

**Important Circulars Issued  
by  
Central Vigilance Commission  
on  
Ethics, Public Interest Disclosures & Protection  
of Informer Resolution  
and  
E-Tendering**



2009-10

VIGILANCE DEPARTMENT

**TEHRI HYDRO DEVELOPMENT CORPORATION LTD.**

(A Joint Venture of Govt. of India & Govt. of U. P.)

### **Our Vision :**

- ▶ A major global player in Power Sector, providing quality, affordable and sustainable power with commitment to environment, ecology and social values.
- ▶ Create work ethos of growth through professionalism and achievement of excellence.



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**VIGILANCE AWARENESS WEEK - 2009  
(03.11.2009 to 07.11.2009)**

**VIGILANCE DEPARTMENT  
Tehri Hydro Development Corporation Ltd.**  
(A Joint Venture of Govt. of India and Govt. of U.P.)  
69/2, Teg Bahadur Road, Dehradun - 248 001



टिहरी हाइड्रो डेवलपमेंट कॉर्पोरेशन लिमिटेड

(विद्युत संशोधन एवं विकास इंडिया लिमिटेड का संयुक्त उद्यम)

**Tehri Hydro Development Corporation Ltd.**

(A Joint Venture of Govt. of India & Govt. of U.P.)

आर.एस.टी. साई

आर.एस.टी. साई

Ganga Bhawan, Pragatipuram, Bypass Road Rishikesh-249201 (UK)

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R.S.T. Sai

Chairman & Managing Director



## Message

The Vigilance Department of THDC has compiled important Circulars issued by the Central Vigilance Commission regarding Ethics, Public Interest Disclosure Protection of Informer resolution (PIDPI) and e-tendering. These circulars have been put together in a Booklet form. It is hoped that this Booklet will be useful for the executives at all levels of the Corporation.

On the occasion of Vigilance Awareness Week-2009, I congratulate the Vigilance Department of THDC for coming out with this informative booklet.

(R.S.T. Sai)

Chairman & Managing Director

Place : Rishikesh



Virendra Kumar  
IPS  
Chief Vigilance Officer

टिहरी हाइड्रो डेवलपमेंट कॉर्पोरेशन लिमिटेड  
(ए जॉइंट वेंचर ऑफ़ गवर्नमेंट ऑफ़ इंडिया एंड गवर्नमेंट ऑफ़ उत्तराखण्ड)  
**Tehri Hydro Development Corporation Ltd.**  
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## PREFACE

Evolving and effectively implementing preventive techniques, which includes transparency, accountability, objectivity and timely response in dealing with public administration, are hallmark of vigilance administration. On the occasion of Vigilance Awareness Week, which is being celebrated from 3rd November to 7th November 2009, a Booklet has been prepared by the Vigilance Department to educate the executives about various facets of e-governance and Public Interest Disclosure Protection of Informer (PIDPI) resolution passed by the Government of India. Also, circular issued by the Central Vigilance Commission on Ethics is included in this Booklet.

It is requested that all concerned may appraise themselves with these important facets and associate themselves with the vigilance activities in fighting the menace of corruption.

(Virendra Kumar)  
Chief Vigilance Officer

Place : Dehradun

OFFICE: 69/2 Lane No. 4, Opp. P.N.B. Tq. Centre, Teg Bazar Road, Dehradun - 248001, Tel.: 0135-2672381

Regd. Office: BHAGIRATHI BHAWAN (TOP TERRACE), BHAGIRATHIPURAM, TEHRI-GARHWAL - 249 001

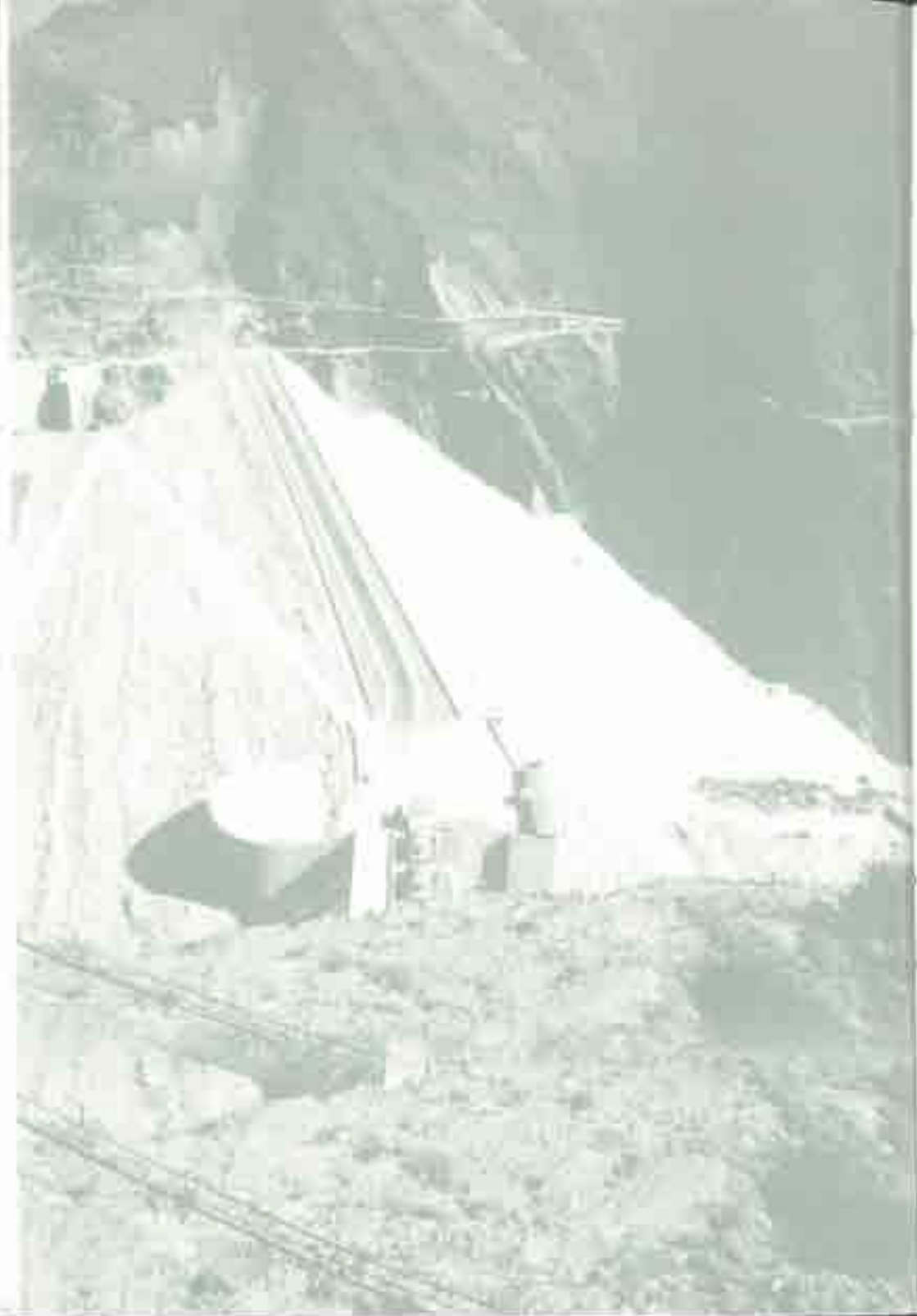


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# Ethics





No. 007/VGL/070  
Government of India  
Central Vigilance Commission

Satarkta Bhawan, Block-A,  
GPO Complex, INA,  
New Delhi-110023  
Dated: 29th October, 2007

**Circular No. 38/10/07**

**Subject:-Corporate Governance and Ethics - Challenges and Imperatives, a note by Smt. Ranjana Kumar, Vigilance Commissioner.**

Smt. Ranjana Kumar, Vigilance Commissioner, has prepared a note on "Corporate Governance and Ethics - Challenges and Imperatives" which deals with various issues relating to principles of Corporate Governance.

The note is available on the Commission's website i.e. <http://www.cvc.nic.in> in downloadable form. The CVOs may kindly incorporate the note/contents of the note in their organizations' vigilance journal/newsletter to be published, released on the occasion of the Vigilance Awareness Week to be observed from 12/11/2007 to 16/11/2007 for information of all employees in their organizations.



**(Rajiv Verma)**  
Under Secretary

Encl:- Note of Smt. Ranjana Kumar, Vigilance Commissioner

All Chief Vigilance Officers.

## Corporate Governance & Ethics – Challenges & Imperatives

1. A corporation is a congregation of various stakeholders, namely, customers, employees, investors, vendor partners, government and society. A corporation should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to access global pools of capital, need to attract and retain the best human capital from various parts of the world, need to partner with vendors on mega collaborations and need to live in harmony with the community. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed.
2. What is "Corporate Governance"

It is known fact that vital needs of success of any organization lingers on its ability to mobilize and utilize all kinds of resources to meet the objectives clearly set as part of the planning process. Managing well depends on internal and external factors, the latter include availability, cost effectiveness, technological advancement. Increasingly, revelations of deterioration in quality and transparency, have called for adoption of internationally accepted "Best Practices". The acceptance of the concept gave rise of "Corporate Governance". "Corporate Governance" encompasses commitment to values and to ethical business conduct to maximize shareholder values on a sustainable basis, while ensuring fairness to all stakeholders including customers, employees, and investors, vendors, Government and society at large. Corporate Governance is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed and how performance is optimized. Sound Corporate Governance is therefore critical to enhance and retain investors' trust.

3. Corporate governance is about ethical conduct in business. Ethics is concerned with the code of values and principles that enables a person to choose between right and wrong, and therefore, select from alternative courses of action. Further, ethical dilemmas arise from conflicting interests of the parties involved. In this regard, managers make decisions based on a set of principles influenced by the values, context and culture of the organization. Ethical leadership is good for business as the organization is seen to conduct its business in line with the expectations of all stakeholders. What constitutes good Corporate Governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. There is therefore no one single model of Corporate Governance.
4. I do feel it is necessary to trace the evolution of the concept for better comprehension. Economic and Commercial activities the world over grew manifold after the Bretton Woods and formation of World Bank and the International Monetary Fund. Cross border trades and exchange rate mechanisms resulted in specialization within financial market. Several players in the field, International commerce and settlements grew manifold giving rise to standards and benchmarks. ISO 9000 and International best accounting practices are the culmination of the experience of the stakeholders in different fields of economics and commerce, the policymakers included.
5. As I see it, Corporate Governance is nothing but the moral or ethical or value framework under which corporate decisions are taken. It is quite possible that in the effort at arriving the best possible financial results or business results there could be attempts at doing things which are verging on the illegal or even illegal. There is also the possibility of grey areas where an act is not illegal but considered unethical. These raise moral issues.
6. In fact, the very definition of corporate governance stems

from its organic link with the entire gamut of activities having a direct or indirect influence on the financial health of corporate entities. The Cadbury Report (1992) simply describes Corporate Governance as 'the system by which companies are directed and controlled'. So far as corporate governance is concerned, it is financial integrity that assumes tremendous importance. This would mean that the directors and all concerned should be open and straight/forthright about issues where there is conflict of interest involved in financial decision making. When it comes to even the purchase/procurement procedures, there is need for greater transparency.

7. The Corporate system and diverse ownership did contribute in a substantial measure to prosperity, employment potential and living standards of the subjects across the globe. Notwithstanding the contributions, the failures too caused concerns among the regulators. Existing laws, rules and controls did not adequately address the issues related to the failures caused by deficient or intentional fraudulent managements. In USA, the Sarbanes-Oxley Act 2002 was passed to address the issues associated with corporate failures, achieve quality governance and restoring 'investor' confidence.
8. The Securities and Exchange Commission of USA initiated action against multinational accounting firms for failure to detect blatant violation of accounting standards, and penalties running to several million dollars were recovered, from certain multinational consultancy firms.
9. Why Corporate Governance?
  - a) The liberalization and de-regulation world over gave greater freedom in management. This would imply greater responsibilities.
  - b) The players in the field are many. Competition brings in its wake weakness in standards of reporting and accountability.

- c) Market conditions are increasingly becoming complex in the light of global developments like WTO, removal of barriers/reduction in duties.
  - d) The failure of corporates due to lack of transparency and disclosures and instances of falsification of accounts/ embezzlement and the effect of such undesirable practices in other companies.
10. It is the increasing role of foreign institutional investors in emerging economies that has made the concept of corporate governance a relevant issue today. In fact, the expression was hardly in the public domain. In the increasingly close interaction of the economies of different countries lies the process of globalisation. This involves the rapid migration of four elements across national borders. These are (i) Physical capital in terms of plant and machinery; (ii) Financial capital; (iii) Technology; and (iv) Labour.
  11. The increasing concern of the foreign investors is that the enterprise in which they invest should not only be effectively managed but should also observe the principles of corporate governance. In other words, the enterprises will not do anything illegal or unethical. This need for re-assurance is felt by the FIIs due to the fact that there have been cases of dramatic collapse of enterprises which were apparently doing well but which were not observing the principles of corporate governance.
  12. In India corruption is an all embracing phenomenon. In this, if the respective players in the field were to adopt healthy principles of good corporate governance and avoid corruption in their transactions, India could really take a step forward to becoming a less corrupt country and improving its rank in the Corruption Perception Index listed by the Transparency International.
  13. Studies in India and abroad show that markets and investors take notice of well managed companies, respond positively

to them and reward such companies with higher valuations. A common feature is that they have systems in place, which allow sufficient freedom to Board and Management to take decisions towards progress and to innovate, while remaining within the framework of effective accountability. In other words they have a good system of corporate governance. Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection.

14. Securities and Exchange Board of India constituted a Committee on Corporate Governance under the Chairmanship of Mr. Kumar Mangalam Birla. The committee observed that there are companies, which have set high standards of governance while there are many more whose practices are matters of concern. There is increasing concern about standards of financial reporting and accountability especially after losses are suffered by investors and leaders in the recent past, which could have been avoided with better and more transparent reporting practices. Companies raise capital from market and investors suffered due to unscrupulous managements that performed much worse than past reported figures. Bad governance was also exemplified by allotment of promoters' share at preferential prices disproportionate to market value, affecting minority holders' interests. Many corporates did not pay heed to investors' grievances. While there were enough rules and regulations to take care of grievances, yet the inadequate implementation and the absence of severe penalty, left much to be desired.
15. The Kumar Mangalam Committee made mandatory and non mandatory recommendations. Based on the recommendations of this Committee, a new clause 49 was incorporated in the Stock Exchange Listing Agreements ("Listing Agreements"). The important aspects, in brief, are:
  - (i) Board of Directors are accountable to shareholders.

- (ii) Board controls are laid down code of conduct and accountable to shareholders for creating, protecting and enhancing wealth and resources of the Company reporting promptly in transparent manner while not involving in day to day management.
  - (iii) Classification of non-executive directors into those who are independent and those who are not.
  - (iv) Independent directors not to have material or pecuniary relations with the Company/subsidiaries and if had, to disclose in Annual Report.
  - (v) Laying emphasis on calibre of non-executive directors especially independent directors.
  - (vi) Sufficient compensation package to attract talented non-executive directors.
  - (vii) Optimum combination of not less than 50% of non-executive directors and of which companies with non-executive Chairman to have atleast one third of independent directors and under executive Chairman atleast one half of independent directors.
  - (viii) Nominee directors to be treated on par with any other director.
  - (ix) Qualified independent Audit committee to be setup with minimum of three all being non-executive directors with one having financial and accounting knowledge.
  - (x) Corporate governance report to be part of Annual Report and disclosure on directors' remuneration etc., to be included.
16. Naresh Chandra Committee recommendations relate to the Auditor-Company relationship and the role of Auditors. Report of the SEBI Committee on Corporate Governance recommended that the mandatory recommendations on matters of disclosure of contingent liabilities, CEO/CFO Certification, definition of Independent Director, independence of Audit Committee and independent director

exemptions in the report of the Narash Chandra Committee, relating to corporate governance, be implemented by SEBI.

17. Narayana Murthy Committee recommendations include role of Audit Committee, Related party transactions, Risk management, compensation to Non- Executive Directors, Whistle Blower Policy, Affairs of Subsidiary Companies, Analyst Reports and other non-mandatory recommendations.
18. When it comes to corporate governance, I think we will have to look at the hardware as well as the software aspect. So far as the software aspect is concerned, I would suggest, it depends on the values cherished and practiced by the members of the Board of Directors as well as the management of an organisation. It is always possible to mouth very high principles but act in a very lowly manner. If there is going to be divergence between practice and precept, then we are not going to achieve good corporate governance. This is the first point to be realised.
19. The most important aspect for observing corporate governance is the top management, particularly the board of directors and the senior level management of an enterprise - walking their talk. It is by walking their talk that the top management can earn credibility. This also has a direct bearing on the morale of an organisation.
20. When it comes to the hardware aspect of corporate governance, we go into the issue of a code, which becomes a reference point for behaviour. But the sad fact in our country is that even though there is a lot of talk about corporate governance, when it comes to reality, nothing much happens.
21. With the SEBI trying to bring some discipline in the stock market especially in terms of greater transparency and disclosure norms, corporate governance in the Indian context at least seems to focus primarily and rightly on the



issue of transparency. It is lack of transparency that leads to corrupt or illegal behaviour. If corporate governance is concerned with better ethics and principles, it is only natural that the focus should be on transparency. But how is this transparency to be achieved? One method of course is the code. Another would be the regulatory authorities like SEBI, RBI etc. laying down guidelines so that a certain degree of transparency is automatically ensured. Another legal approach to achieve better corporate governance may be to look at the whole issue of bringing the corporate sector under the discipline of debt and equity. Perhaps amendment of the Companies Act and bringing in this discipline will also help in automatically ensuring better ethics and corporate governance.

22. Perhaps the most important challenge we face towards better corporate governance is the mindset of the people and the organisational culture. This change will have to come from within. The government or the regulatory agencies at best can provide certain environment, which will be conducive for such a mindset taking place, but the primary responsibility is of the people especially the members of the board of directors and the top management.
23. Another important aspect is to realise that ultimately the spirit of corporate governance is more important than the form. Substance is more important than style. Values are the essence of corporate governance and these will have to be clearly articulated and systems and procedures devised, so that these values are practiced.
24. We then come to a common moral problem in running enterprises. One can have practices which are legal but which are unethical. In fact, many a time, tax planning exercises may border on the fine razor's edge between the strictly legal and the patently unethical. A clear understanding of the fundamental values which govern corporate governance and their explicit articulation in a

proper code backed by well established structures and traditions like the ethics committee and audit committee may be the best insurance for good corporate governance under the circumstances.

25. Corporate governance and ethical behaviour have a number of advantages. Firstly, they help to build good brand image for the company. Once there is a brand image, there is greater loyalty, once there is greater loyalty, there is greater commitment to the employees, and when there is a commitment to employees, the employees will become more creative. In the current competitive environment, creativity is vital to get a competitive edge.

26. 10 Essential Governance Principles

**A company should:**

- \* **1. Lay solid foundations for management and oversight**
  - Recognise and publish the respective roles and responsibilities of board and management.
- \* **2. Structure the board to add value**
  - Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- \* **3. Promote ethical and responsible decision-making**
  - Actively promote ethical and responsible decision-making.
- \* **4. Safeguard integrity in financial reporting**
  - Have a structure to independently verify and safeguard the integrity of the company's financial reporting.
- \* **5. Make timely and balanced disclosure**
  - Promote timely and balanced disclosure of all material matters concerning the company.
- \* **6. Respect the rights of shareholders**

- Respect the rights of shareholders and facilitate the effective exercise of those rights.
  - \* **7. Recognise and manage risk**
    - Establish a sound system of risk oversight and management and internal control.
  - \* **8. Encourage enhanced performance**
    - Fairly review and actively encourage enhanced board and management effectiveness.
  - \* **9. Remunerate fairly and responsibly**
    - Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.
  - \* **10. Recognise the legitimate interests of stakeholders**
    - Recognise legal and other obligations to all legitimate stakeholders.
  - \* **11. Corporate Governance Rating be made mandatory for listed companies.**
27. Openness, integrity and accountability are the key elements of Corporate Governance for any corporate entity. These factors assume greater importance in case of Public Sector Banks. It is, therefore, necessary that the Board of Directors, external auditors and supervisors of bank strive to achieve greater degree of openness, transparency, integrity and accountability in the working of the institution.
28. Banks deal in trust. If trust is in suspicion, damaged or lost, the resulting financial loss cannot measure the true risk. Trust being the foundation of banking, the discussion over applicability of good governance has really been a non-issue. Good governance and practices are synonymous to banking, banks and bankers. The essence of Corporate Governance is a framework of effective accountability to all stakeholders. Corporate Governance is an instrument for benefiting all stakeholders of a corporate entity. In its widest

sense, Corporate Governance is almost akin to a trusteeship. It is about creating an outperforming organisation, which leads to increasing customer satisfaction and shareholder value.

29. A code for corporate governance for public sector banks in India could be in the form of a set of prescriptions and proscriptions for the key decision makers of a bank- its Chairman, Executive and non-Executive Directors, institutional investors and external auditors. Such a code, it is believed, would enable the Boards of the banks to resolve conflict of interests between shareholders, customers, employees and other stakeholders. An informed debate on the issue of contemporary banking in the board rooms would help develop the vision to imagine crises and the will to act pre-emptively.
30. In a deregulated milieu, the Public Sector Banks are bound to demand, and rightly so, greater functional autonomy for flexibility in decision making. Such autonomy, however, needs to be accompanied by greater accountability on the part of their Boards to the stakeholders. A Code of Corporate Governance could be an effective instrument for achieving this goal.
31. The Reserve Bank of India has set up various working groups to evaluate its existing corporate governance norms for banks. The Khan Working Group Report, though it did not deal with corporate governance per se, recommended full operational autonomy and flexibility to the management and boards of banks. The Narasimham Committee I recommended a gradual progress towards BIS norms and suggested the ending of the dual control over the sector by the RBI and the Ministry of Finance. The Narasimham Committee II (1998) recommended reducing government control and strengthening of internal controls. Additionally, Dr. Patil Advisory Group and Varma Group have made recommendations on international best practices of

Corporate Governance for banking companies.

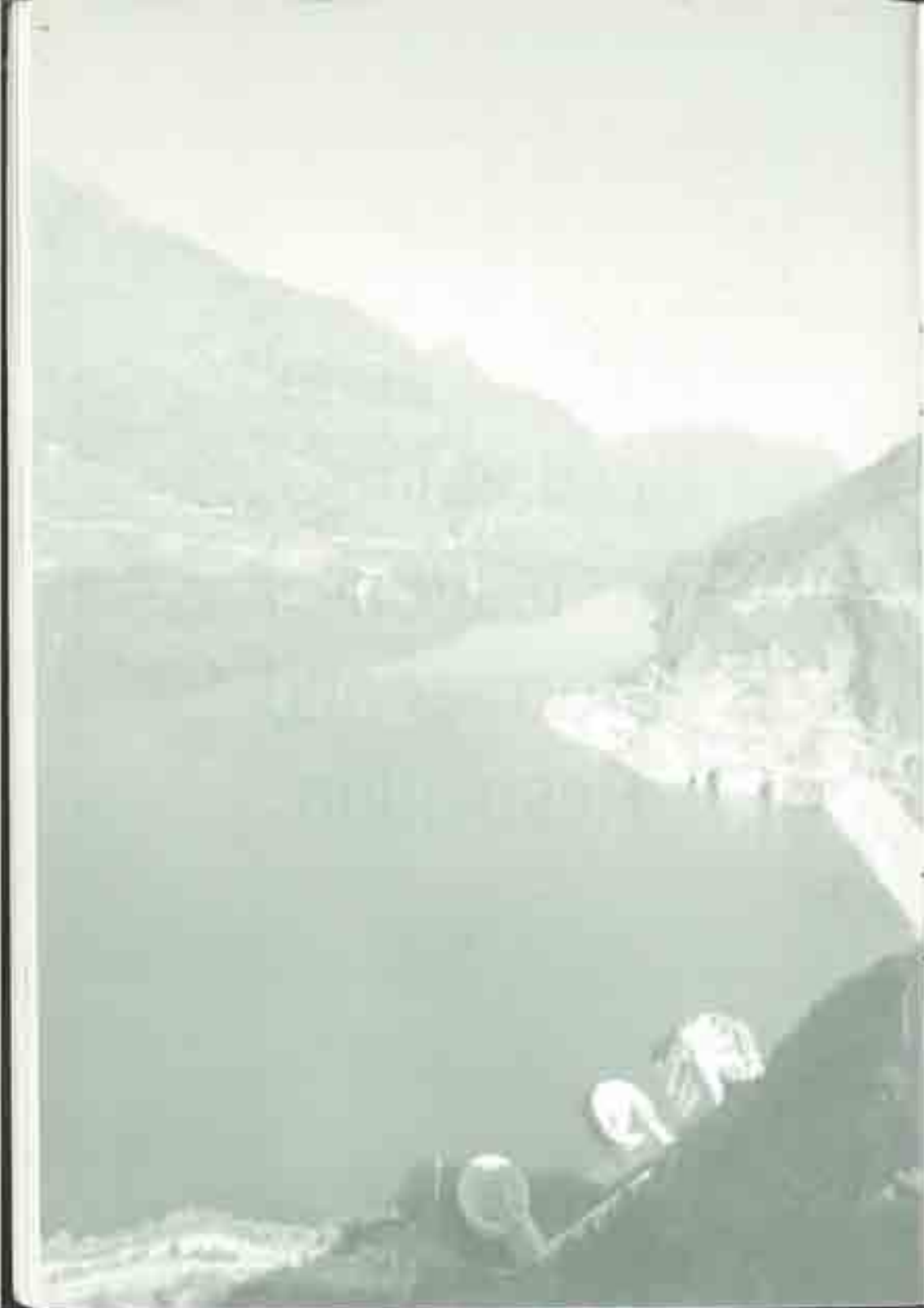
32. The report of the Consultative Group of Directors of Banks/Financial Institutions – chaired by A.S. Ganguly – has tackled the issues of ethics, transparency and corporate governance. It has focussed on more fundamental issues like the supervisory role of boards of banks and financial institutions and functioning of the boards vis-à-vis compliance, transparency, disclosures, audit committees etc. A governance framework must include effective systems of Control and Accountability, and above all responsible attitudes on the part of those handling public money. It is important that the drive to provide improved services at reduced costs should be maintained and that this drive should not be stifled. At such time it is even more essential to maintain honesty in the spending of public money and to ensure that the traditional public sector values are not neglected in the effort to maximise economy and efficiency.
33. Ethics in managing an organisation are vital for long term survival. It is defined as disciplined dealing with what is good and what is bad and what are moral duties and obligations. As far as business ethics are concerned, a minimum code of ethics has to be practiced in competition, public relations and social responsibilities. Corporate Governance encourages ethical standards and sound business practices.
34. Corporate governance extends beyond corporate law. Its objective is not mere fulfilment of legal requirements but ensuring commitment on managing transparently for maximising shareholder values. As competition increases, technology pronounces the deal of distance and speeds up communication, environment also changes. In this dynamic environment the systems of Corporate Governance also need to evolve, upgrade in time with the rapidly changing economic and industrial climate of the country.
35. Finally the key lesson for us to learn are that Regulations and Policies are only one part of improving governance. Existence

of a comprehensive system alone cannot guarantee ethical pursuit of shareholder's interest by Directors, officers and employees. Quality of governance depends upon competence and integrity of Directors, who have to diligently oversee the management while adhering to unpeachable ethical standards. Strengthened systems and enhanced transparency can only further the ability. Transparency about a company's governance process is critical. Implementing Corporate Governance structures are important but instilling the right culture – work culture is Most Essential.

36. Corporate Governance in the Public Sector cannot be avoided and for this reason it must be embraced. But Corporate Governance should be embraced because it has much to offer to the Public Sector. Good Corporate Governance, Good Government and Good Business go hand in hand.

Sd/-  
(Ranjana Kumar)  
Vigilance Commissioner

Public Interest  
Disclosures &  
Protection of  
Informers and  
Resolution





## **Important Features of the "Whistle-Blowers" Resolution**

- The CVC shall, as the Designated Agency, receive written complaints or disclosure on any allegation of corruption or of mis-use of office by any employee of the Central Government or of any corporation established under any Central Act, government companies, societies or local authorities owned or controlled by the Central Government.
- The designated agency will ascertain the identity of the complainant; if the complainant is anonymous, it shall not take any action in the matter.
- The identity of the complainant will not be revealed unless the complainant himself has made either the details of the complaint public or disclosed his identity to any other office or authority.
- While calling for further report/investigation, the Commission shall not disclose the identity of the informant and also shall request the concerned head of the organisation to keep the identity of the informant a secret, if for any reason the head comes to know the identity.
- The Commission shall be authorised to call upon the CBI or the police authorities, as considered necessary, to render all assistance to complete the investigation pursuant to the complaint received.
- If any person is aggrieved by any action on the ground that he is being victimised due to the fact that he had filed a complaint or disclosure, he may file an application before the Commission seeking redress in the matter, wherein the Commission may give suitable directions to the concerned person or the authority.
- If the Commission is of the opinion that either the complainant or the witnesses need protection, it shall issue appropriate directions to the concerned government authorities.

- In case the Commission finds the complaint to be motivated or vexatious, it shall be at liberty to take appropriate steps.
- The Commission shall not entertain or inquire into any disclosure in respect of which a formal and public inquiry has been ordered under the Public Servants Inquiries Act, 1850, or a matter that has been referred for inquiry under the Commissions of Inquiry Act, 1952.
- In the event of the identity of the informant being disclosed in spite of the Commission's directions to the contrary, it is authorised to initiate appropriate action as per extant regulations against the person or agency making such disclosure.

No.004/VGL/26  
Government of India  
Central Vigilance Commission  
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Satarkta Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023  
Dated the 17th May, 2004

**Office Order No. 33/5/2004**

**Subject:- Govt. of India Resolution on Public Interest  
Disclosures & Protection of Informer.**

The Government of India has authorised the Central Vigilance Commission (CVC) as the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action.

2. A copy of the Public Notice issued by the Central Vigilance Commission with respect to the above mentioned Resolution is enclosed. All CVOs are further required to take the following actions with respect to the complaints forwarded by the Commission under this Resolution:
  - (i) All the relevant papers/documents with respect to the matter raised in the complaint should be obtained by the CVO and investigation into the complaint should be commenced immediately. The investigation report should be submitted to the Commission within two weeks.
  - (ii) The CVO is to ensure that no punitive action is taken by any concerned Administrative authority against any person on perceived reasons/ suspicion of being "whistle blower."
  - (iii) Subsequent to the receipt of Commission's directions to undertake any disciplinary action based on such

complaints, the CVO has to follow up and confirm compliance of further action by the DA and keep the Commission informed of delay, if any.

(iv) Contents of this order may be brought to the notice of Secy./CEO/CMD.

**All CVOs may note the above directions for compliance.**

Sd/-  
**(Sujit Banerjee)**  
Secretary

To

All Chief Vigilance Officers

## Central Vigilance Commission

### Public Notices

#### **GOI Resolution on Public Interest Disclosure and Protection of Informer**

The Government of India has authorized the Central Vigilance Commission (CVC) as the 'Designated Agency' to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action.

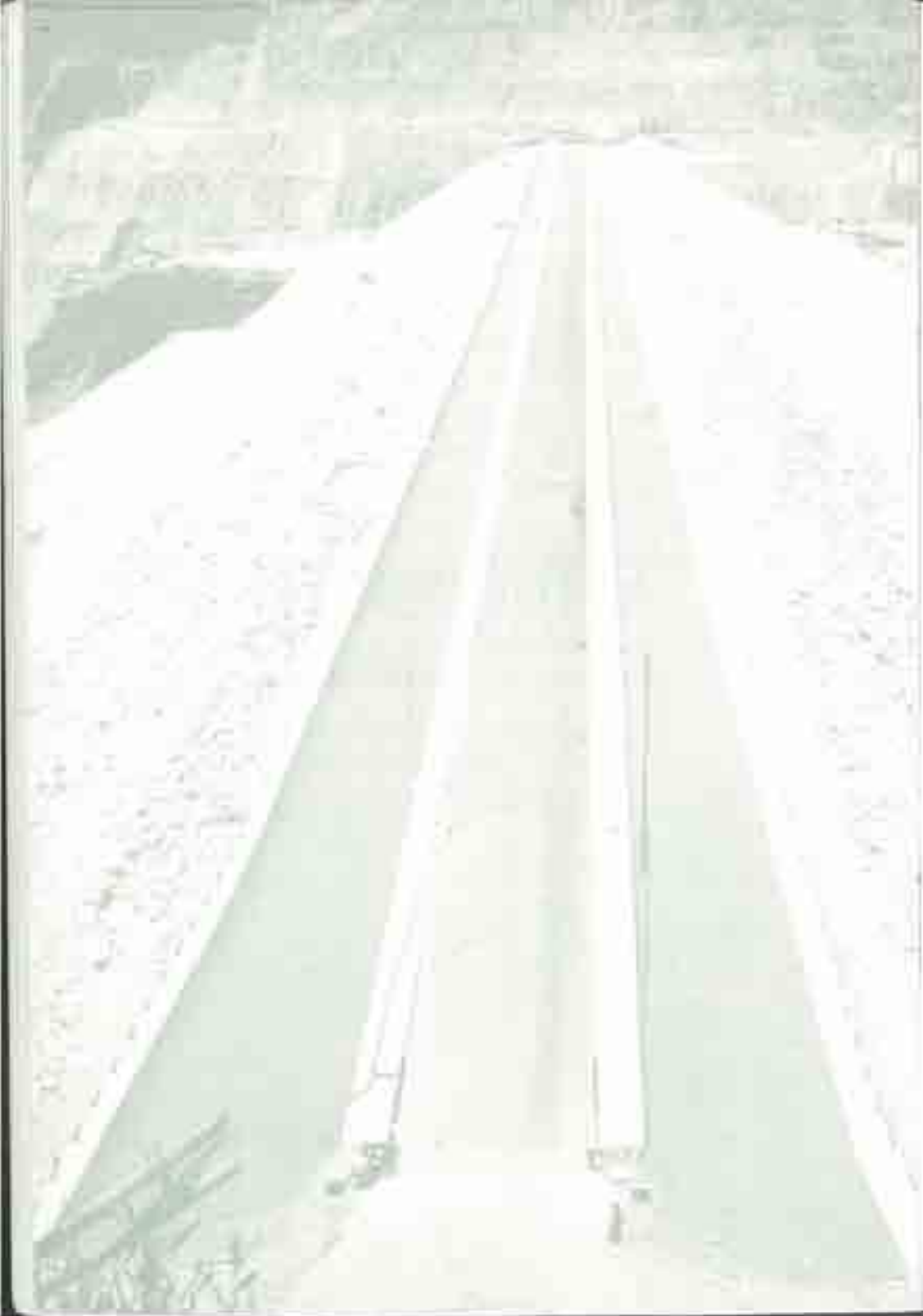
2. The jurisdiction of the Commission in this regard would be restricted to any employee of the Central Government or of any corporation established by or under any Central Act, government companies, societies or local authorities owned or controlled by the Central Government. **Personnel employed by the State Governments and activities of the State Governments or its Corporations etc. will not come under the purview of the Commission.**
3. In this regard, the Commission, which will accept such complaints, has the responsibility of keeping the identity of the complainant secret. **Hence, it is informed to the general public that any complaint, which is to be made under this resolution should comply with the following aspects:**
  - i) The complaint should be in a **closed / secured envelope.**
  - ii) The envelope should be addressed to Secretary, Central Vigilance Commission and should be **superscribed "Complaint under The Public Interest Disclosure"**. If the envelope is not superscribed and closed, it will not be possible for the Commission to protect the complainant under the above resolution and the complaint will be dealt with as per the normal complaint policy of the Commission. The complainant should give his/her name and address in the beginning or end of complaint or in an attached letter.

- iii) Commission will **not entertain anonymous/pseudonymous** complaints.
  - iv) The text of the complaint should be carefully drafted so as **not to give any details or clue as to his/her identity**. However, the details of the complaint should be specific and verifiable.
  - v) In order to protect identity of the person, the Commission will not issue any acknowledgement and the whistle-blowers are **advised not to enter into any further correspondence** with the Commission in their own interest. The Commission assures that, subject to the facts of the case being verifiable, it will take the necessary action, as provided under the Government of India Resolution mentioned above. If any further clarification is required, the Commission will get in touch with the complainant.
4. The Commission can also take **action against complainants making motivated/vexatious complaints** under this Resolution.
5. A copy of detailed notification is available on the web-site of the Commission <http://www.cvc.nic.in>.

**Issued in Public Interest by the Central Vigilance Commission, INA, Satarkta Bhawan, New Delhi.**

Sd/-  
Secretary  
Central Vigilance Commission

# E-Tendering





Satarkta Bhavan, Block 'A'  
G.P.O. Complex, I.N.A.,  
New Delhi- 110 023  
Dated the 18th December, 2003

**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 alongwith 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 upto 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 supersession 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 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

No.98/ORD/1  
Government of India  
Central Vigilance Commission  
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Satarkta Bhawan, Block 'A',  
GPO Complex, INA, New Delhi- 110 023  
Dated the 11th February 2004

**Office Order No. 10/2/04**

To

All Chief Vigilance Officers

**Subject: Improving Vigilance Administration – Increasing transparency in procurement / tender Process – use of website- 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

**Subject: Comprehensive web-based solution for publishing Government Tenders - NIC portal reg.**

This has reference to the earlier notification no.98/ORD/1 dtd. 18.12.2004 issued by CVC with regards to publishing all the tenders issued by the Ministries/Departments / PSUs on the Web. Although many of the Departments are already posting their tender notifications on their respective websites, it shall be much easier for the vendors/other interested visitors if they could find all the tenders at common place on the web.

2. National Information Centre has developed and launched a comprehensive web based solution (<http://govtenders.nic.in>) for publishing Government Tenders of Ministries/ departments/ organizations of central and state Governments online. We have reviewed the solution develop by NIC and found it quite useful for publishing the tenders on the Web.
3. This solution is highly generic in nature. While on one side it provides single point access to the vendors/bidders, it also gives the provisions of personalization to each department i.e. when one accesses the tenders from your respective website, shall only show the tenders concerning your department in the layout you would wish to present.
4. This solution also enables the respective Departments to directly uploaded their Tender notifications on to the Web at any time and does not mean any special skill. The salient features of the solution are enclosed at an annexure.
5. You are advised to make use of the above portal and start publishing your tender notifications on the same so that vendors/bidders/other interested visitors are able to access the same conveniently at a single point. For obtaining the authorization to publish tenders of your department and for any further query, you may contact National Informatics Centre, New Delhi (Mrs. Neeta Verma, Senior Technical Director) at [wsmad@hub.nic.in](mailto:wsmad@hub.nic.in) or 011-24363692.

No.005/VGL/4  
Government of India  
Central Vigilance Commission

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Satarkta Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023  
Dated the 16th March 2005

**Office Order No.13/3/05**

**Subject: 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 CVC in consultation with the head of 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.

**(Anjana Dube)**  
Deputy Secretary

To  
All Chief Vigilance Officers





No.005/VGL/4  
Government of India  
Central Vigilance Commission

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Satarkta Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023

Dated the 28th July 2005

**Office Order No.45/07/05**

**Subject: Details on award of tenders/contracts publishing on Websites/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.



**(Anjana Dubo)**  
Deputy secretary

To  
All Chief Vigilance Officers

**Subject: Comprehensive web-based solution for publishing Government Tenders - NIC portal reg.**

This has reference to the earlier notification No.98/ORD/1 dtd. 18.12.2004 issued by CVC with regards to publishing all the tenders issued by the Ministries/Departments/PSUs on the Web. Although many of the Departments are already posting their tender notifications on their respective websites, it shall be much easier for the vendors/other interested visitors if they could find all the tenders at common place on the web.

2. National Informatics Centre has developed and launched a comprehensive web based solution (<http://govtenders.nic.in>) for publishing Governments Tenders of Ministries/ departments/ organizations of central and state Government online. We have reviewed the solution developed by NIC and found it quite useful for publishing the tender on the Web.
3. This solution is highly generic in nature. While on one side it provides single point access to the vendors/bidders, it also gives the provisions of personalization to each department i.e. when one accesses the tenders from your respective website, it shall only show the tenders concerning your department in the layout you would wish to present.
4. This solution also enables the respective Departments to directly upload their Tenders Notification onto the Web at any time and does not need any special skill. The salient features of the solution are enclosed at Annexure.
5. You are advised to make use of the above portal and start publishing your tender notifications on the same so that vendors/bidders/other interested visitors are able to access the same conveniently at a single point. For obtaining the authorization to publish tenders of your department and for any further query, you may contact National Informatics Centre, New Delhi (Mrs. Neeta Verma, Senior Technical Director) at [wsmad@hub.nic.in](mailto:wsmad@hub.nic.in) or 01124363692.

Satarkta Bhawan, Block-A,  
GPO Complex, INA,  
New Delhi-110023

Dated the 22nd November, 2006

**Circular No. 40/11/06**

**Subject: Improving vigilance administration by leveraging technology: Increasing transparency through effective use of websites in discharge of regulatory, enforcement and other functions of Govt. organisations.**

The Commission has been receiving a large number of complaints about inordinate delay and arbitrariness in the processing and issue of licenses, permissions recognitions, various types of clearances, no objection certificates, etc., by various Govt. organisations. Majority of these complaints pertain to delays and non-adherence to the 'first-come-first served' principle. In a number of cases, there are complaints of ambiguities regarding the documents and information sought for the grant of such licenses, permissions, clearances, etc. There is also a tendency in some organisations to raise piece-meal/questionable queries on applications, often leading to the allegations of corruption. In order to reduce the scope for corruption, there is a need to bring about greater transparency and accountability in the discharge of regulatory, enforcement and other public dealings of the Govt. organisations.


2. Improvement in vigilance administration can be possible only when systems improvements are made to prevent the possibilities of corruption. In order to achieve the desired transparency and curb the malpractices mentioned above, the Central Vigilance Commission, in exercise of the powers conferred on it under Section 8(1)(h) of the CVC

Act, 2003, issues the following instructions for compliance by all Govt. departments/organisations/agencies over which the Commission has jurisdiction:-

- i) All Govt. organisations discharging regulatory/enforcement functions or services deliver of any kind, which cause interface with the general public/private businesses, etc., shall provide complete information on their websites regarding the laws, rules and procedures governing the issue of licenses, permissions, clearances, etc. An illustrative list is given in the annexure. Each Ministry should prepare an exhaustive list of such applications/matters and submit a copy of same to the Commission for record and web-monitoring.
- ii) All application forms/proformas should be made available on the websites in a downloadable form. If the organisation concerned wishes to charge for the application form downloaded from the computer, the same may be done at the time of the submission of the application forms.
- iii) All documents to be enclosed or information to be provided by the applicant should be clearly explained on the websites and should also form part of the application forms.
- iv) As far as possible, arrangements should be put in place so that immediately after the receipt of the application, the applicant is informed about the deficiencies, if any, in the documents/information submitted.
- v) Repeated queries in a piece-meal manner should be viewed as a misconduct having vigilance angle.
- vi) All organisations concerned should give adequate publicity about these facilities in the newspapers and such advertisements must

give the website addresses of the organisations concerned.

3. In the second stage, the status of individual applications/matters should be made available on the organisation's website and should be updated from time-to-time so that the applicants remain duly informed about the status of their applications.
4. In addition to the manual receipt of applications, all organisations should examine the feasibility of online receipt of applications and, wherever feasible, a time frame for introducing the facility should be worked out. As a large number of Govt. organisations are opting for e-governance, they may consider integrating the above mentioned measures into their business processes so that duplication is avoided.
5. Instructions at para-2 above shall take effect from 1st January, 2007, and instructions at para-3 shall become effective from 1st April, 2007. All Heads of organisations / Depts. are advised to get personally involved in the implementation of these important preventive vigilance measure. They should arrange close monitoring of the progress in order to ensure that the required information is placed on the website in a user-friendly manner before the expiry of the abovementioned deadlines. They should later ensure that the information is updated regularly.
6. This issues with the approval of the Commission.

  
(Balwinder Singh)  
Addl. Secretary

To,

1. The Secretaries of all Ministries/Departments of Govt. of India.
2. The Chief Secretaries to all Union Territories.
3. The Comptroller & Auditor General of India.

4. The Chairman, Union Public Service commission.
5. The Chief Executives of all PSEs/PSBs/Insurance Companies/  
Autonomous Organisations/Societies.
6. The Chief Vigilance Officers in the Ministries /Departments/  
PSEs/PSBs/ Insurance Companies/ Autonomous Organisations/  
Societies.
7. Presidents's Secretariat/Vice President's Secretariat/Lok Sabha  
Secretariat

**Illustrative list****1. Land & Building Related Issues**

- (i) Applications for mutation; conversion from leasehold to freehold of lands & buildings; approval of building plans by municipal authorities and landowning/regulating agencies like MCO; ODA; NDMC; L&DO and similar agencies in other UTs.
- (ii) Application for registration deeds by Sub-Registrars/registrars and other applications connected with land record management.
- (iii) Application for allotment of land/flats, etc., by urban development agencies like Delhi Development Authority.

**2. Contracts & Procurement**

- (i) Applications for registration of contractors/suppliers/consultants/vendors, etc.
- (ii) Status of all bill payments to contractors/suppliers, etc.

**3. Transport Sector**

Issue of driving licenses, registration of vehicles, fitness certificates, release of impounded vehicles etc. by RTAs.

**4. Environment & Pollution Related Matters**

Issue of environment and pollution clearances for setting up industries and other projects by Min. of Environment & Forests; Pollution Control Organisations, etc.

**5. Food & Hotel Industry**

Applications connected with clearances, licenses for food industry/hotels/restaurants, etc.

6. Ministry of Labour/Ministry of Overseas Indian Affairs.
- (i) Applications by beneficiaries and employers in connection with EPFO; ESI etc.
  - (ii) Applications by recruiting/placement agencies and individuals submitted to Protectorate General of Emigrants and the concerned Ministry.
  - (iii) Other applications connected with regulatory/enforcement systems of Labour Ministry.
7. CBDT & Income Tax Deptt.
- (i) Application for PAN
  - (ii) Applications submitted by NGOs for exemption from Income Tax.
  - (iii) Applications submitted for issue of certificates/income tax clearance for immigration/public contracts or any other purposes.
  - (iv) Application for appointment of legal counsels/any other professionals.
8. Customs & Central Excise & DGFT  
Applications/cases of Duty Drawback & other export incentives.
9. Telecom (BSNL & MTNL)  
Applications for establishing STD booths, etc.
10. Petroleum Sector  
Applications for allotment of petrol pumps/gas stations.
11. Ministry of External Affairs
- (i) Applications for issue of passports.
  - (ii) Applications for issue of visas by Indian Embassies abroad.
12. Ministry of Home Affairs



- (i) Applications submitted to FRRD.
- (ii) Applications connected with FCRA

13. Ministry of Health

Applications for recognition by Medical Council of India and similar other regulatory bodies.

14. Education

- (i) Applications for accreditation handled by bodies like AICTE & others.
- (ii) Applications for recognition of schools by Director of Education etc.
- (iii) Grant of E.C. by Director of Education.

15. Agriculture, Dairying & Fisheries

- (i) Various clearances/licenses, eg. clearance for operating fishing vessels.
- (ii) Quarantine related applications.

16. Ministry of Social Justice/Tribal Affairs.

Applications for sanction of funds to NGOs.

Sadarita Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023  
Dated the 18th April, 2009

**CIRCULAR No. 13/4/07**

**Subject:- Improving Vigilance administration by leveraging technology: Increasing transparency through effective use of website.**

Please refer to Commission's Circular no. 40/11/06 dated 22/11/2006 on the aforementioned subject & also Circular No. 13/03/05 dated 16/03/2005 & Circular No. 46/07/05 dated 28/07/2005 regarding details of award of tenders/contracts publishing on Websites/Bulletin.

2. The Commission vide circulars dated 16/03/05 & 28/07/05 had directed all organizations to post on their web-sites a summary, every month, of all the contracts/purchases made above the threshold value covering atleast 60% of the transaction every month. A compliance report in this regard was to be submitted to the Commission by the CVDs through their monthly report to the Commission. However, it is seen that some of the departments have neither intimated the Commission about the threshold value decided for posting the details of tenders awarded on the web-sites, nor a compliance report is being sent through the monthly reports.
3. Further, vide circular dated 22/11/06, the Commission while emphasizing the need to leverage technology, as an effective tools in vigilance administration, in discharge of regulatory, enforcement and

other functions had directed the organizations to upload on their websites, information in respect of the rules and procedures governing the issue of licenses/permissions etc. and to make available all the application forms on the websites in a downloadable form besides, making available the status of individual application on the organization's website. The Commission had directed the organizations to implement its guidelines in two phases. The first phase relating to the posting of all application forms on the website was to be implemented by 01/01/2007 and the second phase, by 01/04/2007. Although, the date for implementation of second phase has passed by, the departments are yet to intimate the Commission about the status of implementation of the two phases.

4. The Commission, therefore, while reiterating its aforementioned instructions directs the CVOs to convey to the Commission the following information latest by 30/04/07:-
  - a) The threshold value decided by the organization for publishing on their web-site, details of award of tenders/contracts;
  - b) The extent to which the details of awarded tenders are being posted on the web-site and whether the web-sites are being updated regularly or not;
  - c) Whether first/second phase of the Commission's circular dated 22/11/06 has been implemented or not;
  - d) If not, the reasons thereof; steps being taken by the organization to ensure implementation of the Commission's circular and the exact date by which both the phases as mentioned in the Commission's

circular would be fully implemented;

5. Any failure on the part of organization to implement the directions contained in the Commissions circulars as mentioned above would be viewed seriously by the Commission.

V. L.  
(Vineet Mathur)  
Deputy Secretary

All chief vigilance officers

Satarkta Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023

Dated: 13.01.2009

**CIRCULAR No. 01/01/09**

**Subject :- Implementation of e-tendering solutions.**

References are being received by the Commission regarding the methodology for selection of sole application service provider for the implementation of e-tendering solutions in various organizations. The Commission has examined the matter and is of the view that all organizations should invariably follow a fair, transparent and open tendering procedure to select the application service provider for implementing their e-tendering solutions. The standards guidelines on tendering procedure should hold good for the procurement of these services as well.



**(Shafini Darbari)**  
Director

All chief vigilance officers :

Satarkta Bhawan, Block 'A',  
GPO Complex, INA,  
New Delhi- 110 023

Dated the 14th July, 2009

**CIRCULAR No. 17/7/09**

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

The Commission vide circulars dated 16.03.2005, 28.07.2005 and 18.04.2007 had directed all organisations to post on their web-sites a summary, every month, containing details of all the contracts/purchases made above a threshold value (to be fixed by the organisations) covering atleast 80% of the value of the transactions every month to start with on a continuous basis. CVOs were required to monitor the progress and ensure that the requisite details were posted regularly on respective websites, and also to incorporate compliance status in their monthly report to the Commission.

2. On a review of the status of implementation by the organisations, it is observed that some organisations have not adhered to the instructions and implemented the same. Further, such information being posted on the websites are not being regularly updated on a continuous basis by certain organisations and, in some cases, the information published is disjointed and not as per the prescribed format laid down by the Commission. It is also seen that a few organisations have placed such information on restricted access through passwords to registered vendors/suppliers etc. which defeats the basic purpose of increasing transparency in administration.
3. The Commission, therefore, while reiterating its aforementioned

instructions would direct all organisations/departments to strictly adhere and post summary of details of contracts/purchases awarded so as to cover 75% of the value of the transactions without any further delay. Any failure on the part of the organisations on this account would be viewed seriously by the Commission.

4. All Chief Vigilance Officers should reflect the compliance status in their monthly reports to the Commission after personally verifying the same.



(Shalini Darbari)

Director

To

All Secretaries of Ministries/Departments

All CEOs /Heads of Organisations

All Chief Vigilance Officers

Telegraphic Address:  
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भारत सरकार  
केन्द्रीय सतर्कता आयोग  
No.009/VGL/002  
Government of India  
Central Vigilance Commission  
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सतर्कता भवन, प्री.पी.ओ. कॉम्प्लेक्स  
ब्लॉक-ए, आई.एन.ए. नई दिल्ली-110023  
Satarkta Bhawan, GPO Complex,  
Block 'A', INA, New Delhi- 110 023

Dated: 17th September, 2009

**CIRCULAR No. 29/09/09**

**Subject :- Implementation of e-tendering solutions.**

1. Guidelines were prescribed in this office OM of even number, dated 13/01/2009, on the above-cited subject, advising organisations to follow a fair, transparent and open tendering procedure, to select the application service provider for implementing their e-tendering solutions.
2. It is clarified that while ensuring fair play, transparency and open tendering procedure for e-tendering solutions, the organizations must take due care to see that effective security provisions are made in the system to prevent any misuse. In this regard, the guidelines on security related issues in e-tendering systems are enclosed for information. Organisations concerned may follow these guidelines while implementing e-tendering solutions to contain the security related loop holes.

*Ramachandran*  
(V. Ramachandran)  
Chief Technical Examiner

To

All CVOs of Ministries/Departments/PSUs/Banks/Insurance Companies/Autonomous Organisations/ Societies/UTs.



## **Guidelines on Security considerations for e-procurement System,**

### **1.0 e-procurement Systems**

e-procurement provides a platform for the collaborative procurement of goods, works and services using electronic methods at every stage of the procurement process. The e-procurement platform transacts confidential procurement data and is exposed to several security threats. Agencies World over face threats to their online e-procurement platforms and the same are addressed by employing a combination of security features and security best practices which result in reduced threat of data loss, leakage or manipulation.

### **2. Security of e-Procurement System**

2.1 Security of e-procurement system is essentially an amalgamated output of Security of Infrastructure, Application and Management. Assuming the management issues are taken care of the following aspects of infrastructure and Application are essential to have a fairly secure-eProcurement.

#### **2.2 Security Infrastructure level:**

Issues	Best Practices to achieve security considerations
Perimeter Defence	Deployment of routers, Firewalls, IPS/IDS, Remote Access and network segmentation.
Authentication	Network authentication through deployment of password policy for accessing the network resources. To minimize un-authorised access to the e-procurement system at system level.
Monitoring	Deployment of logging at OS/network level and monitoring the same

Secure Configuration of Network host	The security of individual servers & workstations is a critical factor in the defence of any environment, especially when remote access is allowed. Workstations should have safeguards in place to resist common attacks.
System patching	As the vulnerability of the system are discovered almost regularly and the system vendors are also releasing the patches.  It is expected the host are patched with latest security updates released by the vendors.
Control of malware	Suitable control like anti-virus, anti spyware etc. Should be deployed on the host associated with e-procurement system. However, option for running the services at non-privileged user profile may be looked for. Otherwise suitable operating system which is immune to virus, trojan and malware may be deployed.
Structured cabling	The availability of the network services is critically dependent on the quality of interconnection between the hosts through structured including termination and marking. It is expected the e-procurement system has implemented structured cabling and other controls related with network and interconnection.

## 2.3 Security at Application level

### 2.3.1 Security during design

Issues	Best Practices to achieve security considerations
Authentication	The authentication mechanism of the e-procurement application should ensure that the credentials are submitted on the pages that are server under SSL.

Access Control	The application shall enforce proper access control model to ensure that the parameter available to the user cannot be used for launching any attack.
Session management	The design should ensure that the session tokens are adequately protected from guessing during an authenticated session.
Error handling	The design should ensure that the application does not present user error messages to the outside world which can be used for attacking the application.
Input validation	<p>The application may accept input at multiple points from external sources, such as users, client applications, and data feeds. It should perform validation checks of the syntactic and semantic validity of the input. It should also check that input data does not violate limitation of underlying or dependent components, particularly string length and character set.</p> <p>All user-supplied fields should be validated at the server side.</p>
Application logging and monitoring	<p>Logging should be enabled across all applications in the environment. Log file data is important for incident and trend analysis as well as for auditing purposes.</p> <p>The application should log failed and successful authentication attempts, changes to application data including user accounts, server application errors, and failed and successful access to resources.</p> <p>When writing log data the application should avoid writing sensitive data to log files.</p>

### 2.3.2 Security During application deployment and use.

Issue	Best Practices to achieve security considerations
Availability Clustering Load balancing	Depending on the number of expected hits and access the options for clustering of servers and load balancing of the web application shall be implemented.
Application and data recovery	Suitable management procedure shall be deployed for regular back-up of application and data. The regularity of data backup shall be in commensurate with the nature of transaction / business translated into the e-procurement system.
Integrity of the Application. Control of source code Configuration management	Suitable management control shall be implemented on availability of updated source code and its deployment. Strict configuration control is recommended to ensure that the latest software in the production system.

### 2.3.3 Security in Data storage and communication

Issues	Best Practices to achieve security considerations
Encryption for data storage	Sensitive data should be encrypted or hashed in the database and file system. The application should differentiate between data that is sensitive to disclosure and must be encrypted, data that is sensitive only to tampering and for which a keyed hash value (HMAC) must be generated, and data that can be irreversibly transformed (hashed) without loss of functionality (such as passwords). The application should store keys used for decryption separately from the encrypted data.  Examples of widely accepted strong ciphers are 3DES,

	AES, RSA, RC4 and Blowfish. Use 128-bit keys (1024 bits for RSA) at a minimum.
Data transfer security	<p>Sensitive data should be encrypted prior to transmission to other components. Verify that intermediate components that handle the data in clear-text form, prior to transmission or subsequent to receipt, do not present an undue threat to the data. The application should take advantage of authentication features available within the transport security mechanism.</p> <p>Specially, encryption methodology like SSL must be deployed while communicating with the payment gateway over public network.</p>
Access control	<p>Applications should enforce an authorisation mechanism that provides access to sensitive data and functionality only to suitably permitted users or clients.</p> <p>Role-based access controls should be enforced at the database level as well as at the application interface.</p> <p>This will protect the database in the event that the client application is exploited.</p> <p>Authorisation checks should require prior successful authentication to have occurred.</p> <p>All attempts to obtain access, without proper authorisation should be logged.</p> <p>Conduct regular testing of key applications that process sensitive data and of the interfaces available to users from the Internet include both "black box" informed testing against the application. Determine if users can gain access to data from other accounts.</p>

**3.0 Some of the other good practices for implementers of e-procurement to achieve security considerations are as follows:-**

**3.1 common unified platform for all department.**

A single platform to be used by all departments across a State / Department / Organisations reduces the threat to security data. With a centralised implementation, where in the procurement data is preferably hosted and maintained by the State / Department / Organisations itself, concerns of security and ownership of data are well addressed. A common platform further facilitates demand aggregation of common items across State / Department / Organisations and result in economies of scale.

**3.2 Public key Infrastructure (PKI) Implementation**

This is one of the most critical security features that are required to be implemented in order to establish non-repudiation and to ensure the security of the online system. Under the system, participating contractors and suppliers, as well as the departmental users, are issued a Digital Signature Certificate (DSC) by a licensed Certification Authority.

**3.3 Third Party Audit.**

It is recommended that the implemented solution be audited by a competent third party at-least once a year.

Through the above-mentioned steps, the complete security of the system and the transacted data can be ensured and may be communicated to all concerned agencies.

## **Our Mission :**

- ▶ To plan, promote and develop hydro as well as other energy resources from concept to commissioning and operate power stations to meet the growing energy demand, ensuring environment and ecological balance, contributing to national prosperity.
- ▶ To accept Corporate Social Responsibility (CSR), including Rehabilitation and Resettlement of Project Affected Persons (PAPs) with a human face.
- ▶ To meet the challenges of dynamically transforming business environment and setting global benchmarks.
- ▶ To build sustainable and value based relationships with stake holders for mutual benefit and growth.
- ▶ To achieve performance excellence by inspiring a dedicated work force in an environment of organisational learning and mutual trust.



VIGILANCE DEPARTMENT

**TEHRI HYDRO DEVELOPMENT CORPORATION LTD.**

(A Joint Venture of Govt. of India & Govt. of U.P.)

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