभ का रूप नहीं है जिस तरह आग का चावो और धूंआ होता है। उसी
तरह कर्म के साथ कुछ अशुभ हमेशा रहता है। इसलिए हम ऐसे कर्मों में लिखा रहता
चाहिए जिसमें अधिक शुभ मिले और कम अशुभ मिले। स्थानी विवेकानन्द ने कर्म की
किताब में अप्रत्यक्ष रूप से हमें सत्कारकरण की सलाह दी है। बारबार कर्म के प्रति
आस्वाद रखने के लिए बोला है। जीविकार्यों के लिए कहा है कि यह हम चोरी करके
घोंघों बोलना या घोंघों दे के न करें। शुभ या अशुभ काम के साथ प्रस्ताव या अप्रत्यक्ष
रूप से जुड़ी है।

अज 21वीं सदी में खड़े होकर हम अमूम कर रहे हैं कि सत्कारकरण हर बच्चा
जानता है कि आग में हाथ जल जाएगा। शारीरिक के समय मेडिन में जाकर खड़ा होने पर
सर पर बिजनी गिर सकती है। बाहर फायरिंग होने पर बाहर जाने पर शरीर में गोली
लग सकती है।

अगर हम महाभारत के युग में जाकर देखें और उदयोग अध्याय को पढ़ेंगे तो पाएँगे
कि शान्ति के दूसरे के रूप में भगवान कृष्ण आए हैं और कौशिकों की सम्पत्ति हैं।
पाण्डव युद्ध नहीं चाहते हैं यो शान्ति चाहते हैं। श्री कृष्ण ने कौशिकों को शान्ति का प्रस्ताव
dिया, सभा में परशुराम, नारायण, देवकुण, अश्वमी मौजूद हैं। शान्ति के प्रस्ताव को
हजारों सब लोग उचित मान रहे थे, दुर्योधन उससे संतुष्ट नहीं था। दुर्योधन की माँ गंगाधरी ने भी
उसे बहुत समझाया। गंगाधरी ने सत्कार करते हुए उसे बोला कि जो तुम पाप के रास्ते पर
बच रहे हो उससे हट जाओ। दुर्योधन ने उनकी बात नहीं मानी। अलग अलग तरीकों
से सब उसे सत्कार करने लगे। लेकिन कोई परिणाम नहीं आया। तब श्री कृष्ण ने देखा
कि युद्ध के सिवाय दूसरा कोई और रास्ता नहीं है। युद्ध हुआ। सब जानते हैं कि उसका
परिणाम क्या निकाला। यदि दुर्योधन के मन में अहकार नहीं रहता, जिज्ञासा नहीं रहता,
अपनों के प्रति स्नेह और ममता रहती तब निश्चय ही श्री कृष्ण और अन्य ऋषियों के
कथनों से सावधान आता है। तब अवस्था युद्ध को टाला जा सकता था।

सत्कारकरण
को अर्थकरण
cरने के
परिणामस्वरूप 18 दिन के युद्ध ने लाखों लोगों को अपनी जान
गंगाधरी पहली। में जब यह आलेख लिख रहा हूँ तब में पश्चिम सेक्टर की कम्पनी से जुड़ा
हुआ हूँ तथा इसका मुख्य काम कोई उपयोग और वितरण है। जहां दैनिक रूप से हम
विभिन्न विभागों से करार, टेंडर, वजय, अनुमोदन आदि की विविधाओं से जुड़े हुए हैं।
अगर इतने विभिन्न रूप से नहीं कर पाएंगे तो हमें कर्म समस्याओं का समाधान करना
पड़ सकता है। इन सभी चीजों से धन जुड़ा हुआ है। कर्म नियम, जीओपी कार्यलय
आदेश, नियम, विधान का निर्देश आदि का अनुसरण करते हुए हमें काम करना पड़ता है।

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अगर हम सतर्कता के साथ काम नहीं करेंगे तो कदम कदम पर विपित्त होंगे । इसमें नौकरी पर भी खतरा उत्पन्न हो सकता है । और भी बहुत कुछ हमें ढेलना पड़ सकता है । बचपन से हमने देखा है सतर्कीकरण विषाल कार्यक्षेत्र से जुड़ा हुआ है जिसको छोड़के मुक्त होना हमारे लिए मुश्किल है ।
इयर आप अपने जीवन में सफलता प्राप्त करना चाहते हैं तो अपने स्वयं के प्रति, परिवार के प्रति, समाज के प्रति, देश के प्रति एवं जिस संस्थान में कार्य करते हैं उसके प्रति पूर्णतः सर्वहारा होने की आवश्यकता है। उदाहरणार्थ अपने स्वयं के शरीर को लें, यदि स्वास्थ्य से संबंधित नियमों एवं खान-पान पर सतर्क रह कर ध्यान न दे तो उसका भयंकर परिणाम भुगतान पड़ सकता है। इसी प्रकार समाज, देश एवं संस्थान जहाँ हम कार्यरत हैं उन नियमों को भी मानना जरूरी है ताकि उसका विकास हो सके। प्रकृति द्वारा सज्जित इस विश्व ब्रह्माण्ड में सृष्टिसे सूक्ष्मतम कण एवं विशाल से विशालतम मिश्रित विद्यमान हैं, जो कि प्रकृति द्वारा सज्जित एवं उसके द्वारा निर्धारित नियमों का पूर्ण रूप से पालन करते हैं। यदि इसके पालन में अनियमितता आ जाएं तो इसका परिणाम कितना बुरा हो सकता है उसकी कल्पना ही की जा सकती है।

प्रत्येक व्यक्ति का यह उद्देश्य होता है कि वह सफलता पूर्वक अपना एवं अपने परिवार का जीवन यापन करें इसके लिए अधिक से अधिक पैसा कमाए उक्ती का उद्देश्य होता है। ताकि पैसे के द्वारा वह सुख और समृद्धि को प्राप्त कर सकें, लेकिन यह ऐसा कर पाता है, वास्तव में नहीं। अधिक पैसा कमाने की लाज़ब उसे गलत तरीके की ओर धकेल देता है। नतीजतन समाज में चारों ओर ब्रजवार बढ़ते ही जा रहा है। लोग यह विश्वास करते हैं कि सिफ़र ब्रजवार के द्वारा ही वे सफलता प्राप्त करते हैं। भगवान राम, कृष्ण, बुध एवं गोकी के द्वारा लोग नए पिशाच बन गए हैं। पशु पक्षी एवं अन्य प्राणियों के जीवन की भाल भी पेट ज्ञान न पक़ता ही सीमित रह गया है और वह नए पशु बन गया है। मनुष्य आज भौतिकता की ओर बढ़ता चला जा रहा है, आधुनिकता से कोई दूर हो गया है। नतीजा यह हुआ कि भौतिकता के इस दौड़ में लोग किसी भी तरीके से सुख एवं समृद्धि पाने के लिए पैसा कमाने के आदेश मानने लगे हैं, वाहे उसका लिए उस समाज या किसी संस्थान के नियमों/कानूनों का अनदेखी ही क्यों न करनी पड़े। अपने देश का राष्ट्र विश्व के ब्राह्मण देशों में 87 वाँ है, यह एक सोचनीय प्रश्न है।

वस्तुतः मनुष्य जीवन के दो पहलु हैं, आध्यात्म बाद एवं भौतिक बाद। जीवन के स्वाधिकरण विकास के लिए दोनों का समान रूप से महत्व है। हमारे देश में आध्यात्म का भी उत्तर ने महत्व दिया गया है। जितना भौतिकता का, लेकिन आधुनिक समय में जहाँ संचार के क्षेत्र में तेजी से विकास हुआ है, आधुनिक वैज्ञानिक का महत्व बढ़ता जा रहा है, उसके परिणामस्वरूप भौतिकता की ओर समाज तेजी से बढ़ रहा है। अपने देश को भी दुनिया के विकसीत देशों की श्रेणी में रखने के लिए यह आवश्यक भी है। यदि व्यक्ति हमारे जीवन में भौतिकता के साथ—साथ आध्यात्म को भी समान महत्व दे तो निश्चित ही वह अपने जीवन में सफलता पाएगा। आध्यात्म जीवन में सकारात्मक विचार उत्पन्न करने के लिए वह आवश्यक है। यदि व्यक्ति अपने शरीर को मोटे कर संशोधन कर उसके स्वास्थ्य से नियमों का मानना है इसका असर यह होता है कि वह स्वस्थ रह कर अपने कार्य के प्रति अधिक संकोच हो जाता है। सुख समृद्धि पाने के लिए
नियमों एवं कानूनों की जानकारी एवं उसका सही तरीके से परिपालन प्रयत्न के व्यक्ति के जीवन की सफलता के लिए आवश्यक है। अब हम अपने कार्य क्षेत्र में सफलता के लिए सतर्कता की आवश्यकता को देखते हैं। हम सबी कॉल कंपनी में कार्यरत हैं, इसमें कार्यरत अधिकारियों एवं कर्मचारियों की संख्या कई नियमों एवं कानूनों जैसे कंडक्ट डिसिप्लीन एवं अपील फॉल्स, प्रभावित स्थायी आदेश एवं अन्य नियमों के साथ – साथ कुछ मैनिफैल के नियम हैं, जिनके प्रावधानों का पालन करना आवश्यक है। इनका पालन न करना कदाचार की श्रेणी में आता है, जिसके चलते संबंधित अधिकारी / कर्मचारी दण्ड के भारी भी बन सकते हैं। इन सारे नियमों / कानूनों को जो कि संबंधित अधिकारी / कर्मचारी पर लघू है, को जानना एवं उसका पालन करने हेतु सतर्क रहना कार्य क्षेत्र में सफलता के लिए आवश्यक है, क्योंकि कभी-कभी जानकारी के अभाव में भी अधिकारी / कर्मचारी ऐसे कार्य को कर बैठते हैं जो कि किसी न किसी कानून या नियम के किसी प्रावधान का उल्लंघन करता है। फलता: वे अनजाने में ही दण्ड के भारी बन जाते हैं और उनका कौशल प्रभावित हो जाता है। हम अपने कार्य क्षेत्र में इमानदारी से कार्य के प्रति जागरूक रहकर, उससे संबंधित नियमों के प्रति सतर्क रहकर कार्य करें तो निश्चित ही सफलता प्राप्त कर सकेंगे। जिस संस्थान में हम कार्य करते हैं, उसके लक्ष्य की प्राप्ति के लिए यह जरूरी होता है कि उसमें कार्यरत समस्त अधिकारी / कर्मचारी निष्पादन संस्थान के प्रति उत्तरदायी रहकर अपने निजी स्वाभाव को ल्याकर संस्थान के हित में कार्य करें। इसका असर पुरे समाज और आधिकारिक देश के उपर भी होता है। आज के समय में देश के अर्थिक सुधार के लिए भ्रष्टाचार से मुक्त समाज की आवश्यकता है। चूंकि ब्यक्ति से ही समाज का निर्माण होता है अत: हम सुधारेंगे तो निश्चित ही समाज में सुधार होगा।

देश के विकास के प्रति संवेदना, प्रयत्न व्यक्ति में जागृत होना आवश्यक है लेकिन आज के परिस्थिति को देखते हुए ऐसा लगता है कि यहाँ कभी भी भ्रष्टाचार से मुक्त समाज का निर्माण हो ही नहीं सकेगा। इसका पुरा असर देश के विकास पर पड़ता है। महंगाई, रिश्वतखोरी, काॅलेंस की समस्या सभी इसी कारण से है कि हम अभ्यास के प्रति सतर्क नहीं हैं एवं भौतिकता को ही सर्वोपरि मानते हैं। पश्चिमी संसूक्ति का अंधाधुंध अनुकरण भरतीय समाज को अपने मूल रचनाकार भटका रहा है, जो कि घातक है। सफलता का महत्व सिंह स्वयं की सुख समृद्धि ही नहीं बल्कि इसमें समाज संस्थान एवं आदिकारिक देश की समृद्धि भी जुड़ा है। यदि ब्यक्ति भौतिकायां के साथ–साथ अध्यात्मवाद को भी महत्व देंगे तो निश्चित ही उसका समाजिक विकास होगा। अपने जीवन के अनुमोद क्षण के मूल उद्देश्य से भटका कर भौतिक सुख समृद्धि की ओर भागना चिंतित नहीं है।
आवश्यकता है आध्यात्म के प्रति सत्ता रहकर जीवन के मुख्य उद्देश्य को पहचानना ताकि हम नर पशु नहीं बल्कि देव के श्रेणी में आएं एवं अपने जीवन की पूर्णता तो प्राप्त करें ही साथ अपने परिवार, समाज, संस्थान एवं देश के प्रति भी अपने कर्तव्य का निर्वाह कर सकें। यदि ऐसा होता है तो निश्चित ही हम भ्रष्टाचार मुक्त समाज की रचना कर सकेंगे। गायत्री परिवार के जनक परम पूज्य आचार्य श्रीराम शर्माजी ने कहा है——

आशा करनी चाहिए वह दिन हमलोग अपनी इन ऑखों से जीवन में देखेंगे जबकि अगणित देव प्रवृति के व्यक्ति अपने अपने स्वाभाव को तिलोंजोली देकर विश्व के नव निर्माण में ऐतिहासिक महापुरुषों की तरह प्रवृत्त होंगे और इन दिनों जिस पशुता एवं पेशावरक प्रवृति ने लोकमान्य पर अपनी काली चादर बिछा रखी हैं, उसे तिरोहित करेंगे। अनादाता का अंत होगा और हर व्यक्ति अपने चारों ओर प्रेम, सोजन्य, सदभाव, न्याय, उल्लास सुविधा एवं सज्जनता से भरा सुख शातिर्य वालावरण अनुभव करेगा। उस शुभ दिन लाने का उत्तम निश्चय देव वर्ग को है।

जीवन के सभी क्षेत्रों में सत्ता का लक्ष्य को नर पशु नहीं बल्कि देव वर्ग की श्रेणी में ला खड़ा करता है। जीवन का उद्देश्य ही देव वर्ग की श्रेणी में आना होना चाहिए। अतः हम कह सकते हैं कि सत्ता के प्रति जागरूक रहना ही सफलता की कुंजी है।
Vigilance – Self-Imposed Governance
Prabha Bhagat, MT (HR/Pers.)

Vigilance involves the overall risk management strategy of an organization. It will be in the organizational interest to reorganize business processes in such a way so as to identify the likely risks of fraud, corruption and other malpractices.

But what actually is corruption?

Corruption may be defined as an act of bribery or misuse of public position or power for the fulfillment of selfish motives or to gain personal gratifications. There are countless definitions of corruption in the same way as it has many forms. Another definition of corruption is “Misuse of authority as a result of consideration of personal gains which need not be monetary”. The legal definition of corruption is “Use of public power for private advantage in ways which transgress some formal rule or law”.

Corruption has its many forms; at present it has spread over the entire society as a cancerous disease. Some forms are taking of bribes (money offered in cash or in kind or gift etc.) nepotism (undue favor from holder of patronage to relatives), misappropriation (sing the money of other people for one’s own sake), patronage (undue or wrong support by people in position to friends and family members and favoritism).

Corruption and vigilance are the two sides of the same coin. We need vigilance to tackle corruption. The Corruption Perception Index (CPI), which ranks countries as per their level of corruption, designed by the Transparency International, a Berlin based non- governmental organization, ranks India on the seventh position.

Vigilance is a concept that is unique to India. As there are anti-corruption Bureau, anti- fraud and anti- crime agencies and so on. There are no vigilance officers and vigilance departments, vigilance commissions in major countries across the globe, the nomenclature it has obtained in India. A simple exercise using a search engine on Internet, by searching for the word ‘vigilance’ would confirm that it is related by and large to preventive medical care and related issues.

Shakespeare in his classic work ‘Tempest’ uses the word ‘vigilance’ which conveys the meaning of alertness. Traces of vigilance were found during the American Revolution, some self- appointed vigilance committees existed, but were later dismantled after formal government rule came in.

During the colonial times, the presence of ‘vigilance’ existed in many forms of instructions and guidelines issued by the higher authorities to their subordinates. Due to expansion of government activities, government servants handled huge public funds, thus they were vested with vast powers. Complaints against administration started pouring in. The vigilance mechanism, which was basically meant to check the misuse of authority, which by all means intended to prevent corruption, shifted its direction towards fighting corruption.

Acceptance of gifts and rewards for work done in an official capacity, obtaining objects or advantages, illegal or fraudulent use of public property, acquiring financial
resources more than one’s income, abuse of public office, avoiding one’s duty or avoiding payment of taxes are a few kinds of corruption prevalent in our society today.

The registered number of cases of corruption in India under the Prevention of Corruption Act 1947 varied from 300 to 500 between 1981 & 1987 but after the enforcement of 1988 Act, the number now varies between 1800 to 2000 annually. The list of scams and scandals in the country is endless; Cement Scandal of 1982, Sugar Scandal of 1994, Urea scam, Hawala Scandal of 1991, fodder scam or stamp scandal and the list goes on.

Various laws have been framed from time to time to prevent or at least reduce corruption. The 1988 Act was enlarged and widened to include the term ‘public servants’. Thus if an offence against a public servant is proved in the court there will be imprisonment of not less than 6 months up to 5 years and also the person may be fined. The Central Government has set up four departments to check corruption – Administrative Vigilance Division in the Department of Personnel and Training, Central Bureau of Investigation, Domestic Vigilance units in Ministries / Departments/ Public Undertakings or Nationalized Banks and CVC.

Today we see our approach totally towards fighting corruption and not preventing corruption. The shift has to be towards prevention rather than fighting.

Prevention is better than cure, as said in Medical Parlance can also be said for our country, which has been corroded by this parasite. “The thief is an artist and the policeman is only a critic”, said Oscar Wilde. The real glory will come when the thief takes over the role of the policeman to criticize his own art and reform himself. This would be the greatest reform that can ever happen to mankind.

At present no instrument, no tool, no rule or laws can eliminate corruption, be it Lokpal or CBI or any other body.

The only thing that can work in the present scenario is ‘Self Imposed Vigilance for Good Governance’. The concept of Self Imposed Vigilance is very simple. If there is darkness, don’t curse the darkness, instead bring light and the darkness vanishes. Every citizen can be enrolled into imposing self-vigilance slowly and steadily. This can be the best tool to prevent corruption, which is eradicating our roots, rather than we fighting corruption after it have eaten away our system.

Laws and rules have to be implemented with strictness and if needed, the outdated ones should be amended in order to check the acts of corruption.

indulging in corrupt practices. Finally without the cooperation of common man the evil of corruption cannot be eradicated.
Preface:

The Vigilance Awareness Week is celebrated every year in India for creating awareness among Government Departments, Institutions and people to eradicate corruption at every level.

Objectives:

- To create a corruption free society
- To implement preventive measures effectively, so that transparency and accountability can be maintained in Government Departments, Govt. Undertakings and other Institutions.

Functioning:

Government of India has made provision for establishment of a “Vigilance Department” headed by The Chief Vigilance Officer in every Government Departments, Govt. Undertakings and other Institutions to check-out the corruption levels. Corruption lowers investment and hinders economic growth also human development. It also limits access to basic social services as well as increases the cost of their delivery. It is one of the factors responsible for poverty. Corruption negatively subverts the financial system, and undermines the legitimacy of the state. Thus, corruption is anti-poor, antidevelopment, anti-growth, anti-investment and inequitable.

To root-out the corruption and to make corruption free Management, Vigilance Department, being integral part of the Management, always tries for preventive vigilance measures through “Circulars, Orders, Conducting Vigilance Awareness Programmes & Workshops” to up date with the latest Rules and Regulations requires to be implemented / followed for more clarity and transparency in day-to-day working. Moreover, random checking of Files / Documents improves and ensures implementation of directives provided in the Manuals and Guidelines.

e.tendering:
e.tendering and e.auction are one of the best examples in maintaining the transparency in the tendering processes in line with directives of “Transparency International”.
The Central Vigilance Commission has also issued a directive that all Govt. organizations over which the Commission has jurisdiction should publish their tenders and complete bid documents along with the application forms on the website. This is the first step towards e-procurement and would help in curbing mal-practices prevailing in various Govt. organizations where competition is sought to be restricted.

VIGILANCE PERSPECTIVE 2012
A.V.RAMANA MURTY
Sr.Officer (Secretarial), Board Secretariat

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Inviting views and complaints, if any, from individuals are the best way to check out the corruption points. In this direction “The WhistleBlower Policy” was implemented by almost all the Government and Semi-Government Organizations.

Right to information and transparency are the biggest tools for fighting corruption and website as a tool for such communication can have very extensive application across the entire spectrum of Govt. activity.

**Conclusion:**

“HONESTY IS THE BEST POLICY“ let us accept this God-speltruth and contribute in building a Corruption Free Organization / Country.
A write up on Vigilance

By Rita Pandit, Sr PA, Vigilance Department

"Good people don’t need laws to tell them to act responsibly and bad people will find a way around the laws.”

Plato

Corruption is the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority. Corruption is a termite in every system. Once it enters the system, it goes on increasing. Today it is rampant and has gradually become routine. Corruption is wrongdoing on the part of an authority through means that are illegitimate or incompatible with ethical standards. Corruption often results from patronage and is associated with bribery. Corruption is a human weakness. Corruption existed in past, exists now and will continue to exist. Total elimination of corruption in human society is not possible because it is done secretly. It is a greed that overwhelms a person to be corrupt. Plato has said "Poverty consists not in the decrease of one’s possession but in the increase of one’s greed”. Greedy corrupt individual feel miserable when they compare with rich people. The practice of corruption is a dishonest act. Corruption starts at the top and percolates down to the whole society. If the head of the nation or organisation or department or family is dishonest or compromises with morality, ethics how can he set an example to his subordinates, juniors or children not to be dishonest, corrupt. A corrupt person is termed immoral, dishonest and unscrupulous in his dealings. His disregard for honesty, righteousness and truth results in his alienation from society. He is treated with contempt. Today every one of us is annoyed of corruption. Corruption is caused and increased because of the change in value system and ethical qualities of men. At present it is very difficult to survive with honesty. Honest person has to face lots of problems to get the things done in a right manner. Tolerance of people towards corruption, complete lack of intense public outcry against corruption and absence of strong public forum to oppose corruption allow corruption to rule over people. Complex laws and procedures prohibit general public to interact with Government. Vast population, illiteracy and poor economic infrastructure is also the cause of corruption. Lack of transparency and professional accountability is yet another big reason. We should be honest to ourselves. Until and unless we will not be honest, we can't control corruption. If each of us is honest towards our profession, then corruption will automatically decrease. We need to pay attention towards professional accountability i.e., how much we are faithful and truthful towards our profession.

It is not possible to eliminate 100% corruption but of course there are ways to reduce corruption.

Education is the primary tool to counter corruption. The percentage of corruption in Kerala as compared to other states in India is less the reason being 100% literacy in Kerala. Illiterate person do not know how to react against corruption. He is not aware of the norms, procedures to fight for their rights. No one can fool a literate person.
Transparency is an important tool to reduce corruption. When the things are transparent, no one will dare to ask for undue favour or get the work done by manipulating rules, norms, and procedures. Transparency will help in having positive and unbiased attitude. Fair dealing will be possible when transparency is there and no one will doubt on anyone’s integrity and loyalty. The steps should be taken to correct the situation overall. Increasing transparency can help to check corruption and there should be a mechanism of enforcing rigorous punishment for the corrupt in a very effective and prompt manner. Declarations of property and assets of the employees and routine and surprise inspections and raids at certain intervals are very effective.

We can reduce corruption by increasing direct contact between government and the governed. E-governance could help a lot towards this direction. In a conference on, “Effects of Good Governance and Human Rights” organized by National Human Right Commission, A. P. J. Abdul Kalam gave an example of Delhi metro rail system and online railway reservation as good governance and said that all the lower courts should follow the explanation of the Supreme Court and High Court and make the judgments online. Similarly, Sivraj Patil said that the Right to information should be used for transparency. We have legal rights to know any information. According to this act, (Right to Information act 2005), generally people should follow the procedure of law given to them when their work is not being implemented in a proper way in public services. This act is a great help in the order to control corruption.

Though it seems very difficult to control corruption but it is not impossible. It is not only the responsibility of the management but ours too. We can eliminate corruption if there will be joint effort. We must have some high principles to follow so that we may be models for the coming generation. Let us take a view to create an atmosphere free from corruption. That will be our highest achievement as human beings.

"Those who cannot change their mind cannot change anything."

George Bernard Shaw
"Let us fight against corruption together in order to build up a New Corruption free INDIA" Vigilance Awareness facilitates among Government Department, Private Institutions and people to check corruption at every level. It inspires the system to implement preventive measures effectively so that transparency and accountability can be maintained in the governance. The basic motto is to create a corruption free society as well as a State and a Country.

Corruption is found to be one of the most damaging cause of poor Governance system. It is characterized by lack of both transparency and Accountability. Corruption lowers investments, hinders economic Growth and also human development. It also limits access to basic social services as well as increase the cost of their delivery. It is one of the factors responsible for poverty. Corruption negatively subverts the financial system and undermines the legitimacy of the State. Thus, corruption is anti-poor, anti-development, anti-growth, anti-investment and inequitable. The cost of corruption to a Nation is very high now-a-days. Adverse effects of corruption on growth have been statistically corroborated from cross-country data. Based on the corruption rankings data consolidated from the business and International communities in seventy countries, we find a significant negative association between the Corruption Index and the rates of investment and economic growth.

"We should stand up against corrupt practices in order to protect our Mother Land ‘INDIA‘."
CASE STUDY BASED ON INVESTIGATION DONE BY VIGILANCE DEPARTMENT

(A) CASE STUDY ON WORKS CONTRACT AWARDED TO OUTSIDE AGENCY FOR INTERNAL COAL TRANSPORTATION WITHIN THE PROJECTS.

Four case files of contracts awarded during last five years to outside agency for coal transportation within a project were investigated and the following irregularities were detected –

1. In all the case files – The comparative statement was prepared & signed by dealing officer of concern department at HQ with finance officer of the concern project whereas the Tender Committee Members should had done it as per CMM Chapter 3, section 03 point no. 20 and CMF 3.13.

2. In three years case files, the firms were considered qualified only on fulfillment minimum eligibility criteria based on the experience certificate of one contract submitted by the bidders. The contents of the experience certificate of one of the bidder had not been verified with the document submitted with offer & details available in the department. There were variation in the figure indicated in the experience certificate & data available in the project/office and data submitted by the bidder in the format of last seven years works details as per qualification information of tender document. These variations had not been deliberated by TC & not checked by associate finance attached to Director (Technical) during approval of Part I TC.

3. In three years case files, the bidders were required to submit details of similar works executed during last seven years with copy of work order / contract copy and experience / performance certificate of all the works as per tender qualification information, but bidders were considered qualified without submission of documents as per tender requirement and without verification of details submitted in the tender format & details of work executed in the NCL & other works. There were no deliberation in the TC on these points.

4. In one year case file, the bidders required to submit the past experience in the form of copies of work orders, certificate of actual works already executed and TDS certificates as per NIT minimum eligibility criteria, but non of the bidders had submitted TDS certificate with their bid and they were considered qualified without deliberation in TC for their decision.

5. In one case file, a complaint was received after opening of the bid documents against one bidder, but the same was not kept in the file at the time of TC deliberation and there were no deliberation regarding the complaint before
opening of price bid and final recommendation by TC to award the contract to L1 bidder. The complaint letter was enclosed in the file before the final TC recommendation was forwarded to Director (T) for approval. The matter was pointed out by Associate finance Officer of Director (T) that TC had not deliberated on the complaint letter.

6. Above tender was cancelled during final approval due to complaint against L1 bidder for submission of false & different details of turnover in particular year in tender of two departments and TC had recommended to cancel the tender & forfeit EMD of the firm as per tender term, but did not recommend to take action to blacklist / banning as per Affidavit submitted by the bidder against tender requirement. On the recommendation of TC & Directors, the tender was cancelled & only EMD of the bidder had been forfeited. But in the earlier tender, the same bidder submitted same details of turnover in a particular year (based on which, the above mentioned tender has been cancelled). But in that case, the tender was extended two times. As such, there was ambiguity in the decisions of the proposal forwarding, processing, financial concurring Officials and approving authority while extending running tender two times and canceling one tender. Most of TC members & recommending authority of cancelled tender were same in the case of extension running tender.

(B) Case Study : Usage of incorrect experience certificate :

Name of Work: “Repair & Carpeting of Road of a colony at certain Project”

In one of the projects of NCL, NIT was floated for the work of Repair & Carpeting of Road in which one of the bidders claimed his experience and financial turnover by submitting the experience certificate and Auditors Balance sheet. The comparative statement was prepared for evaluation of tender by the tender committee to assess the eligibility of the tenderer for opening of Part – II. The dealing department has not verified the vital documents like experience certificate. Based on the experience certificate submitted by the party, the firm was qualified for opening of price bid. The experience certificate submitted in this tender by a firm stipulates that the firm has executed and completed a work to the worth of Rs.478.96. from dated: 04.10.2006 to 30.4.2007. In the course of investigation by Vigilance department the authenticity of the experience certificate submitted by the firm was verified from the issuance authority. From the reply received from the point of issuance, it revealed that the total value of the work done is Rs.542.88 Lacs and date of completion was 31.05.2007 which
were incoherent. As such the experience certificate submitted by the firm was incorrect.

In the course of evaluation of the tender, the tender committee considered the balance sheet as a proof of financial turnover, which was one of the eligibility criteria for opening of Pricebid. On verification of the balance sheet submitted by the firm in this tender for the years 2004–05, 2005-06 and 2006-07, it is found that the balance sheet not issued by Auditing company as mentioned in the balance sheet. In the details of audited balance sheet the receipt of payment mentioned was not correct and it appears to be fabricated and forged one. This firm had bagged this contract by submitting incorrect experience certificate.

Moreover, the experience certificate of L-1 tender has not been verified by the department concern. It is thus a violation of the office order issued by CMD/NCL vide No.NCL/VIG/PR-57/06/929, dtd: 29 Nov, 2006 / 01.12.2006 issued by the CMD/NCL which stipulates as under:

“It is, therefore, necessary that the genuineness of the documents/certificates submitted, at least, by the L-1 tenderer whom the work is to be awarded must be verified before the award of work. In case of exigencies, if it is not possible to verify the documents/ certificate before the award of work, the verification must be done immediately after the award of the work and if the documents/ certificates so submitted by the contractor are found to be incorrect, stern action like canceling of the contract/work order including banning of business may be taken against the contractor / party.”

(C) Case Study: The similar works were handled/ executed by Two Departments having variance in unit rate:

“Providing & Fixing Raised Pavement Marker Cat’s Eye on Bituminous Road

An estimate for providing and fixing raised pavement marker (Cat’s eye) on bituminous road was prepared in one of the projects by Civil Engg department of NCL. The estimate made the following provisions:

1. “Providing & Fixing of Raised Pavement Marker Cat’s eye along center of road”

2. “Providing and fixing of raised pavement marker/Cat’s eye along curve wherever required”
3. The approximate distances between two markers were to be 2 to 2.5 meters.

The estimate had been prepared on the basis of the rate vetted by HQs. since this is non DSR item, (the rate analysis has been approved by General Manager (C)). The estimate reflected the following item description:

“Supply of 3M or equivalent raised pavement marker cat’s eye of size 105x95x220 mm made of heavy duty body shall be moulded of high impact resistant poly carbonate having electronically welded micro prismatic lens with abrasion resistant coating as approved by Engineer In-charge. The cat’s eye shall support a load of 13,635/- Kg tested in accordance with ASTM D 4280. The reflective panels on both sides with atleast 8.5 Sq. cm of reflective area up each side. The luminous intensity should be as per the specifications and shall be tested as described in ASTM:809 as recommended in BS:873 Part-4:1973 and fixing of raised pavement marker (cat’s eye). The studs shall be fixed to the road surface using BT 69/Epoxy adhesive confirming as per procedure recommended by the manufacturer or complete as per directive of Engineer In-charge.”

The rate per each unit of cat’s eye including fixing charges was projected at Rs.307.25 each. The rate was analysed and vetted by HQs. GM(C).

In one project a firm was considered to be L-1 as it quoted 14.45% below the estimated cost. The L-1 tenderer was issued work order.

Whereas the similar works were handled by safety department of NCL prepared the estimate with the following provisions:

Raised pavement marker/studs load bearing capacity of 40T made of highly engineered thermo plastic body and tough polycarbonate micro prismatic lens materials USA make at the cost of Rs 1579/- each. While inviting tender in NIT “Road studs/cat’s eye (3m brand USA MAKE load bearing capacity of 40T)”. The specification were drawn up without any study or basis for arriving at the load bearing capacity needed and without any market survey. Moreover, the pre-qualification criterion ran as under:-

The subject work of providing and fixing of road studs/cat’s eye had been executed through an open tender enquiry in which all the tender formalities had been observed. The tender enquiry was published in the website and also in the news paper with full transparency. It implies that tender was open to all for participation and it can be the most effect source of market survey.

The system of comparing the final award value with estimated rate or last award value is a general practice in all projects. Hence considering the procurement rate of the subject item as exorbitantly high by merely comparing the same with item of different specification and procured at a later date seems to be unjustified.
The subject work providing and fixing of road studs/cat’s eye had been executed through an open tender in which all the formalities had been observed. The tender was published in the website and also in newspapers with full transparency.

The provision of 40T load bearing cat’s eye was based on an arbitrary assessment of requirement. There was absolutely no requirement of prescribing a requirement of 40T load bearing capacity cat’s eye when the maximum load bearing capacity required for withstanding the pressure transmitted by movement of 85 T dumper over one cat’s eye with a dimension of 105 mm x 95 mm x 20mm was just 675.906 Kgs i.e. less than even one tonne. The prescription of 40T load bearing cat’s eye was perhaps made to eliminate prospective vendors having the ability to supply and install cat’s eye. The net effect of the whole exercise was to strangulate or stifle competition, favor known parties, cause undue benefit to the contractor and to cause corresponding loss to the company.

Definitely matters relating to safety would concern the safety officials. The correct course of action, however would have been to send the proposal for provision and fixing of Cat’s eye to either the Purchase Department or the Civil work section of the Company instead of the safety department dealing with the case right from initiation of proposal till execution of the order. Ideally speaking, the proposal should have been sent to either purchase section or the civil work section for tendering action. In so far as execution of the job was concerned, the safety department ought to have come in the picture at the stage of inspection of cat’s eye as well as the activity of fixing them on the speed breakers after placement of work order.
Provisions of CDA where Intimation/Permission is required
## Provisions of the CDA Rule at a glance:

**Instances where permissions are necessary:**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Item</th>
<th>Description</th>
<th>Clause No. of CDA rule</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employment of self/ near relations</td>
<td>No. employee shall engage himself either directly or indirectly in any other profession / trade etc.</td>
<td>4.4</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>- Do -</td>
<td>Employment of family to a firm having official dealing with the company</td>
<td>6.2</td>
<td>If situation demand due to urgency, the employment may be accepted subject to the sanction of the competent authority, being sought forthwith.</td>
</tr>
<tr>
<td>2</td>
<td>Connection with press or radio</td>
<td>For Editing or management of any newspaper / periodical publication</td>
<td>8.1</td>
<td>In case of purely literary Artistic or scientific character no permission reqd.</td>
</tr>
<tr>
<td>3</td>
<td>- Do -</td>
<td>Participating in a radio broadcast, contribute any article or write any letter to newspaper / periodical.</td>
<td>8.2</td>
<td>- Do -</td>
</tr>
<tr>
<td>4</td>
<td>- Do -</td>
<td>To publish a book or contribute article</td>
<td>8.3</td>
<td>- Do -</td>
</tr>
<tr>
<td>5</td>
<td>Evidence before committee</td>
<td>For giving evidence in connection with any enquiry conducted by person, committee or authority.</td>
<td>11.1</td>
<td>Except when enquiry is conducted by govt., State, judicial or company.</td>
</tr>
<tr>
<td>6</td>
<td>Subscription</td>
<td>To ask or to accept contribution or to raise fund in any occasion</td>
<td>13.1</td>
<td>Except when sanctioned by law of the land or by order of the company/ subscribe to charitable / benevolent fund.</td>
</tr>
<tr>
<td>7</td>
<td>Gift</td>
<td>To accept gift either by self or by any member of the family the value of which exceeds Rs.2500/- from a person having official dealings with the company.</td>
<td>14.3</td>
<td>___</td>
</tr>
</tbody>
</table>

Permission’s continued….
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Item</th>
<th>Description</th>
<th>Clause No. of CDA rule</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Public demonstration in honour of a company employee</td>
<td>To receive any complimentary valedictory address or accept any testimonials, attend any meeting or entertainment held in one’s / any employee’s honour.</td>
<td>15.1</td>
<td>___</td>
</tr>
<tr>
<td>9.</td>
<td>Private trade / employment</td>
<td>To engage directly or indirectly any trade in own name or name of his family members or benami.</td>
<td>16.1</td>
<td>Can undertake honorary work of a social or charitable nature or occasional work of library artistic or scientific in nature, provided office work may not suffer. Permission is not requied for House Building Cooperative or literary, scientific or charitable society.</td>
</tr>
<tr>
<td>10</td>
<td>- Do -</td>
<td>To take part in registration, promotion or management of any bank or other company required to be registered under company’s act.</td>
<td>16.3</td>
<td>___</td>
</tr>
<tr>
<td>11</td>
<td>- Do -</td>
<td>To accept fee/ honorarium or any pecuniary advantage or any work done.</td>
<td>16.4</td>
<td>___</td>
</tr>
<tr>
<td>12</td>
<td>Foreign Visit</td>
<td>To visit abroad on private business</td>
<td>16.6</td>
<td>Application in Form –V D</td>
</tr>
<tr>
<td>13</td>
<td>Lending</td>
<td>Lend money to any person possessing land or valuable property within local limits or his/her authority or at interest to any person.</td>
<td>17.4</td>
<td>Except to personal friend a small amount without interest, even if he is possessing land or movable property.</td>
</tr>
<tr>
<td>14</td>
<td>Immovable/ movable property</td>
<td>To acquire any immovable or movable property with a firm or persons having official dealing with the company.</td>
<td>19.3</td>
<td>Application in form IV A or IV B</td>
</tr>
</tbody>
</table>
### Instances where intimation is necessary:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Item</th>
<th>Description</th>
<th>Clause No. of CDA rule</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Employment of near relations.</td>
<td>Employment of relatives under the company</td>
<td>6.1</td>
<td>At the time of appointment in form-I (company may ask for this information at any time during service period)</td>
</tr>
<tr>
<td>2.</td>
<td>Gift</td>
<td>Gift from: i) relatives exceeding Rs.5000/- ii) Foreign dignitaries/ firm more than once in a year the aggregate value of which exceeds Rs.2500/-</td>
<td>14.2 14.4</td>
<td>Having no official dealing with the company.</td>
</tr>
<tr>
<td>3.</td>
<td>Private Trade/ Employment</td>
<td>Details of any kind of business done by him either in his own name or in the name of his family members or &quot;Benami&quot;</td>
<td>16.1</td>
<td>At the time of appointment and by 31st January of subsequent year.</td>
</tr>
<tr>
<td>4.</td>
<td>Private Trade</td>
<td>If any member of his family engaged in trade / business / owns / manages an insurance agency or commission agency.</td>
<td>16.2</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Insolvency</td>
<td>If declared insolvent</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Immovable property</td>
<td>Acquire or dispose any immovable property.</td>
<td>19.1</td>
<td>Prior intimation is required in Form IV A</td>
</tr>
<tr>
<td>7.</td>
<td>Movable property</td>
<td>Acquire or depose movable property, the value of which is more than two months of basic salary.</td>
<td>19.2</td>
<td>When acquired (in Form IV B). (within one month of the purchase / disposal)</td>
</tr>
<tr>
<td>8.</td>
<td>Movable/ Immovable at the time of appointment</td>
<td>i) Movable property inherited/owned, acquired or held the value of which exceeds two months basic pay.</td>
<td>19.4</td>
<td>i) in Form V A (modified) and Form V C (new)</td>
</tr>
<tr>
<td>8.</td>
<td>Immovable property</td>
<td>Property return within 1st January of next year</td>
<td>19.5</td>
<td>In Form V B (modified)</td>
</tr>
<tr>
<td>9.</td>
<td>Marriage</td>
<td>If marries a person other than Indian Nationality.</td>
<td>22.3</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Deemed Suspension</td>
<td>Employee, if arrested for any reason.</td>
<td>24.3 (ii)</td>
<td>If released by bail subsequently then also he has to intimate.</td>
</tr>
</tbody>
</table>
### Important CVC Circulars regarding Tenders and related matters

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Date</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31.12.07</td>
<td>Acceptance of Bank Gurantees</td>
</tr>
<tr>
<td>2</td>
<td>05.07.07</td>
<td>Transparency in Works/Purchase/Consultancy contracts</td>
</tr>
<tr>
<td>3</td>
<td>26.04.07</td>
<td>Use of Products with standard specifications</td>
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No. 02-07-01-CTE-30
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block ‘A’,
GPO Complex, INA,
New Delhi-110023.

OFFICE MEMORANDUM

Circular No. 01/01/08

Sub.: Acceptance of Bank Guarantees.

A number of instances have come to the notice of the Commission where forged / fake bank guarantees have been submitted by the contractors/suppliers. Organizations concerned have also not made any effective attempt to verify the genuineness / authenticity of these bank guarantees at the time of submission.

2. In this background, all organizations are advised to streamline the system of acceptance of bank guarantees from contractors/suppliers to eliminate the possibility of acceptance of any forged/fake bank guarantees.

3. The guidelines on this subject issued by Canara Bank provides for an elaborate procedure, which may be found helpful for the organizations in eliminating the possibility of acceptance of forged/fake bank guarantees. The guidelines issued by Canara Bank provides that -

"The original guarantee should be sent to the beneficiary directly under Registered Post (A.D.). However, in exceptional cases, where the guarantee is handed over to the customer for any genuine reasons, the branch should immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the beneficiary with a covering letter requesting them to compare with the original received from their customer and confirm that it is in order. The A.D. card should be kept with the loan papers of the relevant guarantee.

At times, branches may receive letters from beneficiaries, viz., Central/State Governments, public sector undertakings, requiring bank’s confirmation for having issued the guarantee. Branches must send the confirmation letter to the concerned authorities promptly without fail."

4. Therefore, all organizations are advised to evolve the procedure for acceptance of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India. The steps to be ensured should include-
i) Copy of proper prescribed format on which BGs are accepted from the contractors should be enclosed with the tender document and it should be verified verbatim on receipt with original document.

ii) It should be insisted upon the contractors, suppliers etc. that BGs to be submitted by them should be sent to the organization directly by the issuing bank under Registered Post (A.D.).

iii) In exceptional cases, where the BGs are received through the contractors, suppliers etc., the issuing branch should be requested to immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the organisation with a covering letter to compare with the original BGs and confirm that it is in order.

iv) As an additional measure of abundant precaution, all BGs should be independently verified by the organizations.

v) In the organisation/unit, one officer should be specifically designated with responsibility for verification, timely renewal and timely encashment of BGs.

5. Keeping above in view, the organizations may frame their own detailed guidelines to ensure that BGs are genuine and encashable.

6. Receipt of the above guidelines should be acknowledged.

(Smt. Padamaja Varma)
Chief Technical Examiner

To

All Chief Vigilance Officers
No.005/CRD/19
Government of India
Central Vigilance Commission
*****
Satarkta Bhawan, Block ‘A’,
GPO Complex, INA,
New Delhi- 110 023
Dated the 5th July 2007

Office Order No.23/7/07

Subject:- Transparency in Works/Purchase/Consultancy contracts awarded on nomination basis.

Reference is invited to the Commission’s circular No.15/5/06 (issued vide letter No.005/CRD/19 dated 9.5.2006), wherein the need for award of contracts in a transparent and open manner has been emphasized.

2. A perusal of the queries and references pertaining to this circular, received from various organizations, indicates that several of them believe that mere post-facto approval of the Board is sufficient to award contracts on nomination basis rather than the inevitability of the situation, as emphasized in the circular.

3. It is needless to state that tendering process or public auction is basic requirements for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.

4. A relevant extract from the recent Supreme Court of India judgement in the case of Nagar Nigam, Meerut Vs A1 Faheem Meat Export Pvt. Ltd. [arising out of SLP(civil) No.10174 of 2006] is reproduced below to reinforce this point.

“The law is well-settled that contracts by the State, its corporations, instrumentalities and agencies must be normally granted through public auction/public tender by inviting tenders from eligible persons and the notifications of the public-auction or inviting tenders should be advertised in well known dailies having wide
circulation in the locality with all relevant details such as date, time and place of auction, subject matter of auction, technical specifications, estimated cost, earnest money deposit, etc. The award of Government contracts through public-auction/public tender is to ensure transparency in the public procurement, to maximize economy and efficiency in Government procurement, to promote healthy competition among the tenderers, to provide for fair and equitable treatment of all tenderers, and to eliminate irregularities, interference and corrupt practices by the authorities concerned. This is required by Article 14 of the Constitution. However, in rare and exceptional cases, for instance, during natural calamities and emergencies declared by the Government; where the procurement is possible from a single source only; where the supplier or contractor has exclusive rights in respect of the goods or services and no reasonable alternative or substitute exists; where the auction was held on several dates but there were no bidders or the bids offered were too low, etc., this normal rule may be departed from and such contracts may be awarded through ‘private negotiations’.

(Copy of the full judgement is available on the web-site of the Hon’ble Supreme Court of India, i.e., www.supremecourtofindia.nic.in)

5. The Commission advises all CVOs to formally apprise their respective Boards/managements of the above observations as well as the full judgement of the Hon’ble Supreme Court for necessary observance. A confirmation of the action taken in this regard may be reflected in the CVO’s monthly report.

6. Further, all nomination/single tender contracts be posted on the web-site ex post-facto.

(Rajiv Verma)
Under Secretary
OFFICE MEMORANDUM

Circular No. 14/4/07

Sub: Use of Products with standard specification.

A case has come to the notice of the Commission that the user department one organization requisitioned an item of non-standard size. Requisitioning of item with non-standard size resulted in issue of ‘Non-availability certificate’ by the stores keeper although the same item of standard size was clearly available in the stock. Citing urgency, the item was procured by the user department at 10 times the cost of the standard item by inviting limited quotations.

2. In order to avoid such occurrences, it is reiterated that the items with standard specifications only should be stipulated in the bid documents. In case, items with non-standard specifications are to be procured, reasoning for procuring such items may be recorded and reasonability of rates must be checked before placing order.

Sd/ (dated 26.04.07)
(Smt. Padmaja Varma)
Chief Technical Examiner

To

All CVOs of Ministries / Departments / PSUs / Banks / Insurance Companies/ Autonomous Organizations / Societies / Uts
OFFICE MEMORANDUM

Circular No. 10/4/07

Sub: Mobilisation Advance.

Commission has reviewed the existing guidelines on ‘Mobilisation Advance’ issued vide OM No.UU/POL/18 dated: 08.12.97 and OM No.4CC-1-CTE-2, dated 08.06.2004.

The following guidelines are issued in supercession of earlier guidelines issued by the Commission on ‘Mobilisation Advance’

1. Provision of mobilization advance should essentially be need-based. Decision to provide such advance should rest at the level of Board (with concurrence of Finance) in the organization.

2. Though the Commission does not encourage interest free mobilization advance, but, if the Management feels its necessity in specific cases, then it should be clearly stipulated in the tender document and its recovery should be time-based and not linked with progress of work. This would ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence and scope for misuse of such advance could be reduced.

3. Part ‘Bank Guarantees’ (BGs) against the mobilization advance should be taken in as many numbers as the proposed recovery installments and should be equivalent to the amount of each installment. This would ensure that at any point of time even if the contractor’s money on account of work done is not available with the organization, recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time.

4. There should be a clear stipulation of interest to the charged on delayed recoveries either due to the late submission of bill by the contractor or any other reason besides the reason giving rise to the encashment of BG, as stated above.
5. The amount of mobilization advance; interest to be charged, if any; its recovery schedule and any other relevant detail should be explicitly stipulated in the tendered document upfront.

6. Relevant format for BG should be provided in the tender document, which should be enforced strictly and authenticity of such BGs should also be invariably verified from the issuing bank, confidentially and independently by the organization.

7. In case of ‘Machinery and Equipment advance’, insurance and hypothecation to the employer should be ensured.

8. Utilization certificate from the contractor for the mobilization advance should be obtained. Preferably, mobilization advance should be given in installments and subsequent installments should be released after getting satisfactory utilization certificate from the contractor for the earlier installment.

Sd /-
(P.VARMA)
Chief Technical Examiner

Copy to :-

All CVOs : Ministries / Departments / PSUs / Banks / Uts.
Circular No. 4/3/07

**Sub:** Tendering process - negotiations with L-1.

Reference is invited to the Commission’s circulars of even number, dated 25.10.2005 and 3.10.2006, on the above cited subject. In supersession of the instructions contained therein, the following consolidated instructions are issued with immediate effect :-

(i) As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.

(ii) In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process.

(iii) Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe
exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.

iv) As regards the splitting of quantities, some organisations have expressed apprehension that pre-disclosing the distribution of quantities in the bid document may not be feasible, as the capacity of the L-1 firm may not be known in advance. It may be stated that if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable. It is essentially in cases where the organisations decide in advance to have more than one source of supply (due to critical or vital nature of the item) that the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself. This must be followed scrupulously.

(v) Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation.

2. It is reiterated that in case L-1 backs-out, there should be a re-tender.

3. These instructions issue with the approval of the Commission and may please be noted for immediate compliance.

Sd/-
(Vineet Mathur)
Deputy Secretary

All Chief Vigilance Officers
Circular No. 37/10/06

Subject: Tendering process – negotiation with L1.

Reference is invited to Commission’s instructions of even number dated 25.10.2005 on the above subject. A number of references have been received in the Commission, asking for clarification on issues pertaining to specific situations.

2. The Commission’s guidelines were framed with a view to ensuring fair and transparent purchase procedure in the organizations. The guidelines are quite clear and it is for the organizations to take appropriate decision, keeping these guidelines in view. In case they want to take action in deviation or modification of the guidelines, to suit their requirements, it is for them to do so by recording the reasons and obtaining the approval of the competent authority for the same. However, in no case, should there be any compromise to transparency, equity or fair treatment to all the participants in a tender.

3. The above instructions may be noted for strict compliance.

Sd/-
(V. Kannan)
Director

All Chief Vigilance Officers
Circular No. 31/9/06

Subject: Posting of details on award of tenders/contracts on websites/bulletins.

The Commission, vide its orders of even number dated 16.3.2005, 28.7.2005 and 20.9.2005, had directed all organisations to post every month a summary of all contracts/purchases made above a certain threshold value on the websites of the concerned organisations, and it was specified that the proposed threshold limits would be acceptable to the Commission as long as they covered more than 60% of the value of the transactions every month in the first instance, to be revised subsequently after the system stabilized. The threshold values as decided by the organisations, were also to be communicated to the Commission separately for its perusal and record. CVOs were required to monitor the progress in this regard and ensure that the requisite details were posted regularly on respective websites. They were also required to incorporate the compliance reports in this regard in their monthly reports.

2. The Commission has taken serious note that the aforementioned instructions are not being adhered to by the organisations. CVOs are, therefore, once again advised to ensure that details of the tenders awarded above the threshold value by the organizations are uploaded in time on the organisation’s official website and are updated every month. The position in this regard should be compulsorily reflected in the CVOs monthly reports to the Commission. CVOs should also specifically bring to the notice of the Commission, any violation of this order.

3. Please acknowledge receipt and ensure due compliance.

Sd/-
(V.Kannan)
Director

(i) All Secretaries/CEOs/Head of Organisations.
(ii) All Chief Vigilance Officers
CIRCULAR No.15/5/06

Subject: Transparency in Works/Purchase/Consultancy contracts awarded on nomination basis.

The Commission had, in it’s OM No. 06-03-02-CTE-34 dated 20.10.2003 on back to back tie up by PSUs, desired that the practice of award of works to PSUs on nomination basis by Govt. of India/PSUs needed to be reviewed forthwith. It is observed that in a number of cases, Works/Purchase/Consultancy contracts are awarded on nomination basis. There is a need to bring greater transparency and accountability in award of such contracts. While open tendering is the most preferred mode of tendering, even in the case of limited tendering, the Commission has been insisting upon transparency in the preparation of panel.

2. In the circumstances, if sometimes award of contract on nomination basis by the PSUs become inevitable, the Commission strongly feels that the following points should be strictly observed.

(i) All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for scrutiny and vetting post facto.

(ii) The reports relating to such awards will be submitted to the Board every quarter.

(iii) The audit committee may be required to check at least 10% of such cases.

3. This may be noted for strict compliance.

Sd/-
(V. Kannan)
Director

All Chief Vigilance Officers
Copy to:
(i) All Secretaries of Govt. of India
(ii) All CEOs/Head of the organisation
Circular No.21/05/06

Dated, the 1st May, 2006

Circular No.21/05/06

Subject: Examination of Public Procurement (Works/Purchases/Services) Contracts by CVOs.

The Commission has been emphasising the need for close scrutiny by the CVO, of the Public Procurement (Works/Purchases/Services) Contracts of his department/organisation concerned, to ensure that the laid down systems and procedures are followed, there is total transparency in the award of contracts, and there is no misuse of power in decision making.

2. A number of booklets have been issued by the Chief Technical Examiner Organisation of the Commission, bringing out the common irregularities/lapses noticed in different contracts. A Manual for Intensive Examination of Works/Purchase Contracts and guidelines on tendering have also been issued. These are available in the Commission’s website.

3. The need for CTE type examinations by the CVOs has been emphasised in the Zonal meetings. The CVOs are required to reflect their examinations in the monthly reports. The Commission reiterates the importance of such examinations by the CVOs, as an effective preventive vigilance measure.

4. For this purpose, the CVOs are required to be well conversant with their organisation’s works/purchase manual. Wherever works/purchase manuals are non-existant, they should be got prepared, particularly, in those organisations which have substantial procurement activities. CVOs should also ensure that the manuals are updated from time to time. They should check and ensure that the field staff is well conversant with the extant provisions of the manuals, and the guidelines issued by the Commission/CVOs from time to time. CVOs should have a full and active participation during the CTE inspections to know about the problem areas in the organisation’s procurement process.

5. CVOs must also familiarise themselves with the earlier CTE examination reports and ensure that the lapses previously noticed are not repeated. If lessons are not learnt from the past, there would be need to take a serious view of the repetition of lapses and
initiate disciplinary proceedings against the officials found responsible for repetition of the lapses committed previously.

6. On the basis of the lapses noticed by the Chief Technical Examiner’s Organisation over the years, a checklist has been prepared which could be used by the CVO while examining procurements contracts. The checklist may be seen in Annexure –1. If certain procurement contracts require an intensive examination by the CTEO, a reference may be made to them with adequate justification.

7. This may please be noted for strict compliance.

(V.Kannan)
Director

All Chief Vigilance Officers.
Check list for examination of Procurement (Works/ Purchases/ Services) Contracts by CVOs:

A. Pre-Award Stage

1. Financial and Technical sanction of competent authority is available.
2. Adequate and wide publicity is given. Advertisement is posted on website and tender documents are available for downloading.
3. Convenient tender receiving/opening time and address of the tender receiving officials/tender box are properly notified.
4. In the case of limited tender, panel is prepared in a transparent manner clearly publishing the eligibility criteria. The panel is updated regularly.
5. Pre-qualification criteria are properly defined/ notified.
6. Short listed firms/consultants are fulfilling the eligibility criteria. There is no deviation from notified criteria during evaluation.
7. Experience certificates submitted have been duly verified.
8. Tenders/bids are opened in the presence of bidders.
9. Corrections/omissions/additions etc., in price bid are properly numbered and attested and accounted page –wise. Tender summary note/ Tender opening register is scrupulously maintained.
10. Conditions having financial implications are not altered after opening of the price bids.
11. In case of consultancy contracts (a)Upper ceiling limit is fixed for consultancy fee and (b) Separate rates for repetitive works are fixed.

B. Post-award stage

(a) General

1. Agreement is complete with all relevant papers such as pre-bid conference minutes, etc.
2. Agreement is page-numbered, signed and sealed properly.
3. Bank Guarantee is verified from issuing bank.
4. Insurance policies, labour license, performance guarantee are taken as per contract.
5. Technical personnel are deployed as per contract.
6. Plant and equipment are deployed as per contract.
7. Action for levy of liquidated damages is taken in case of delay/default.

(b) Payments to contractors
1. Price escalation is paid only as per contract.
2. Retention Money/Security Deposit is deducted as per contract.
3. Recovery of Mobilisation & Equipment advance is made as per the provisions in the contract.
4. Recovery of I.Tax & Works Contract tax is made as per provisions in the contract.
5. Glaring deviations are supported with adequate justification and are not advantageous to the contractor.

(c) Site Records

1. Proper system of recording and compliance of the instructions issued to the contractors is maintained.
2. Proper record of hindrances is maintained for the purpose of timely removal of the hindrance and action for levy of liquidated damages.
3. Mandatory tests are carried out as per the frequency prescribed in the Agreement.
Office Order No.71/12/05

Sub: Undertaking by the Members of Tender Committee/Agency.

In continuation of the Commission’s directions vide Order 005/VGL/4 dated 16/3/2005 regarding transparency in the tender process, the Commission would advise that the members of the Tender Committee should give an undertaking at the appropriate time, that none of them has any personal interest in the Companies/Agencies participating in the tender process. Any Member having interest in any Company should refrain from participating in the Tender Committee.

Sd/-
(Anjana Dube)
Deputy Secretary
No.005/ORD/12
Government of India
Central Vigilance Commission
******

Satarkta Bhawan, Block ‘A’
GPO Complex, INA,
New Delhi-110 023
Dated: 25/10/2005

Office Order No.68/10/05

Subject:  Tendering Process – Negotiation with L-1.

A workshop was organised on 27th July 2005 at SCOPE New Delhi, by the Central Vigilance Commission, to discuss issues relating to tendering process including negotiation with L-1. Following the deliberations in the above mentioned Work Shop, the following issues are clarified with reference to para 2.4 of Circular No.8(1) (h)/98(1) dated 18th November, 1998 on negotiation with L-1, which reflect the broad consensus arrived at in the workshop.

(i) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiation.

(ii) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction. In rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.

2. Further, it has been observed by the Commission that at times the Competent Authority takes unduly long time to exercise the power of accepting the tender or negotiate or re-tender. Accordingly, the model time frame for according such approval to completion of the entire process of Award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at
each level. The overall time frame should be within the validity period of the tender/contract.

3. In case of L-1 backing out there should be re-tendering as per extant instructions.

4. The above instructions may be circulated to all concerned for compliance.

Sd/-
(Anjana Dube)
Deputy Secretary
Office Order No.46/07/05

Sub: Details on award of tenders/contracts publishing on Website/Bulletins-Reminder regarding.

Reference is invited to Commission’s Office Order No.13/3/05 dated 16.3.2005 regarding above mentioned subject directing the organisations to publish every month the summary of contracts/purchases made above a threshold value on the website. In this regard it is specified that the proposed threshold limit is acceptable to the Commission as long as it covers more than 60% of the value of the transactions every month. This limit can be raised subsequently once the process stabilizes.

2. CVOs may, therefore, ensure that such details are posted on the website of the organisation immediately and compliance report in this regard should be sent by CVOs in their monthly report to the Commission.

Sd/-
(Anjana Dube)
Deputy Secretary

To
All Chief Vigilance Officers
Office Order No.18/3/05

Sub: Banning of business dealings with firms/contractors-clarification regarding.

Para 31 of Chapter XIII, Vigilance Manual Part-I provides that business dealings with the firms/contractors may be banned wherever necessary. It was also suggested that for banning of the business with such firms/contractors or for withdrawal of banning orders, advice of the Central Vigilance Commission need not be sought.

2. It is however observed by the Commission that some of the departments/organizations cite the Commission as the authority behind the decision in their orders while banning of the firms/contractors. This is not appropriate. The Commission once again reiterates its instructions that banning of business is an administrative matter to be decided by the management of the organization and the Central Vigilance Commission does not give its advice in such matters. This may please be noted for strict compliance.

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers
Office Order No. 15/3/05

Subject: Notice inviting tenders-regarding.

The Commission has observed that some of the Notice Inviting Tenders (NITs) have a clause that the tender applications could be rejected without assigning any reason. This clause is apparently incorporated in tender enquiries to safeguard the interest of the organisation in exceptional circumstance and to avoid any legal dispute, in such cases.

2. The Commission has discussed the issue and it is emphasized that the above clause in the bid document does not mean that the tender accepting authority is free to take decision in an arbitrary manner. He is bound to record clear, logical reasons for any such action of rejection/recall of tenders on the file.

3. This should be noted for compliance by all tender accepting authorities.

Sd/-

(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers
Office Order No.13/3/05

Sub: Details on award of tenders/contracts publishing on Websites/Bulletins.

The Commission vide its Circular No.8(1)(h)/98(1) dated 18.11.1998 had directed that a practice must be adopted with immediate effect by all organisations within the purview of the CVC that they will publish on the notice board and in the organisation’s regular publication(s), the details of all such cases regarding tenders or out of turn allotments or discretion exercised in favour of an employee/party. However, it has been observed by the Commission that some of the organisations are either not following the above mentioned practice or publishing the information with a lot of delay thereby defeating the purpose of this exercise, viz. increasing transparency in administration and check on corruption induced decisions in such matters.

2. The Commission has desired that as follow up of its directive on use of 'website in public tenders', all organisations must post a summary every month of all the contracts / purchases made above a certain threshold value to be decided by the CVO in consultation with the head of the organisation i.e, CEO / CMD etc, as per Annexure –I. The threshold value may be reported to the commission for concurrence.

3. Subsequently, the website should give the details on the following:
   a) actual date of start of work
   b) actual date of completion
   c) reasons for delays if any

   A compliance report in this regard should be sent by the CVOs alongwith their monthly report to CVC.

Sd/-
To
All Chief Vigilance Officers

* For Circular dated 18.11.1998, as indicated above, please refer the index at sl. no. 47

Annexure I
OFFICE ORDER No.11/3/05

To,

All the Chief Vigilance Officers

Sub: Delays in Payments to Contractors & Suppliers etc. – Reducing opportunities for corruption reg.

The Commission has observed that in a large number of Government organisations and PSUs, payments to contractors/suppliers are inordinately delayed. This makes the system vulnerable to corruption, in addition to increasing the cost of procurement by the Government agencies.

2. The Commission has therefore directed that all the CVOs should undertake a review of bills received during the last six months. The review is meant to primarily determine the time taken in clearing the bills. Necessary help from the concerned Finance/Administration departments may be taken wherever required. Wherever the systems have not yet been computerised there may be practical difficulties in conducting such a review for all the bills. The organisations may fix a cut off limit for review. It is suggested that the cut off limit for bills can be Rs.1 lakh i.e. time taken for payment of all bills above this amount should be seen. In smaller organisations the cut off limit can be lower depending on feasibility and convenience.

4. The CVO should also review whether payments are being made “first-come-first-serve” basis or not.

4. A compliance report in this regard may be sent to the Commission by 15.4.2005 as per the following details:
Statement on delays in Bill Payments

1. Name of Organisation : 

2. Cut off limit : Rs. 1 lakh/others (in respect of small orgns.)

3. Bill received during Sept.04-Feb,05:
   (from contractors/suppliers etc.)
   
   Total No. of Bills : 
   Total amount involved : 

4. Out of these : 

   (a) Bills paid in 15 days : 
      No. of Bills : 
      Amount Involved : 

   (b) Bills paid in 15-30 days : 
      No. of Bills : 
      Amount Involved : 

   (c) Bills paid in 30-60 days : 
      No. of Bills : 
      Amount Involved : 

   (d) Bills paid from 60 days to 120 day : 
      No. of Bills : 
      Amount Involved : 

   (e) Bills paid over 120 days : 
      No. of Bills : 
      Amount Involved : 

5. There are also complaints that most of the organisations take inordinately 
   long time in releasing 5% bills amount which is normally retained as 
   performance guarantee after it becomes due. CVO may do a similar 
   exercise with regard to release of this payment.

6. Has any ERP system or any other computerized system been installed for 
   accounting purposes which can monitor bill payment?
6A. It not, is there any plan to do so in near future? If so, Please indicate the time frame.

Sd/-

(Balwinder Singh)

Additional Secretary
Sub: Participation of consultants in tender – guidelines regarding.

Consultants are appointed by the organisation for preparation or project report. These appointment are made for any new projects, expansions, modernization/modification of the existing projects etc. The election is made with maximum attention to the suitability, competence and proven track record.

2. Further, during the CVO’s Conference convened by the Commission in Sept. 1997, the Central Vigilance Commissioner had constituted a Committee of CVOs to go into the system of contracts prevalent in PSUs and to suggest, wherever required, methods of streamlining the contracting provisions. The Committee after going through the contract system of various organisations had made recommendations on consultants as under:

   **Consultants:** A firm which has been engaged by the PSU to provide goods or works for a project and any of its affiliates will be disqualified from providing consulting services for the same project. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and any of its affiliates, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project. Consultants or any or their affiliates will not be hired for any assignment, which by its nature, may be in conflict with another assignment of the consultants.

3. It has come to the notice of the Commission that in a tendering process of a PSU, the consultant was also permitted to quote for work for which they had themselves estimated the rates and the consultant quoted 20% above their own estimated rates as against the awarded rates which were 20% below the estimated cost. Such over dependence on the consultant can lead to wasteful and insfructuou expenditure which the organisation regrets in the long run. Meticulous and intelligent examination of the consultants proposal is therefore essential for successful and viable completion of the project.

4. The Commission reiterates the recommendations made by the committee that the consultants/ firm hired to provide consulting services for the preparation or implementaion of a project, and any of its affiliates, will be disqualified from subsequently providing goods or service related to the initial assignment for the same project.

   **Sd/-**

   **(Anjana Dube)**

   Deputy Secretary

To
All Chief Vigilance Officers
Office Order No. 72/12/04

Subject: Transparency in tendering system-Guidelines regarding.

In order to maintain transparency and fairness, it would be appropriate that organisations should evolve a practice of finalizing the acceptability of the bidding firms in respect of the qualifying criteria before or during holding technical negotiations with him. Obtaining revised price bids from the firms which do not meet the qualification criteria, would be incorrect. Therefore the exercise of shortlisting of the qualifying firms must be completed prior to seeking the revised price bids. Moreover, the intimation of rejection to the firms whose bids have been evaluated but found not to meet the qualification criteria, along with the return of the unopened price bid, will enhance transparency and plug the loopholes in the tendering system. All organisations/departments are advised to frame policy accordingly.

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers
To
The Chairman,
10, Netaji Subhas Road,
Coal India Limited,
Kolkata-700 001.


Sir,

I am directed to forward herewith a copy of Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises OM No. DPE/13(12)/2003-Fin. Dated the 26th October, 2004, for your information and record.

Yours faithfully,

Sd/-

(S.K.Kakkar)
Under Secretary
OFFICE MEMORANDUM

Subject: Extension of Purchase Preference for products and services of Central Public Sector Enterprises beyond 31.3.2004.

The undersigned is directed to refer to DPE’s O.M. No.13(1)/2002 dated 14\textsuperscript{th} June, 2002 extending thereby the Purchase Preference Policy for a period of two more years up to 31.3.2004. The Government have reviewed the matter further and decided to extend the Purchase Preference Policy for a period of one more year w.e.f. 1.4.2004 to 31.3.2005. Accordingly, other things being equal, purchase preference will be granted to the Central Public Sector Enterprises (CPSEs) at lowest valid price bid (L1) if the price quoted by a CPSE is within 10% of the L1 price. The salient features of the policy are as under:

(i) The 10% purchase preference would extended to tenders/NET of rupees 5 crore and above;
(ii) CPSEs registered under the Companies Act, 1956 and Statutory CPSEs will be eligible for purchase preference as before. Joint venture companies where holding of Government and/or CPSEs 51% or more and joint ventures which are subsidiaries of CPSEs with CPSEs holding 51% equity or more will also be eligible for purchase preference;
(iii) A minimum Value addition of 20% by the Copses/Joint Venture Units by way of manufacturing and/or services would be a prerequisite for availing of purchase preference;
(iv) Ministries/Departments/ CPSEs and autonomous bodies under Central Government will continue to grant purchase preference to CPSEs;
(v) Respective Ministries/Departments/autonomous bodies/ CPSEs will be responsible for implementing the Purchase Preference Policy in letter and spirit strictly;
(vi) As per the extant policy, the provision relating to purchase preference should be specified in the Notice Inviting Tender (NIT) for rupees 5 crore and above. For any deviation including exclusion of the purchase preference clause from the NIT, it will be obligatory on the concerned Ministry/Department/ CPSEs autonomous bodies to obtain prior exemption from the Cabinet or the agency authorized by it in
consultation with the Department of Public Enterprises on case to case basis; and

(vii) Other provision of the purchase preference policy remain unaltered.

2. The cases which were under consideration from 1.4.2004 till the date of issue of this O.M. would stand covered under this policy, except those which have already been decided otherwise.

3. All the Ministries/Departments are requested to immediately bring the contents of this O.M. to the notice of all the concerned officers, Central Public Sector Enterprises (CPSEs), Autonomous Bodies and other organisations under their administrative control for strictly following the Purchase Preference Policy in letter and spirit.

Sd/-
(R. L. Meena)
Joint Director
Tel.No.24362061
Fax.No.24362613/24362646

All the Secretaries of the Ministries/Departments in the Government of India

Copy for information and necessary action to the Chief Executives of all Central Public Sector Enterprise.

Copies for information also to:

(1) The Prime Minister's Office
(2) The Cabinet Secretariat w.r.t its U.O. Note No.24/CM/2004(i) dated the 18th October, 2004
(3) PS to the Minister of State (Independent Charge) in the Ministry of Heavy Industries and Public Enterprises
(4) PS to Secretary (HI and PE)
(5) PS to JS (PE)
(6) All Officers in DPE
Office Order No.43/7/04

Subject: Improving Vigilance Administration – Increasing transparency in procurement/tender Process-use of web-site regarding.

The Central Vigilance Commission has issued a directive on the above subject vide its Order No.98/ORD/1 dated 18th Dec. 2003 making it mandatory to use web-site in all cases where open tender system is resorted to. These instructions have been further extended vide Office Order No.10/2/04 dated 11.2.2004 to tenders of short-term nature (by whatever name it is called in different organizations). Various organizations have been corresponding with the Commission seeking certain clarifications with regard to the above directives. The main issues pointed out by organizations are as follows:

**Issue 1 | Size of Tender Documents**

In case of works/procurement of highly technical nature, tender documents run into several volumes with large number of drawings and specification sheets, etc. It may not be possible to place these documents on website.

**Clarification:** These issues have been discussed with the technical experts and in their opinion, there is no technical and even practical difficulty in doing the same. These days almost all the organizations do their typing work on computers and not on manual typewriters. There is no significant additional effort involved in uploading the material typed on MS Word or any other word processing softwares on the website irrespective of the number of pages. The scanning of drawings is also a routine activity. Moreover if the volume and size of tender document is so large as to make it inconvenient for an intending tendering party to download it, they always have the option of obtaining the tender documents from the organization through traditional channels. The Commission has asked for putting tender documents on web-site in additional to whatever methods are being presently used.
**Issue 2**  
**Issues Connected with Data Security, Legality and Authenticity of Bid Documents.**

Certain organizations have expressed apprehensions regarding security of data, hacking of websites etc. They have also pointed out that certain bidding parties may alter the downloaded documents and submit their bids in such altered tender documents which may lead to legal complications.  
**Clarification:** This issue has been examined both from technical and legal angles. Technically a high level of data security can be provided in the websites. The provisions of digital signatures through Certifying Authority can be used to ensure that in case of any forgery or alteration in downloaded documents it is technically feasible to prove what the original document was. There are sufficient legal provisions under IT Act to ensure that e-business can be conducted using the website. A copy of the remarks given by NIC on this issue are enclosed herewith.

**Issue 3**  
Some organizations have sought clarification whether web site is also to be used for proprietary items or items which are sourced from OEMs (Original Equipment Manufacturers) and OESs (Original Equipment Suppliers).

**Clarification:** It is clarified that Commission’s instructions are with regard to goods, services and works procured through open tender system, so these instruction do not apply to proprietary items and items which necessarily need to be procured through OEMs and OESs.

**Issue 4**  
Do the instructions regarding ‘short term tenders’ given in the CVC order No.98/ORD/1 dated 11th Feb., 2004 apply to limited tenders also?

**Clarification:** In many organizations goods, services and works which as per laid down norms are to be procured/executed through open tender system many times due to urgency are done through short term tenders without resorting to wide publicity in newspapers because of time constraint. In all such cases short term tenders (by whatever name it is called) etc. should also be put on the website of the dept. as it does not involve any additional time or cost. Regarding applicability of these instructions to limited tenders where the number of suppliers/contractors is known to be small and as per the laid down norms limited tender system is to be resorted to through a system of approved/registered venders/contractors, the clarification is given below.

**Issue 5**  
Some organizations have pointed out that they make their procurement or execute their work through a system
approved/registered vendors and contractors and have sought clarification about the implications of CVC’s instructions in such procurements/contracts.

Clarification: The Commission desires that in all such cases there should be wide publicity through the web site as well as through the other traditional channels at regular intervals for registration of contractors/suppliers. All the required proforma for registration, the pre-qualification criteria etc. should be always available on the web-site of the organization and it should be possible to download the same and apply to

the organization. There should not be any entry barriers or long gaps in the registration of suppliers/contractors. The intervals on which publicity is to be given through website and traditional means can be decided by each organization based on their own requirements and developments in the market conditions. It is expected that it should be done at least once in a year for upgrading the list of registered vendors/contractors. The concerned organisation should give web based publicity for limited tenders also except for items of minor value. It the organization desires to limit the access of the limited tender documents to only registered contractors/suppliers they can limit the access by issuing passwords to all registered contractors/suppliers. But it should be ensured that Password access is given to all the registered contractors/suppliers and not denied to any of the registered suppliers. Any denial of password to a registered supplier/contractor will lead to presumption of malafide intention on the part of the tendering authority.

Sd/-
(Balwinder Singh)
Addl. Secretary

To
(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to all Union territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) The Chief Executives of all PSEs/Public Sector Banks/Insurance
(vi) Companies/Autonomous Organisations/Societies.
(vii) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(viii) President’s Secretariat/Vice-President’s Secretariat/Lok Sabha Secretariat/Rajya Sabha S/PMO
OFFICE MEMORANDUM

Sub: Mobilization Advance

In order to address the problem of misuse of mobilization advance provision in the civil and other works, the Commission had issued an O.M. dt. 8.12.1997 for grant of interest bearing Mobilization Advance in selected works. In view of references from certain organizations on this issue, the Commission has reviewed the issue and it has been decided to modify and add the following provision in the existing O.M. This may be read as addendum to the Commission’s O.M. dt. 8.12.1997.

(i) If the advance is to be given, it should be expressly stated in the NIT Bid Documents, indicating the amount, rate of interest and submission of BG of equivalent amount

(ii) The advance payment may be released in stages depending upon the progress of the work and mobilization of required equipments etc.

(iii) There should be a provision in the contract for adjustment of advance progressively even as the bills are cleared for payment.

Sd/-
(Gyaneshwar Tyagi)
Technical Examiner

Copy to: -

All CVO: Ministries/Departments/PSUs/Banks/Uts
OFFICE MEMORANDUM

Subject: Receipt and Opening of Tenders

In the various booklets issued by the CTE Organisation of the Commission, the need to maintain transparency in receipt and opening of the tenders has been emphasized and it has been suggested therein that suitable arrangements for receipt of sealed tenders at the scheduled date and time through conspicuously located tender boxes need to be ensured. A case had come to the notice of the Commission, where due to the bulky size of tender documents the bid conditions envisaged submission of tenders by hand to a designated officer. However, it seems that one of the bidders while trying to locate the exact place of submission of tenders, got delayed by few minutes and the tender was not accepted leading to a complaint. In general, the receipt of tenders should be through tender boxes as suggested in our booklets. However, in cases where the tenders are required to be submitted by hand, it may be ensured that the names and designation of atleast two officers are mentioned in the bid documents. The information about these officers should also be displayed at the entrance/ reception of the premises where tenders are to be deposited so as to ensure convenient approach for the bidders. The tenders after receipt should be opened on the stipulated date and time in presence of the intending bidders.

Sd/-
(Gyaneshwar Tyagi)
Technical Examiner

Copy to:-
All CVOs: Ministries/Departments/PSUs/Banks/Uts.
Office Order No.25/04/04

Subject: Consideration of Indian Agents.

The Commission has received a complaint alleging that in Government tender an agent participates by representing a company officially and another bid is submitted as a ‘direct offer’ from the manufacturer. At times, the agent represents a foreign company in one particular tender and in another tender the said foreign company participates directly and the agent represents another foreign company. There is a possibility of cateringisation in such cases and thus award of contract at higher prices.

2. The issue has been deliberated in the Commission. In order to maintain the sanctity of tendering system, it is advised that the purchases should preferably be made directly from the manufacturers. Either in Indian Agent on behalf of the foreign principal or the foreign principal directly could bid in a tender but not both. Further, in cases where an agent participates in a tender on behalf of one manufacturer, he should not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent/parallel tender for the same item.

3. It is suggested that these guidelines may be circulated amongst the concerned officials or your organization for guidance.

Sd/-
(A. K. Jain)
Technical Examiner
For Chief Technical Examiner

To
All CVOs of
Ministries/Departments/PSUs/Banks/Insurance Companies/Autonomous Organisation/Uts.
Sub: Improving Vigilance Administration: Increasing Transparency and cutting delays by e-payments and e-receipt by Govt. Organisations etc.

The Commission has been receiving complaints about inordinate delays in making payments to the vendors and other suppliers to the Govt. organizations, Public Sector Undertakings etc. Similarly complaints are received about delays in getting refunds from taxation dept. and other departments. Apart from increasing the cost of procurement, the delays lead to opportunities for corruption. A number of measures are required to cut down on delays in making payments. One such step is resorting to mechanism of e-payments and e-receipts where such banking facilities exist.

In the last few years tremendous progress has been made by the banking sector in computerization including net-working of branches, making it possible to do e-banking by making use of facilities like electronic clearing system (ECS) and electronic fund transfer (EFT) etc. These facilities are available in most of the banks including the State Bank of India as well as in private banks. A large number of corporate including public sector undertakings are already making e-payments to vendors and employees instead of mailing payments by issue of cheques.

The Commission has been receiving complaints that delay is intentionally caused with ulterior motives in the issue and dispatch of cheques in the accounts and finance wings of a large number of Govt. Organisations. As the e-payment facility is already available in the metros as well as practically in all the main urban centres of the country, in order to curb the above mentioned malpractices, the CVC in the exercise of powers conferred on it under Section 8(1) issues following instructions for compliance by all Govt. Departments, PSUs, banks and other agencies over which the Commission has jurisdiction.
1. The payment to all suppliers/ vendors, refunds of various nature, and other payments which the organizations routinely make shall be made through electronic payment mechanism at all centres where such facilities are available in the banks.

2. Salary and other payments to the employees of the concerned organizations at such centres shall also be made through electronic clearing system (ECS) wherever such facilities exist.

As the organizations will have to collect bank account numbers from the vendor, suppliers, employees and others who have interface of this nature with the Govt. organizations, the concerned organizations may plan to switch over to e-payment system in a phased manner starting with transactions with the major suppliers in the beginning or in whatever manner is found more convenient.

It is expected that in three months i.e. by 1st July, 2004, 50% of the payment transactions both in value terms as well as in terms of number of transactions shall be made through ECS/EFT mechanism instead of payment through cheques. The remaining 50% payment transactions at all centres where such facilities exist shall be made by 31st Dec. 2004.

These instructions are applicable to all the metro cities and other urban centres where the banks provide ECS/EFT and similar other facilities.

The departments, PSUs, Banks etc. should also provide an enabling environment and facilities so that businessmen and other citizens can make payment of Govt. dues and payments to PSUs, etc. electronically.

In addition to significantly reducing processing costs in preparation and dispatch of cheques, the above measures also reduce the risk or frauds by providing speed, efficiency and easier reconciliation of accounts.

Sd/-
(Anjana Dube)
Deputy Secretary
To
(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to all Union territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) The Chief Executives of all PSEs/ Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies.
(vi) All Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vii) President’s Secretariat/ Vice-President’s Secretariat/ Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO
Office Order No.10/2/04

To
All Chief Vigilance Officers

Subject: Improving Vigilance Administration – Increasing transparency in procurement/tender Process-use of web-site regarding.

In CPWD, MCD, Civil Construction Division of Post & Telecom departments and in many other departments/organizations, there is system of short term tenders (by whatever name it is called in different organizations), wherein works below a particular value are undertaken without resorting to publicity as is required in the open tenders. This practice is understandable because of cost and time involved in organizing publicity through newspapers. In all such cases, notice can be put on the web-site of the department as it does not take any time compared to giving advertisements in the newspapers and it practically does not cost anything. This will benefit the department by bringing in transparency and reducing opportunities for abuse of power. This will also help the organizations by bringing in more competition.

2. In view of the reasons given above, the Commission has decided that instructions given in the Commission’s circular (No.98/ORD/1 dated 18.12.2003) for the use of web-site will also apply to all such works awarded by the department/PSEs/other organizations over which the Commission has jurisdiction.

Sd/-
(Balwinder Singh)
Additional Secretary
OFFICE MEMORANDUM-8/2/04

Subject: Common Irregularities in the award of contracts.

The CTE Organisation of the Central Vigilance Commission conducts independent intensive examinations of various types of works and contracts executed by the organisations under its purview. The lapses and deficiencies observed during the course of such examinations are brought to the notice of the CVOs, for suitable corrective action. With a view to prevent recurrence of such lapses and irregularities and for improving the systems and procedures in the organisations, a few booklets have also been issued by the CTEO. However, it is observed that certain common deficiencies and irregularities continue to plague the systems in a large number of organisations. Some of these noticed during recent inspections are enumerated as under.

- Appointment of consultants continue to be done in arbitrary manner. At times two or even three consultants are appointed for a work with no clear cut and sometimes over lapping responsibilities. A PSU, in a recent case, in addition to the engineering and project management consultants appointed an inspection and expediting consultant with no well defined role for them.

- The tendency of over dependence on the consultants continues. All activities are left completely to the consultants. In a recent inspection of an Oil PSU, the tenders for a big work of about Rs.20 crores were issued on the basis of a single page estimate submitted by the consultants and the same was revised by the latter upwards by 20% after opening of price bids, in order justify the quoted rates. A detailed and realistic estimate must be prepared before issue of tender.

- Some organizations prefer limited tendering system, restricting competition to their approved contractors. The selection of these contractors at times is arbitrary and due of lack of competition or cartel formation amongst such group of contractors, the contracts are awarded at high rates. This needs to be discouraged and the organisations must ensure that contracts are awarded on the basis of competitive bidding at reasonable rates.

- The works are awarded without preparing any market rate justification. The comparison at times is made with works which were awarded few years back.

This procedure cannot be considered objective and appropriate for justifying the awarded rates. The justification should be based on realistic prevailing rates.
In a recent inspection of an oil PSU, it was noticed that revised price bids were asked from all the bidders, as rates were high vis-à-vis the estimate. This tantamounts to negotiations with firms other than L-1 and is a clear violation of CVC instructions in this regard. The negotiations should be an exception rather than a rule and should be conducted if required, only with the L-1 bidder.

The organizations generally make provisions for a very small amount of say Rs.50,000/- or Rs.1 lac as earnest money. This amount is grossly insufficient to safeguard the organisation’s interest in high rate tenders running into several crores of rupees. This needs to be revised to a sufficient amount.

The post award amendments issued by the organisations, at times recommended by consultants, without into account the financial implications favour the contractors. Such post award deviations without financial adjustments are unwarranted and against the principles of competitive tendering.

The tender documents, and the agreement are maintained in loose condition, are not page numbered and not signed by both the parties. This is highly objectionable. In order to ensure that the agreements are enforceable in court of law, it is imperative that the agreements are well bound page numbered, signed by both the parties and well secured. This shall also prevent any possibility of interpolation and tampering of the documents.

Loose & incomplete implementation of contract clauses pertaining to insurance, Workmen’s Compensation Act, ESIC Labour Licenses etc., has been noticed, which give undue financial benefit to the contractors.

Time is the essence of any contract. It has been observed that the work is extended and even payments released without a valid extension to the agreement. This has legal implications and in case of disputes, may jeopardize the interest of the organizations. Timely extensions to the contracts and BGs if any must by ensured.

In order to make contract management more transparent and professional, CVOs are requested to circulate this memorandum to the concerned officials in their organizations. This OM is also available in the Commission’s website www.cvc.nic.in.

Sd/-
(M.P.JUNEJA)
Chief Technical Examiner

To
All CVOs of Ministries/Departments/PSUs/Banks/Insurance Cos./Autonomous Organisations/Societies/Uts
Office Order No.9/2/04

To

All Chief Vigilance Officers

Subject: Improving Vigilance Administration – Increasing transparency in procurement/sale-use of web-site regarding.

The Commission has issued a directive vide No. 98/ORD/1 dated 18th December 2003 wherein detailed instructions are issued regarding the use of website for tendering process. The objective is to improve vigilance administration by increasing transparency. The instructions were to take effect from 1st January 2004. It is noticed that many organisations whose web-sites are functional are still not putting their tenders on the web-site. The Commission has desired that CVOs should ensure compliance of the above directive. They should regularly pursue the Newspaper advertisements, the web-site of their organisation and in general keep track to ensure that the directives of the Commission on this subject are complied with. Further, the Commission has desired that the CVOs should indicate in their monthly report in the column pertaining to tender notices whether all the tenders have been put on the web-site, and if not, the reasons for non-compliance. The explanation of the concerned officers who are not complying with these directions should be called and further necessary action taken.

Sd/-

(Balwinder Singh)
Additional Secretary
Subject: Improving Vigilance Administration: Increasing Transparency in Procurement/Sale etc.

The Commission is of the opinion that in order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity. There are many instances in which allegations have been made regarding inadequate or no publicity and procurement officials not making available bid documents, application forms etc. in order to restrict competition.

2. Improving vigilance administration is possible only when system improvements are made to prevent the possibilities of corruption. In order to bring about greater transparency and curb the mal-practices mentioned above the Central Vigilance Commission in the exercise of the powers conferred on it under Section 8(1)(h) issues following instructions for compliance by all govt. departments, PSUs, Banks and other agencies over which the Commission has jurisdiction. These instructions are with regard to all cases where open tender system is resorted to for procurement of goods and services or for auction/sale etc. of goods and services.

(i) In addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually and through post etc. the complete bid documents along with application form shall be published on the web site of the organization. It shall be ensured by the concerned organization that the parties making use of this facility of web site are not asked to again obtain some other related documents from the department manually for purpose of participating in the tender process i.e. all documents up to date should remain available and shall be equally legally valid for participation in the tender process as manual documents obtained from the department through manual process.
(ii) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process.

(iii) The concerned organization must give its web site address in the advertisement/NIT published in the newspapers.

(iv) If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay the amount by draft/cheques etc. at the time of submission of the application form and bid documents.

3. While the above directions must be fully complied with, efforts should be made by organizations to eventually switch over to the process of e-procurement/e-sale wherever it is found to be feasible and practical.

4. The above directions are issued in suppression of all previous instructions issued by the CVC on the subject of use of web-site for tendering purposes. These instructions shall take effect from 1st January, 2004 for all such organizations whose web sites are already functional. All other organizations must ensure that this facility is provided before 1st April, 2004.

Sd/-
(P. Shankar)
Central Vigilance Commissioner

To
(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to all Union territories
(iii) The Comptroller & Auditor General of India
(iv) The Chair man, Union Public Service Commission
(v) The Chief Executives of all PSEs/ Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies.
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vii) President’s Secretariat/ Vice-President’s Secretariat/ Lok Sabha Secretariat/ Rajya Sabha Secretariat/ PMO
OFFICE MEMORANDUM

Sub: Back to back tie up by PSUs-instructions regarding

It has been observed during intensive examination of various works/contracts awarded by construction PSUs on back to back basis that the works are being awarded in an ad-hoc and arbitrary manner without inviting tenders and ascertaining the performance, capability and experience of the tenderer. In some cases, the works were awarded on single tender basis/limited tender basis though sufficient time was available with the Organisation to invited open tenders.

2. Some of the common irregularities/lapses observed during the examination of works were as under:

   a) No transparency in selection of contractor for the back to back tie up which is the main source of corruption.

   b) Collusion among the contractors was observed where more than one contractors were involved at various stages.

   c) Ineligible contractor obtains the contract through the PSUs.

   d) Purchase preference misused by the PSUs.

   e) PSUs sublet the complete work to a private contractor without obtaining permission from the client which invariably put a condition insisting such permission since the client is generally not interested in such back to back sublet of the work.

   f) Infructuous work (to the exchequer) due to the involvement of intermediary PSUs and cost of project goes up ultimately.

   g) No supervision by the PSU as they put the staff mainly for coordination work.

   h) Quality ultimately suffers due to lack of supervision by the PSUs.
3. Commission is of the view that the practice of award of works to PSUs on nomination basis by Govt. of India/PSUs needs to be reviewed forthwith.

4. The irregularities observed during intensive examination of work and difficulties being faced by the PSUs in inviting tenders were considered and it has been decided that the procedure to be followed for award of work by Construction PSUs shall be finalised taking into account the following points:
   
a) PSUs (when bag the contract from the client Department) as a contractor, has to execute the work by functioning like a contractor instead of sub-letting the 100% work on back to back basis.
   
b) Open tenders to be invited for selection of sub-contractors as far as possible.
   
c) In case, it is not possible to invite open tenders, selection should be carried out by inviting limited tenders from the panel approved in the following manner. Panel of contractors are to be prepared for different categories, monetary limits, regions, in a transparent manner clearly publishing the eligibility criteria etc. The above panel is to be updated every year.
   
d) Tenders to be opened confidentially by a high level committee to maintain the secrecy of rates, if required. Tender opening register should be maintained in this regard duly signed by the officers opening the tender and kept confidentially. This should be available for perusal when required by audit/vigilance.
   
e) The terms and conditions of the contract of the client especially those pertaining to subletting of works should be strictly adhered to by the PSUs.
   
f) Adequate staff to be deployed by the PSUs to ensure quality in construction etc.
   
g) The record of enlistment/updating of contractor and tender opening register shall be produced to the CTEO as well as audit officials when demanded for scrutiny.

5) It is, therefore, suggested that the procedure for award of work on back to back basis be finalised keeping in view the above points and circulated amongst the concerned officials of your organisation for strict compliance in future works.

   Sd/-
   (R.A.Arumugam)
   Chief Technical Examiner

   To
   All CVOs of Ministries/Departments/ PSUs etc.
OFFICE MEMORANDUM

Subject: Tender Sample Clause

The Commission has received complaints that some organizations, while procuring clothing and other textile items insist on submission of a tender sample by the bidders though detailed specifications for such items exist. The offers are rejected on the basis of tender samples not conforming to the requirements of feel, finish and workmanship as per the ‘master sample’ though the bidders confirm in their bids that supply shall be made as per the tender specifications, stipulated in the bid documents.

2. While it is recognized that samples may be required to be approved to provide a basis in respect of indeterminable parameters such as shade, feel, finish & workmanship for supplies of such items but system of approving/rejecting tender samples at the time of decision making is too subjective and is not considered suitable, especially for items which have detailed specifications. The lack of competition in such cases is also likely to result in award of contracts at high rates.

3. It is thus advised that Government Departments/Organizations should consider procurement of such items on the basis of detailed specifications. If required, provision for submission of an advance sample by successful bidder(s) may be stipulated for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply. Such a system would not only avoid subjectivity at the tender decision stage but would also ensure healthy competition among bidders and thus take care of quality aspect as well as reasonableness of prices.

4. It is requested that these guidelines may be circulated amongst the concerned officials of your organization for guidance. These are also available on the CVC’s website, http://cvc.nic.in.

Sd/-
(A.K. Jain)
For Chief Technical Examiner

To
All CVOs of Ministries/ Departments/ PSUs/ Bank /Insurance Companies/ Autonomous Organizations/Societies/Uts.
Office Order No.46/9/03

To
All Chief Vigilance Officers

Sub: E-procurement/Reverse Auction.

Sir/Madam,

The Commission has been receiving a number of references from different departments/organisations asking for a uniform policy in this matter. The departments/organisations may themselves decide on e-procurement/reverse auction for purchases or sales and work out the detailed procedure in this regard. It has, however, to be ensured that the entire process is conducted in a transparent and fair manner.

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
Telefax-24651010
Office Order No.44/9/03

To
All Chief Vigilance Officers

Sub: Irregularities in the award of contracts.

Sir/Madam,

While dealing with the case of a PSU, the Commission has observed that the qualification criteria incorporated in the bid documents was vague and no evaluation criterion was incorporated therein. It is also seen that the category-wise anticipated TEUs were not specified in the bid documents and the same was left for assumptions by Tender Evaluation Committee for comparative evaluation of financial bids, which led to comparative evaluation of bids on surmises and conjectures. Further, it was also provided as a condition in the tender bid that the tenderer should have previous experience in undertaking handling of similar works and/or transportation works preferably of ISO containers, however, no definition of ‘similar works’ was, indicated in the bid documents.

2. It should be ensured that pre-qualification criteria, performance criteria and evaluation criteria are incorporated in the bid documents in clear and unambiguous terms as these criterion very important to evaluate bids in a transparent manner. Whenever required the departments/organisations should have follow two-bid system, i.e. technical bid and price bid. The price bids should be opened only of those vendors who were technically qualified by the Deptt./Organisation. The Commission would therefore advise that the Deptt./Organisation may issue necessary guidelines in this regard for future tenders.

3. It has also observed that the orders were allegedly split in order to bring it within the powers of junior officers and that the proper records of machine breakdown were not being kept. It is therefore, decided that in the matters of petty purchase in emergency items all departments/organisations must keep proper records of all machine breakdown etc.

4. All CVOs may bring this to the notice of all concerned.

Yours faithfully,

Sd/-
(Anjana Dube)
Deputy Secretary
Office Order No.33/7/03

To

All the Chief Vigilance Officers

Subject: Short-comings in bid documents.

Sir/Madam,

The Commission has observed that in the award of contracts for goods and services, the detailed evaluation/exclusion criteria are not being stipulated in the bid document and at times is decided after the tender opening. This system is prone to criticism and complaints as it not only leads to a non-transparent and subjective system of evaluation of tenders but also vitiates the sanctity of the tender system.

2. The Commission would reiterate that whatever pre-qualification, evaluation/exclusion criteria, etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organizations for submitting various clarifications and presentations.

This is issued for strict compliance by all concerned.

Yours faithfully,

Sd/-

(Mange Lal)

Deputy Secretary

Telefax No.24651010
To
(1) Chief Executive of all PSUs/PSBs/Insurance Sector/Organisations
(2) All Chief Vigilance Officers

Subject:    Purchase of computer systems by Govt. departments/organisation.

Sir/Madam,

It has come to the notice of the Commission that some departments/organisations are issuing tenders for purchase of computers where they mention and insist on the international brands. This not only encourages the monopolistic practices but also vitiates the guidelines issued by the Ministry of Finance, D/o Expenditure vide its OM No. 8(4)-E.II(A)98 dated 17.12.1998 (copy enclosed).

2. It is, therefore, advised that departments/organisations may follow the instructions issued by the Department of Expenditure.

Yours faithfully,

[Signature]

(Anjana Dube)
Deputy Secretary
To
All Chief Vigilance Officers

Subject: Use of web-site in Government procurement or tender process.

Sir,

Attention is invited to the instructions issued by the Commission vide communication No.98/ORD/1 dated the 28.03. 2002 regarding publishing of tender documents on the web-site.

2. The Commission has received a number of references from various departments/organisations expressing reservations in implementation the said instructions in toto. The matter has been reviewed in the Commission and it is observed that it is a fact that use of web-site for accessing the information has so far not picked up in the country and it would not be possible for the vendors to access the web-site for the tenders.

3. Therefore, it has been decided by the Commission that till such time the penetration of Information Technology is adequate and a dedicated web-site for Government tenderers is available, Departments/Organisations may continue with publishing of NIT in newspapers in concise format and put the detailed information in their respective web-site.

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
OFFICE MEMORANDUM

Subject: Consideration of Indian Agents

The Commission has received a complaint alleging that in Government tenders at times an Indian Agent participates on behalf of two different foreign suppliers and in the event of only offers of these two suppliers getting short-listed, then the Indian representative knowing the prices of the two foreign suppliers/manufactures may take an undue advantage.

2. The issue has been deliberated in the commission. In order to maintain sanctity of the tender system, it is advised that one Agent cannot represent two suppliers or quote on their behalf in a particular tender.

3. It is suggested that these instructions may be circulated amongst the concerned officials of your organization for guidance.

Sd/-

(Niranjan Singh)
Under Secretary

To
All CVOs of Ministries /Departments /PSUs /Banks /Insurance Companies/ Autonomous Organisations/ Societies/Uts.
OFFICE MEMORANDUM

Subject: Prequalification criteria (PQ)

The Commission has received complaints regarding discriminatory prequalification criteria incorporated in the tender documents by various Deptts./Organisations. It has also been observed during intensive examination of various works/Contracts by CTEO that the prequalification criteria is either not clearly specified or made very stringent/very taxing to restrict/facilitate the entry of bidders.

2. The prequalification criteria is a yardstick to allow or disallow the firms to participate in the bids. A vaguely defined PQ criteria results in stalling the process of finalizing the contract or award of the contract in a non-transparent manner. It has been noticed that organizations, at times pick up the PQ criteria from some similar work executed in the past, without appropriately amending the different parameters according to the requirements of the present work. Very often it is seen that only contractors known to the officials of the organisations and to the Architects are placed on the select list. This system gives considerable scope for malpractices, favouritism and corruption. It is, therefore, necessary to fix in advance the minimum qualification, experience and number of similar works of a minimum magnitude satisfactorily executed in terms of quality and period of execution.

3. Some of the common irregularities/lapses observed in this regard are highlighted as under:-

(i) For a work with an estimated cost of Rs.15 crores to be completed in two years, the criteria for average turnover in the last 5 years was kept as Rs.15 crores although the amount of work to be executed in one year was only Rs.7.5 crores. The above resulted in prequalification of a single firm.
(ii) One organization for purchase of Computer hardware kept the criteria for financial annual turnover of Rs.100 crores although the value of purchase was less than Rs.10 crores, resulting in disqualification of reputed computer firms.

(iii) In one case purchase of Computer hardware, the prequalification criteria stipulated was that the firms should have made profit in the last two years and should possess ISO Certification. It resulted in disqualification of reputed vendors including a PSU.

(iv) In a work for supply and installation of A.C. Plant, retendering was resorted to with diluted prequalification criteria without adequate justification, to favour selection of a particular firm.

(v) An organization invited tenders for hiring of D.G. sets with eligibility of having 3 years experience in supplying D.G.Sets. The cut-off dates regarding work experience were not clearly indicated. The above resulted in qualification of firms which had conducted such business for 3 years, some 20 years back. On account of this vague condition, some firms that were currently not even in the business were also qualified.

(vi) In many cases, “Similar works” is not clearly defined in the tender documents. In one such case, the supply and installation of A.C. ducting and the work of installation of false ceiling were combined together. Such works are normally, not executed together as A.C. ducting work is normally executed as a part of A.C. work while false ceiling work is a part of civil construction or interior design works. Therefore, no firm can possibly qualify for such work with experience of similar work. The above resulted in qualification of A.C. Contractors without having any experience of false ceiling work although the major portion of the work constituted false ceiling work.

4. The above list is illustrative and not exhaustive. While framing the prequalification criteria, the end purpose of doing so should be kept in view. The purpose of any selection procedure is to attract the participation of reputed and capable firms with proper track records. The PQ conditions should be
exhaustive, yet specific. The factors that may be kept in view while framing the PQ Criteria includes the scope and nature of work, experience of firms in the same field and financial soundness of firms.

5. The following points must be kept in view while fixing the eligibility criteria:-

A) For Civil/Electrical Works

i) Average Annual financial turnover during the last 3 years, ending 31\textsuperscript{st} March of the previous financial year, should be at least 30% of the estimated cost.

ii) Experience of having successfully completed similar works during last 7 years ending last day of month previous to the one in which applications are invited should be either of the following:

a. Three similar completed works costing not less than the amount equal to 40% of the estimated cost.

Or

b. Two similar completed works costing not less than the amount equal to 50% of the estimated cost.

Or

c. One similar completed work costing not less than the amount equal to 80% of the estimated cost.

(iii) Definition of “similar work” should be clearly defined. In addition to above, the criteria regarding satisfactory performance of works, personnel, establishment, plant, equipment etc. may be incorporated according to the requirement of the Project.

B) For Store/Purchase Contracts

Prequalification/Post Qualification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their (i) experience and past performance on similar contracts for last 2 years (ii) capabilities with respect to personnel, equipment and manufacturing facilities (iii) financial standing through latest I.T.C.C., Annual report (balance sheet and Profit & Loss Account) of last 3 years. The quantity, delivery and value requirement shall be kept in view, while fixing the PQ criteria. No bidder should be denied Prequalification/Post qualification for
reasons unrelated to its capability and resources to successfully perform the contract.

6. It is suggested that these instructions may be circulated amongst the concerned officials of your organization for guidance in fixing Prequalification criteria. These instructions are also available on CVC’s website, http://cvc.nic.in.

(M.P.Juneja)
Chief Technical Examiner

To

All CVOs of Ministries/Departments/PSUs'/Banks/ Insurance Companies/ Autonomous Organisations/Societies/Uts.
No.98/ORD/1
Government of India
Central Vigilance Commission
********

Satarkta Bhawan, Block ‘A’
GPO Complex, INA,
New Delhi-110 023
Dated 29th April, 2002

To

(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) The Chief Executives of All PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/ Insurance Companies/ Autonomous Organisations/ Societies
(vii) President’s Secretariat/ Vice-President’s Secretariat / Lok Sabha Secretariat/ Rajya Sabha Secretariat/ PMO

Subject: Applicability of CVC’s Instruction No.8 (I)(h)/98(I) dated 18.11.98 on post tender negotiation.

Sir,

The undersigned has been directed to refer to the Commission’s letter of even number dated 28.03.2002, on the above subject, and to say that the instructions contained therein are hereby withdrawn.

Yours faithfully,

Sd/-
(K. L. Ahuja)
Officer on Special Duty
No.98/ORD/1  
Government of India  
Central Vigilance Commission  
********  
Satarkta Bhawan, Block ‘A’  
GPO Complex, INA,  
New Delhi-110 023  
Dated 28th March, 2002  

To  
(i) The Secretaries of All Ministries/Departments of Government of India  
(ii) The Chief Secretaries to All Union Territories  
(iii) The Comptroller & Auditor General of India  
(iv) The Chairman, Union Public Service Commission  
(v) The Chief Executives of All PSEs/Public Sector Banks/Insurance (1) Companies/Autonomous Organisations/Societies  
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/ Societies  
(vii) President’s Secretariat/ Vice-President’s Secretariat/ Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO  

Subject: **Applicability of CVC’s Instruction No.8 (I)(h)/98(I) dated 18/11/98 on post tender negotiation.**

During the review meeting of the CVOs in Mumbai on 18.01.2002 one of the issue raised the applicability of the CVC guidelines banning post tender negotiation except with L-1 to such projects as are funded by sources other than the consolidated Fund of Government of India.

2. It has been decided after due consideration that in so far as funding from sources other than consolidated Fund of Government of India, the Commission’s instruction dated 18.11.1998 is not applicable.

All concerned may ensure strict compliance of this instruction.

Sd/-  
(C. J. Mathew)  
Deputy Secretary
To

(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) The Chief Executives of All PSEs/Public Sector Banks/Insurance (1) Companies/Autonomous Organisations/Societies
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/ Autonomous Organisations/ Societies
(vii) President’s Secretariat/Vice-President’s Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject: Improving Vigilance Administration-Tenders.

Sir,

Please refer to the instructions issued by Commission vide its communication No.8 (l)(h)/98(I) dated 18/11/98, banning post tender negotiations except with L-1.

2. It is clarified that the CVC’s instructions dated 18.11.1998, banning post-tender negotiations except with L-1 (i.e. the lowest tenderer), pertain to the award of work/supply orders etc., where the Government or the Government company has to make payment. If the tender is for sale of material by the Government or the Government company, the post-tender negotiations are not to be held except with H-1 (i.e. the highest tenderer), if required.

Yours faithfully,

Sd/-

(K. L. Ahuja)
Officer on Special Duty
To
(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) The Chief Executives of All PSEs/Public Sector Banks/Insurance
    Companies/Autonomous Organisations/Societies
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public
    Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vii) President’s Secretariat/Vice-President’s Secretariat/Lok Sabha
    Secretariat/Rajya Sabha Secretariat/PMO

Subject: Improving Vigilance Administration-Tenders.

Sir,

Please refer to the instructions issued by Commission vide its communication No.8 (I)(h)/98(I) dated 18/11/98, banning post tender negotiations except with L-1.

2. The Commission has been getting a number of queries on how to handle the matter if the quantity to be ordered is more than L-1 can supply or about placement of orders on Public Sector Undertakings. It is requested that such matters may be dealt with in accordance with the clarifications issued by the Commission vide its letter of even number dated 15.3.99 (copy enclosed).

3. Some of the organisations have sought clarifications as to whether they can consider the L-2 offer or negotiate with that firm if L-1 withdraws his offer before the work order is placed, or before the supply or execution of work order.
takes place. In this regard, it is clarified that such a situation may be avoided if a two-bid system is followed (techno-commercial) so that proper assessment of the offers is made before the award of work order. Therefore, if L-1 party backs out, there should be retendering in a transparent and fair manner. The authority may in such a situation call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender.

4. The Commission has also been getting references for its advice on the procedures being followed in individual cases of tenders. The Commission would not involve itself in the decision making process of individual organisations. It, however, would expect the organisations to implement its instructions dated 18.11.98, in its spirit and to ensure that the decision of administrative authorities are transparent.

Yours faithfully,

Sd/-
(K. L. Ahuja)
Officer on Special Duty
Subject: Procedure for acquisition of accommodation on lease / rental basis etc

In continuation of this office memorandum of even number dt 8/9/99, it is clarified that the transaction in the PSU or Government or Public Financial Institutions shall be covered by the exemption from advertisements.

Sd/-

(M P Juneja)
Chief Technical Examiner.
Subject:- Applicability of CVC’s instruction No.8 (I)(h)/98(I) dated 18/11/98 on post-tender negotiations to Projects of the World Bank & other international funding agencies.

The Commission has banned post-tender negotiations except with L-1 vide its instruction No.8 (I)(h)/98(I) dated 18/11/98. Subsequently, the Commission had also issued a clarification vide No.98/ORD/1 dated 15/3/99. Notwithstanding the clarifications issued by the Commission, many Departments/Organisations have been approaching the Commission on specific issues which were clarified to the individual departments/organisations.

2. A clarification sought by many Departments/Organisation, which is vital and has relevance to many of the organisations relates to the applicability of the above said instruction of CVC to World Bank Projects. It has been decided after due consideration, that in so far as the World Bank Projects and other international funding agencies such as IMF, ADB etc. are concerned, the department/organisations have no other alternative but to go by the criteria prescribed by the World Bank/concerned agencies and the Commission’s instruction would not be applicable specifically to those projects. However, the instruction of the CVC will be binding on purchases/sales made by the departments within the Country. The CVC’s instruction of 18/11/98 will apply even if they are made with sources outside the Country and if they are within the budget provisions and normal operations of the Department/Organisation.

3. All CVOs may ensure strict compliance of this instruction

4. This instruction is also available on CVC’s Website at http://cvc.nic.in

Sd/-
(N. Vittal)
Central Vigilance Commissioner
To

(i) The Secretaries of All Ministries/Departments of Government of India.
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission.
(v) The Chief Executives of All PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vii) President’s Secretariat/Vice-President’s Secretariat/Lok Sabha Secretariat/ Rajya Sabha Secretariat/ PMO
OFFICE MEMORANDUM

Subject: Procedure for acquisition of accommodation on lease/rental basis etc.

In partial modification of this office Memo. of even number, dated 6/7/99, it is clarified that press advertisement is not necessary in case of office accommodation with monthly rent upto Rs. One lakh in metro towns of Delhi, Mumbai, Calcutta and Chennai. For other places advertisement is not necessary for monthly rent upto Rs. 50,000/-. It is further clarified that no publicity is essential for the residential accommodation to be leased. It is also clarified that no advertisement is necessary in case of transactions between PSU to PSU, Govt. to Govt. and Govt. to PSU.

Sd/-

(M.K.Singhal)
Chief Technical Examiner
OFFICE MEMORANDUM

Subject: Procedure for acquisition of accommodation on lease/rental basis etc.

Whenever new commercial/residential premises are to be acquired on lease/rent or otherwise, an advertisement in the local as well as national newspapers with maximum circulation in the area must be given. The advertisement should contain salient features like area of accommodation required, approximate location and other terms and conditions to quoted by the tenderer. Preferably, tenders shall be invited by the two bid system, viz. technical and financial. Technical bid shall be opened in the first instance and suitability of the accommodation, terms and conditions offered, specifications and other liabilities assessed. The market rate justification for the areas at which property is available shall also be assessed before opening the financial bid. These instructions shall be strictly followed.

Sd/-

(M.K.Singhal)
Chief Technical Examiner
To
(i) The Secretaries of All Ministries/Departments of Government of India
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) Chief Executives of All PSUs/Banks/Organisations
(vi) All Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vii) President’s Secretariat/ Vice-President’s Secretariat/ Lok Sabha Secretariat/ Rajya Sabha Secretariat/ PMO

Subject :- Improving Vigilance Administration – Tenders

Sir,

Please refer to CVCs instructions issued under letter No. (1)(h)98(1) dated 18/11/98 banning post tender negotiations except with L-1 i.e., the lowest tenderer. Some of the organisations have sought clarifications from the Commission as they are facing problems in implementing these instructions. The following clarifications are, therefore, issued with the approval of Central Vigilance Commissioner.

(i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.

(ii) Incidentally, some organisations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.

(iii) Another issue that has been raised is that many a time the quantity to be ordered is much more than L1 alone can supply. In such cases the quantity order may be distributed in such a manner that the purchase is done in a fair transparent and equitable manner.

Yours faithfully,

Sd/-

(P.S.Fatehullah)
Director
New Delhi, the 17th December, 1998

OFFICE MEMORANDUM

Subject: Purchase of Computer System by Government Departments.

The undersigned is directed to invite attention to the provisions of GFR 102(1) and the Annexure to the same according to which “Open Tender” system (that is, invitation to tender by public advertisement) should be used as a general rule in all cases in which the estimated value of demand is Rs. 50,000/- and above.

2. It has been brought to the notice of this Ministry by Deptt. of Electronics that certain Ministries/Deptts etc. issue tenders for purchase of personal computers where they specify the international brands like IBM, Compaq, HP, Digital, DELL or Gateway Micron. This vitiates the guidelines for open tender system laid down in GFRs and deprives other brands including domestic manufacturers of an opportunity to participate in the tender. Further Deptt. of Electronics have pointed out that brand names do not have any great advantage since at the broad level there is hardly any difference between the competing products because they predominantly use Intel microprocessors.

3. Separately, DGS&D have informed that generalised specifications for personal computers have been finalised and the process of concluding rate contract is being initiated.

4. It is, therefore advised that Ministries/Departments should follow the open tender system without vitiating it by specifying brand names in accordance with the provisions in GFRs for purchase of personal computers till a rate contract for computers is concluded by DGS&D. Thereafter, computers could be purchased on rate contract basis.

Sd/
(Narain Das)
Under Secretary to the Govt. of India
Sub: Improving vigilance administration

The Central Vigilance Commission Ordinance 1998 under Section (1)(h) directs that the power and function of the CVC will be the following:

“exercise superintendence over the vigilance administration of the various Ministries of the Central Government or corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by that Government”.

2. Improving vigilance administration is possible only if system movements are made to prevent the possibilities of corruption and also courage a culture of honesty. In exercise of the powers conferred on the CVC Section 8(1)(h), the following instructions are issued for compliance.

2.1 Creating a culture of honesty

Many organisations have a reputation for corruption. The junior employees and officers who join the organisations hopefully may not be so corruption minded as those who have already been part of the corrupt system. In order to ensure that a culture of honesty is encouraged and the junior officers do not have the excuse that because their seniors are corrupt, that they have to adopt the corrupt practices, it is decided with immediate effect that junior employees who initiate any proposal relating to vigilance matters which is likely to result in a reference to the CVC can send a copy directly to the CVC by name. This copy will be kept in the office of the CVC and data fed into the computer. If within a reasonable time of say three to six months, the reference does not come to the CVC the CVC then can verify with the concerned authorities in the department as to what happened to the vigilance case initiated by the junior employee. If there is an attempt to protect the corrupt or dilute the charges, this will also become visible. Above all the junior officers will not have the excuse that they have to fall
in line with the corrupt seniors. Incidentally, the seniors also cannot treat the references made directly to the CVC as an act of indiscipline because the junior officers will be complying with instructions issued under Section 8(1)(h) of the CVC Ordinance 1998. However, if a junior officer makes a false or frivolous complaint it will be viewed adversely.

2.2 Greater transparency in administration

2.2.1. One major source of corruption arises because of lack of transparency. There is a scope for patronage and corruption especially in matters relating to tenders, cases where exercise of discretion relating to out of turn conferment of facilities/privileges and so on. Each organisation may identify such items which provide scope for corruption and where greater transparency would be useful. There is a necessity to maintain secrecy even in matters where discretion has to be exercised. But once the discretion has been exercised or as in matters to tenders, once the tender has been finalised, there is no need for the secrecy. A practice, therefore, must be adopted with immediate effect by all organisations within the purview of the CVC that they will publish on the notice board and in the organisation’s regular publication the details of all such cases regarding tenders or out of turn allotments or discretion exercised in favour of employee/party. The very process of publication of this information will provide an automatic check for corruption induced decisions or undue favours which go against the principles of healthy vigilance administration.

2.2.2 The CVC will in course of time take up each organisation and review to see whether any additions and alterations have to be made to the list of items which the organisation identified in the first instance for the monthly communications for publicity in the interests of greater transparency. This may be implemented with immediate effect.

2.3 Speedy departmental inquiries

2.3.1 One major source of corruption is that the guilty are not punished adequately and more important they are not punished promptly. This is because of the prolonged delays in the departmental inquiry procedures. One of the reasons for the departmental inquiry being delayed is that the Inquiry Officers have already got their regular burden of work and this inquiry is to be done in addition to their normal work. The same is true for the Presenting Officers also.
2.3.2 Each organisation, therefore, may immediately review all the pending cases and the Disciplinary Authority may appoint Inquiry Officers from among retired honest employees for conducting the inquiries. The names of these officers may be got cleared by the CVC. The CVC will also separately issue an advertisement and start building a panel of names all over India who can supplement the inquiry officers work in the department. In fact, it will be a healthy practice to have all the inquiries to be done only through such retired employees because it can then be ensured that the departmental inquiries can be completed in time. If any service/departmental rules are in conflict with the above instructions they must be modified with immediate effect.

2.3.3 In order to ensure that the departmental inquiries are completed in time, the following time limits are prescribed:

(i) In all cases which are presently pending for appointment of Inquiry Officer and Presenting Officer, such appointment should be made within one month. In all other cases, the Inquiry Officer and the Presenting Officer should be appointed, wherever necessary, immediately after the receipt of the public servant’s written statement of defence denying the charges.

(ii) The Oral inquiry, including the submission of the Inquiry Officer’s report, should be completed within a period of 6 months from the date of appointment of the Inquiry Officer. In the preliminary inquiry in the beginning requiring the first appearance of the charged officers and the Presenting Officer, the Inquiry Officer should lay down a definite time-bound programme for inspection of the listed documents, submission of the lists of defence documents and defence witnesses and inspection of defence documents before the regular hearing is taken up. The regular hearing, once started, should be conducted on day-to-day basis until completed and adjournment should not be granted on trivolous grounds.

2.3.4 One of the causes for delay is repeated adjournment. Not more than two adjournments should be given in any case so that the time limit of six months for departmental inquiry can be observed.

2.3.5 The IO/PO., DA and the CVO will be accountable for the strict compliance of the above instructions in every case.

2.4 Tenders

Tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations
are banned with immediate effect except in the case of negotiations with L1 (i.e. Lowest tenderer).

3. Hindi version will follow.

Sd/-
(N. Vittal)
Central Vigilance Commissioner

To
(i) The Secretaries of All Ministries/Departments of Government of India.
(ii) The Chief Secretaries to All Union Territories
(iii) The Comptroller & Auditor General of India
(iv) The Chairman, Union Public Service Commission
(v) All Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
(vi) President’s Secretariat/Vice-President’s Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO.
To
Chairman & Managing Directors,
(All Public Sector Undertakings)

Sub: Delegation of powers to personnel at Project Site and other formations-Instructions regarding.

Sir,

The Commission has been taking various measures to improve the over all functioning of the PSEs/organization vis-à-vis the vigilance administration. While doing so, it is observed that some PSEs who have their Headquarters at places other than Delhi/New Delhi have created infrastructure, namely, sub-office, hostel, staff cars, etc. for the use of their employees at Delhi/New Delhi. Also, there are instances which have come to the notice wherein inadequate delegation of powers to the personnel at the Project Sites and other sub-offices/formations, which are away from the headquarters had not only lead to delays but also resulted in cost escalations.

2. The Commission would, therefore, advise that all Public Sector Enterprises may review the position with regard to delegation of powers to personnel functioning in the Projects and adequate powers commensurate with the requirement so that functioning of such Projects and formations are smooth and effective. It would further be appreciated if existence of such infrastructure or formations are not found to be viable/justified, the same could be dispensed with or curtailed to the bare minimum after review as they are potential spots of corruption by way of misuse of state cars, guest houses etc.

3. This issues with the concurrence of the Central Vigilance Commissioner.

4. Kindly acknowledge receipt and intimate action taken in the matter in due course.

Yours faithfully,

Sd/-
(P. S. Fatehullah)
Director
HANDLING OF TENDERS

CHECKLIST FOR PROCESSING AUTHORITIES

Estimate:

The estimated rate is a vital element in establishing the reasonableness of the prices being offered and, therefore, it is very important that the same is worked out in a realistic and objective manner on the basis of purchases made by other organizations, prevailing market rates, the market trend and assessment based on intrinsic value etc.

Appointment of consultants-

- Instructions of the commission issued vide circular No. OFF1-CTE-1 DT. 25.11 to be followed.
- Appoint consultant in a fair and transparent way.
- Decision-making should rest with the executives. The consultant’s role should be only advisory.
- Fix upper ceiling for fees.
- Provide safeguards against consultant’s failure such as performance guarantee, professional liability insurance etc.

Preparation of detailed project report-

- Prepare DPR as per actual site requirement in consultation with the field staff; otherwise it may lead to deviations & delays.
- Prepare Estimates on the basis of detailed analysis of rates considering rates prevailing at the project site to arrive at realistic cost.
- Ensure conformity among nomenclature of the item, drawings and specifications to avoid ambiguities at a later stage.

Preparation of tender documents-

- Adopt updated standard bidding document
- Ensure conformity among nomenclature of items, specifications, drawings, general and special conditions.
- Avoid stipulating such conditions in the contract, which are not feasible to be operated.
- Stipulate performance guarantee clause to eliminate non serious bidders
- Conduct pre-bid meeting
  i) to bring clarity regarding spirit of various provisions & ii) to bring necessary modifications, if required.
- Make minutes of the pre-bid meeting as part of agreement.
- Provide clause to deal with ambiguous provisions (order of precedence) in the tender document and ambiguity in the tender submitted by the contractor.
- Stipulate all prevailing govt. policy orders such as purchase preference policy (cvc’s circular no. Dated 15.03.99 & DPE’s circular dated 18.07.05), customs exemptions for material to be imported etc.
- Provide enough safeguards against misuse of mobilisation advance (CVC’s circular No.4CC-1-CTE-2 dated 10.04.07).
- Notify objective evaluation criteria in the tender document.
- Stipulate condition regarding splitting of quantities, if required, in the tender document.
• Notify criteria of splitting in the tender document itself if splitting of work / supply order is envisaged (splitting is envisaged when L1’s capacity is less than required or to avoid heavy reliance on one firm) Inviting tenders
• Prefer open tendering as far as possible
• In case limited tenders are resorted to, prepare & update panel of contractors/ vendors in a transparent way.
• Ensure adequate & wide publicity. (Web publicity is necessary even in case of limited tenders)
• Ensure adequate time for submission of offers.
• Upload NIT & tender document on web site, even in case of limited tenders (cvc’s circular dated 11.2.2004).
• Notify complete address of place of tender submission (cvc’s circular dated 8.6.2004).

Opening of Tenders

• Open the bids in presence of bidders.
• Attest and account for corrections, omissions, insertions, overwriting
• Prepare ‘on the spot summary’ in tender opening register
1. Opening of tenders in the presence of trade representatives should be scrupulously followed.
2.While opening the tenders by the tender opening officer / committee, each tender should be numbered serially, initialed and dated on the first page.
3. Each page of the tender should also be initialed with date and particularly the prices, important terms and conditions etc. should be encircled and initialed by the tender opening officer /committee. Alterations in tenders if any, made by the firms, should be initialed legibly to make it perfectly clear that such alteration, erasing or cutting was present on the tender at the time of tender opening and this fact be also recorded by the tender opening officer /committee.

Pre-qualification

• Keep the PQ criteria neither too stringent nor too lax.
• Prepare the PQ criteria specific to the requirement of the work in clear terms.
• Notify the evaluation criteria in the PQ document.
• Verify PQ credentials.
• Evaluate the bids exactly as per the notified criteria

Tender Evaluation and Award of Work

This is the most sensitive area susceptible to corruption. Corruption is inversely proportional to transparency and fairness. To ensure that evaluation is done in most transparent and fair & open manner , following points should be taken care of:

• Evaluation of tenders exactly as per the notified criteria.
• Timely decision within validity period.
• Complying with commission’s circular regarding negotiation.
• Ensuring that conditions / specifications are not relaxed in favour of contractor to whom the work is being awarded.
• Ensuring that L1 is not ignored on flimsy grounds. Compliance with the purchase preference policy of the govt.
• Ensuring that work order / supply order is placed within justified rates Execution of contract
• Match tender document with agreement
• Ensure that agreement is signed & sealed properly in time.
• Verify bank guarantees.
• Watch deviations, especially in abnormally high rated and high value items.
• Ensure recoveries as per contract.
• Reimburse taxes and duties, if applicable, only on the production of relevant document.
• Carry out mandatory tests.
• Ensure compliance of conditions regarding licensees, insurance policies and deployment of technical staff.
• Maintain proper record of hindrance.

Check points for approving authorities:

Estimate:

Whether the estimate was worked out in a realistic and objective manner on the basis of purchases made by other organizations, prevailing market rates, the market trend and assessment based on intrinsic value etc.

Appointment of consultants-

• whether the Instructions of the commission issued vide circular No. OFF1-CTE-1DT. 25.11 were followed.
• whether the consultant was appointed in a fair and transparent way.
• whether Decision-making rested with the executives and the consultant’s role was only advisory in nature.
• Whether upper ceiling for fees for consultants was fixed.
• Whether safeguards were provided against consultant’s failure such as performance guarantee, professional liability insurance etc.

Preparation of detailed project report-

• Whether DPR was prepared as per actual site requirement in consultation with the field staff;
• Whether Estimates were prepared on the basis of detailed analysis of rates considering rates prevailing at the project site to arrive at realistic cost.
• Whether conformity among nomenclature of the item, drawings and specifications to avoid ambiguities at a later stage has been ensured.

Preparation of tender documents

• whether updated standard bidding document was adopted
• whether conformity among nomenclature of items, specifications, drawings, general and special conditions was ensured.
• whether stipulating such conditions in the contract, which are not feasible to be operated was avoided.
• whether performance guarantee clause to eliminate non serious bidders was stipulated
• Whether pre-bid meeting was conducted:
  i) to bring clarity regarding spirit of various provisions &
  ii) to bring necessary modifications, if required.
• Whether minutes of the pre-bid meeting were made a part of agreement.
• Whether clause to deal with ambiguous provisions (order of precedence) in the tender document and ambiguity in the tender submitted by the contractor was provided.
• Whether all prevailing govt. policy orders such as purchase preference policy (CVC’s circular no. Dated 15.03.99 & DPE’s circular dated 18.07.05), customs exemptions for material to be imported etc were stipulated.
• Whether enough safeguards against misuse of mobilisation advance (CVC’s circular No.4CC-1-CTE-2 dated 10.04.07) were provided.
• Whether objective evaluation criteria in the tender document were notified.
• Whether condition regarding splitting of quantities, if required, in the tender document was stipulated.
• Whether criteria of splitting in the tender document itself if splitting of work / supply order is envisaged (splitting is envisaged when L1’s capacity is less than required or to avoid heavy reliance on one firm) were stipulated Inviting tenders
• Whether open tendering was preferred
• In case limited tenders were resorted to, whether preparation & updation of panel of contractors/ vendors in a transparent way was done
• Whether adequate & wide publicity. (Web publicity is necessary even in case of limited tenders) was ensured.
• Whether adequate time for submission of offers was ensured.
• Whether NIT & tender documents were uploaded on web site, even in case of limited tenders (CVC’s circular dated 11.2.2004).
• Whether complete address of place of tender submission (CVC’s circular dated 8.6.2004) was notified

Opening of Tenders

• Whether the bids were opened in presence of bidders.
• Whether corrections, omissions, insertions, overwriting were attested and accounted for
• Whether ‘on the spot summary’ in tender opening register was prepared
• Whether while opening the tenders by the tender opening officer / committee, each tender was numbered serially, initialed and dated on the first page.
• Whether each page of the tender was initialed with date and particularly the prices, important terms and conditions etc. were circled and initialed by the tender opening officer /committee.
• Whether alterations in tenders if any, made by the firms, were initialed legibly to make it perfectly clear that such alteration, erasing or cutting was present on the tender at the time of tender opening and this fact was also recorded by the tender opening officer /committee.

Pre-qualification

• Whether the PQ criteria was neither too stringent nor too lax.
• Whether the PQ criteria specific to the requirement of the work was prepared in clear terms.
• Whether the evaluation criteria was notified in the PQ document.
• Whether the PQ credentials were verified.
• Whether the bids were evaluated exactly as per the notified criteria

Tender Evaluation and Award of Work

• whether the evaluation of tenders was done exactly as per the notified criteria.
• Whether timely decision was taken within validity period.
• whether commission’s circular regarding negotiation was complied with.
• Whether it was ensured that conditions / specifications were not relaxed in favour of contractor to whom the work was awarded.
• Whether it was ensured that L1 is not ignored on flimsy grounds.
• Whether the purchase preference policy of the govt was complied with.
• Whether it was ensured that work order / supply order was placed within justified rates

**Execution of contract**

• Whether tender document matches with agreement
• Whether agreement is signed & sealed properly in time.
• Whether bank guarantees were verified
• Whether deviations, especially in abnormally high rated and high value items were existent.
• Whether recoveries as per contract were made.
• Whether reimbursement of taxes and duties, if applicable, were made only on the production of relevant document.
• Whether mandatory tests were carried out.
• Whether there was compliance of conditions regarding licenses, insurance policies and deployment of technical staff.
• whether record of hindrance was maintained properly.
PRIZE WINNING SLOGANS
मानवीय मूल्यों की जननी सदाचार —
है दु:खों का अम्बार भ्रष्टाचार ||

भ्रष्टाचार मानव की दुर्बलता —
इससे, मुक्ति जीवन की सफलता ||

भ्रष्टाचार से मुक्ति का सुगम रास्ता —
कार्यालयीन कार्यों में रखें पारदर्शिता ||

हिंदुस्तान की शान है सत्कर्ता —
हम सब की पहचान है सत्कर्ता ||

लाख लिखें नारे, चाहे पोस्टर हजार —
व्यवहार में सत्कर्ता नहीं तो, सब कुछ है बेकार ||

मंदिर — मस्जिद जहाँ भी जाओ —
ईमानदारी की ही गाथा गाओ ||

हर हिंदुस्तानी के दिल में एक यही अभिलाषा हो —
शत—प्रतिशत सत्कर्ता जागरूकता अपनाये यही एक जिज्ञासा हो ||

आओ मिलकर गायें सत्कर्ता जागरूकता का जयगान —
अमर रहें ईमानदारी अपना भारत बने महान ||

IF CORRUPTION FREE SOCIETY IS ENSURED,
FUTURE OF THE NATION WILL BE SECURED.
Observation of Vigilance Awareness week – 2011

As per the directives of Central vigilance Commission vide circular no. 09/07/11, Vigilance Awareness week was observed in Northern Coalfields Limited from 31.10.2011 to 05.11.2011.

Ms Shantilata Sahu, Director (Personnel), NCL administered pledge to the executives and staff at Singrauli on 31.10.11 at 11.00 AM signaling the beginning of the observance of Vigilance Awareness week 2011. She also read out the message of her excellency President of India Smt. Pratibha Devi Singh Patil on the occasion. The message of Hon'ble Vice President of India Shri Hamid Ansari was read out by Shri N.Das Director (T/P&P), NCL. The message of Shri Manmohan Singh, Prime Minister of India was conveyed to the assembled employees by Shri S.K. Rawat, Director (F), NCL. The message of Smt. Sushma Swaraj, Leader of opposition was conveyed to the assembled employees by Shri P.K. Tiwari, CGM & TS to CMD. Shri K.K. Gangopadhyay, Chief Manager(Excv)/Vig conveyed the message of the Central Vigilance Commission to the employees. In a similar fashion the observance of Vigilance Awareness week 2011 was commenced with the administration of pledge and reading out of messages at different projects of NCL.

As always has been the endeavor of NCL / Vigilance, this year too Vigilance Awareness week was utilized to involve employees from the top of the hierarchy to the grass root level of the organization. Like last year, this year also NCL has spreaded the message of the need to fight corruption. As the adage “Catch them Young” goes, children of Schools in NCL were involved to express their thoughts and views on issues like honesty, integrity and the need to fight and expose the corrupt. This move was inspired by the thought to sow the seeds of truthfulness in the Nation Builders of tomorrow. The children were asked to draw and paint their feelings on the topics “Imagination of corruption free society”. The spellbinding paintings of the School going children must be seen to be believed. Through their colours and brushes the children have very emphatically revealed their anger against and opposition to corruption. Children were also asked to express their thoughts on the topic “Black money is the root cause of corruption in politics, business and bureaucracy” through an essay competition. A declamation competition was also held on the topic “our own indifference leads to corruption”. The overwhelming participation of the students in these competitions and their innocent but firm depiction of belief in honesty and the need to eradicate corruption made our efforts worthwhile. Their paintings and essays give us the hope that the future of this country is safe in their hands.

On the afternoon of 01/11/2011, an essay competition on the topic “Vigilance is an integral part of management” was held for the Officers & Staff of NCL. The participative employees made the competition a very lively one.

On 02/11/2011(F/N), a debate competition was organized on the topic “Right to information is a tool for fighting against corruption”. Officers and staff of NCL participated very enthusiastically and expressed their views.
A talk on “Participative vigilance” was delivered by Shri A.K. Sharma, CVO/NCL on 02/11/2011(A/N), which involves also stake holders as the fight against corruption can not be won in isolation was conveyed. The programme was well attended by the high level and other executives of NCL and it was a very useful and interactive session.

A slogan writing competition related to vigilance awareness for Officers and staff of NCL was also organized.

A consumer conclave was organised by sales department on 03.11.2011 where various consumers exchanged their ideas and grievances with NCL.

The concluding day function of the Vigilance Awareness period – 2011 was held at Officers’ Club Auditorium on 05.11.2011. Shri Ramesh Chandra, Chief General Manager (S&R) ,NCL was the Chief Guest of the function.

The proceedings of the function was started with a welcome song presented by the students of Kendriya Vidyalaya, Singrauli. A brief account of the activities that took place during the vigilance awareness week ‘2011’ was spelt out to the guests. An exhibition of the drawing and paintings made by the school children on the issues related to honesty, corruption etc. was held at the same venue. The message conveyed through these paintings was crystal clear – “Corruption and Corrupt must be dealt on zero tolerance terms”. The creative outpouring of the children on canvas struck an instantaneous chord with the Chief Guest, executives, staff and others.

The various activities carried out by NCL during the Vigilance Awareness period were widely covered by the Press. The newspapers, the Hindustan Varanasi, Nav Bharat, Satna, Dainik Jagaran Varanasi, Vindbharat, Singrauli, Satyaganga, Singrauli Amar Ujala, Varanasi gave extensive coverage of the concluding day ceremony of Vigilance Awareness week at NCL.
SEVEN SINS

POLITICS WITHOUT PRINCIPLE

WEALTH WITHOUT WORK

PLEASURE WITHOUT CONSCIENCE

KNOWLEDGE WITHOUT CHARACTER

COMMERCE WITHOUT MORALITY

SCIENCE WITHOUT HUMANITY

WORSHIP WITHOUT SACRIFICE

MAHATMA GANDHI
If you tell the truth you don't have to remember anything.
~Mark Twain

Who lies for you will lie against you.  ~Bosnian Proverb