

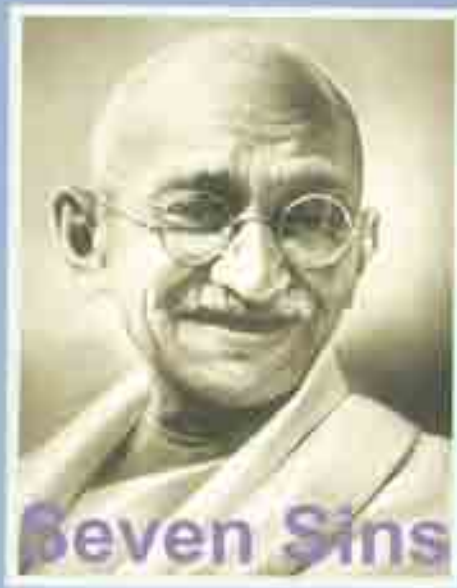
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# चेतना



सतर्कता विभाग  
टीएचडीसी इंडिया लिमिटेड

VIGILANCE DEPARTMENT  
THDC INDIA LIMITED



Wealth without work  
Pleasure without conscience  
Knowledge without character  
Commerce without morality  
Science without humility  
Worship without sacrifice  
Politics without principle

- Mahatma Gandhi



राष्ट्रपति  
भारत गणतंत्र  
PRESIDENT  
REPUBLIC OF INDIA

MESSAGE

I am happy to know that Vigilance Awareness Week is being observed by the Central Vigilance Commission from 31st October to 5th November, 2011.

The observance of such events helps in developing awareness about the consequences of corruption and educating the public about the improvements needed to create a corruption free society. Let us join together and work untiringly for eradication of corruption in all spheres of life.

I wish the Awareness Week all success.

(Pratibha Devisingh Patil)

New Delhi  
October 12, 2011.



उप-राष्ट्रपति, भारत  
VICE-PRESIDENT OF INDIA

**MESSAGE**

I am glad to know that the Vigilance Awareness Week is being observed from 31<sup>st</sup> October to 5<sup>th</sup> November, 2011.

Corruption is a scourge and a matter of prime concern to all. Its eradication is necessary for peace, development and progress.

Let us take a pledge on this occasion to work towards removal of corruption from all spheres of life.

  
(M. Hamid Ansari)

New Delhi  
4<sup>th</sup> October, 2011



आर.एस.टी. साई  
अध्यक्ष एवं प्रबन्ध निदेशक  
**R.S.T. Sai**  
Chairman & Managing Director



टीएचडीसी इंडिया लिमिटेड

(विद्युत उत्पादन व वितरण प्रयोग संस्थान, उत्तर प्रदेश सरकार)

**THDC India Limited**

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

### FOREWORD

On the occasion of Vigilance Awareness Week to be celebrated from 31st October to 5th November 2011, the Vigilance Department is releasing this booklet "Chetna" which apart from some good articles, poems, CVC circulars also contains case studies and various systemic improvements suggested by the Vigilance Department based on Vigilance investigations.

Vigilance has been an essential component of the checks and balances system of Public Expenditure. Strategically, focus of Vigilance functioning is shifting from Punitive and Preventive approach to Proactive and Predictive approach. This will encourage development of free, fair and transparent systems that would lead to judicious and efficient decision making. This will also help in removing negative perceptions and misconceptions about vigilance.

I congratulate the Vigilance Department of THDCIL for releasing the booklet on the occasion of Vigilance Awareness Week-2011. I am sure that this booklet will be useful for the officers at all levels of the Corporation.

  
(R.S.T. Sai)

Place: Rishikesh  
Dated: 20.10.2011



**HIMANSU BADONI**  
IRSE  
Chief Vigilance Officer

**टीएचडीसी इंडिया लिमिटेड**  
(एक संयुक्त उद्यम है भारत सरकार और उत्तर प्रदेश सरकार के बीच)

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

### **Preface**

Executives have often been reported to avoid taking decisions because of the fear of vigilance investigation which is not the purpose of having vigilance organization in PSEs. Vigilance organization of THDCIL through various forums, talks and meetings, etc. has been trying to bring out positive contributions of vigilance works for enhancing efficiencies in THDCIL and trying to educate employees to work towards efficient systems for minimizing scope of corruption.

Vigilance bulletin "Chetna" is being published primarily to create awareness amongst officials regarding types of irregularities being noticed by vigilance so that such mistakes/irregularities are not repeated in future and free, fair and transparent system of working are adopted by all in their respective spheres of working. Strategically, the aim of Vigilance organization is to shift priority of vigilance functioning from punitive to preventive and eventually to proactive & predictive vigilance by creating awareness, bringing about systemic changes and using technology.

Cooperation of each and every employee of the Corporation is of immense importance in this regard. We can only succeed if we all (including vigilance and other functionaries of management) work as a team to build corruption free THDC India Limited.

(Himansu Badoni)  
Chief Vigilance Officer

Date: 20.10.2011  
Place: Dehradun

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## स्वत्व त्याग / Disclaimer

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इस बुलेटिन का उद्देश्य पूर्ण रूप से मार्गदर्शन करना है और यह केवल सरकारी उपयोग के लिए है। इसे न तो किसी सरकारी संदर्भ में उपयोग किया जाये और, न ही साक्ष्य हेतु न्यायालय में पेश किया जा सकता है। जहाँ कहीं इसका संदर्भ देना आवश्यक हो विषय के मूल काम में ही दिया जाये।

*This bulletin is purely for the purpose of providing guidelines and is intended for official use only and should not be quoted as authority in any official reference or produced in a Court. A reference, whenever necessary, should always be made to the original orders on the subject.*

*Any inadvertent mistake may please be excused.*



### Case Studies

Brief history of some of the cases investigated by Vigilance in the past is being given here. This will give insight into the type of irregularities that have been noticed in the past by Vigilance. Study of these cases is expected to be useful for officials in their day to day working and will guide them not to repeat such irregularities in their working.

## Case Study-1

1. Vigilance Department, THDCII, carried out the intensive investigation of one of the works of River Dredging costing ₹ 3.58 crores. Report on intensive examination was forwarded to Execution deptt. Subsequently, project forwarded the reply. On receipt of reply some of the Para(s) were dropped. The reply of some of the Para was not found satisfactory, some vigilance angle was observed, and these Para were taken up for detailed vigilance investigations.
2. Technical requirement of Work was not assessed properly at the stage of approval of work. Work of river dredging was justified based on gain of head resulting in gains in revenue but no financial benefit cost analysis was done. Execution of work was not expected to yield results in financial terms as expected through justification given for the work especially in view of the impounding of reservoir on downstream side which had raised the levels of water on downstream side.
3. Execution department at the time of initiating the proposal and even before executing the work did not calculate the revenue loss due to increase in river bed level and no cost benefit analysis of work was done. Proposal for administrative approval of work was routed through finance and design departments. Design department gave technical suitability for work but did not ask for calculations for revenue loss and cost benefit analysis. Design department also did not suggest Execution department to consider these aspects. Finance department while granting financial concurrence of work did not ask for calculations for revenue loss and cost benefit analysis.
4. Eligibility conditions through special conditions of contract regarding ownership of equipments were published in tender document to prospective bidders. For executing a work costing ₹ 3.58 crores, the firm was expected to have ownership of equipments worth more than ₹ 8.57 crores. Required equipments as per SCC of Contract Agreement were not ensured at site during execution and less number of equipments was deployed at site. Only one firm qualified because of this special condition. Special conditions were kept to restrict competition and were tailor made to favour a particular firm.
5. Work was awarded at high rates compared to estimated rates on the basis of urgency, while it was not feasible to execute the work immediately and urgency to complete the work was never shown during execution. The work had an initial completion period of ...months but work was started only just one day before due date of completion. Work was eventually completed in 10 months.

6. Cost of Work was enhanced from ₹ 3.58 crores to ₹ 6.42 crores during execution. Case for sanction of large enhancement variations should have been processed for sanction of competent authority under clause 7 (B) of section V of DOP but it was wrongly processed under clause 5.2 (c) of section IV of DOP and sanction was obtained from CGM. Sanction of proposed variations was not in competence of CGM either under section IV (because of remark (b) of Clause 5 of section IV) or section V of DOP. Proposal of variation was processed under the wrong clause of DOP and also processed for sanction of authority not competent to sanction the proposed variations. Provisions of DOP were not followed by executive, planning and finance departments.
7. After sanction of above variations another enhancement variation of ₹ 2.85 crores was got sanctioned by authority not competent to do so. The nature of work proposed to be executed through this enhancement was not included in scope of original work. Thus extra work of ₹ 2.85 crores was given to contractor without competition.
8. The enhanced variation quantity was executed very late when results were not expected after execution and the work was carried out at locations which had no apparent benefits. Thus Undesirable enhancements were got sanctioned and executed.
9. Punitive action against 12 officers of various departments was recommended as a result of investigations.

## Case Study-2

1. Works awarded on single tender basis to one firm were examined by Vigilance. The award of works was approved by the Chief General Manager under powers delegated after flood for awarding of works of emergent nature up to ₹ 5.0 Cr on single tender basis.
2. Based on the investigations done it was observed that works awarded on single tender basis was included in scope of work of main civil contractor. Even if these works were to be got executed by some other agency on current market prices because of incapacity of civil contractor, excess amount spent should have been booked on risk and Cost of civil contractor as per special arrangement made for the contract. Excess amount was initially not booked under risk and cost by executives. Amount of approximately ₹ 1.31 crores was booked under risk and cost only after intervention of vigilance.
3. Reasonability of rates awarded in one of the works on single tender basis for item of removal of sludge was not assessed properly resulting in undue benefits of approximately ₹ 95 lakhs to the contractor.
4. Officials of mechanical department could not estimate the rates of simple activity of removal of sludge and compared rates with selectively high rates of item of silt removal from sedimentation tank awarded by Other Public Sectors Enterprises for site specific work. Finance and planning department also accepted the plea that rates of sludge removal cannot be estimated. Rates of removal of sludge were awarded as ₹ 1420/- per cum, whereas prevailing rates for excavation of earth are in the range of ₹ 350/- per cum. Analysis of rates at macro level and common sense would have given the idea of reasonable rates at macro level.
5. During execution proper record keeping and documentation was not done to assess the rates of the item. When all officers had failed in rate analysis, they should have tried to estimate rates for future works based on manpower, machinery and other requirements, for which proper documentation was needed.

## Case Study-3

1. Issue of arrangements of urgent material damaged during flood related with Inlet Pipe of spiral casing from some firm on single tender basis was examined by Vigilance. Emergency Indents were raised by the respective Execution Department for procurement of said materials from a firm of Ghaziabad on single tender basis stating that material was not available with SAIL in nearby areas. Material was finally rejected after making payments to vendor and money paid to contractor had to be recovered.
2. During the meeting with BHEL it was specifically discussed that THDCIL shall procure ASTM grade SA 537, 32 mm directly from SAIL and get it manufactured from BHEL vendors. But officials involved in initial proposal for approving the name of firm for single tender as a matter of system appear to be following the mere discussions in PRT meetings and Corporate Planning cell processing cases for procurement on single tender basis without going into details themselves. There is reasonable possibility of firm's name coming up during discussions as same firm has been named by two different departments i.e. HM and EM for procurement but name was neither mentioned by Corporate Planning cell in writing nor in the minutes of PRT meeting. Such discussions are invariably expected to come up during meetings, but officials responsible for procurement and processing the case were expected to do their job earnestly.
3. Committee of the three officers formed to process the case did not bother to check even the brand of the material quoted by the vendor for materials which were procured based on specifications.
4. Availability of genuine material with vendor was not ensured at any stage by anybody either physically or through documentary evidences.
5. Payment mode was chosen to be through Cheque, while keeping in view the urgency e-payments were better suited to requirements of corporation. On satisfactory compliance of PO conditions payments could have been promptly released electronically.
6. Purchase order with following conditions was issued in favour of firm on single tender basis.
  - 100% Payment shall be made at the time of delivery of material through Cheque/DD.
  - Test certificate should be submitted along with the bill at the time of delivery.
  - Pre dispatch inspection of the material shall be carried out by us at your works.
7. Executives carried the Cheque to the premises of firm for taking the delivery of the material but did not ensure compliance of the Purchase Order conditions before handing over Cheques. Cheques were handed over by THDCIL to firm, before inspection of the material was conducted. Q&A department was not involved at the time of pre dispatch inspection. There was notable delay in inspection despite urgency of material.
8. Eventually after rejection material was purchased from M/S SAIL directly at a much lower ex-depot price. Committee while procuring material from firm of Ghaziabad on single tender basis compared the rates with listed prices of SAIL only but did not examine the issue of discounts on listed prices. On discussion with M/S SAIL in detail such issues would have come up.
9. Because of casual approach of various departments involved in procurement process there was delay and legal hassles, which could have been avoided with little care at the time of procurement.
10. Case was sent to CVC and Commission advised administrative action against 6 officers.

## Case Study-4

1. Vigilance Department, THDCIL, carried out the intensive examination of one of the work costing ₹ 4.65 crores. The estimated cost of work was ₹ 4.35 crores. The work was awarded on 6.77% higher than estimated rate on the grounds of urgency.
2. The date of start of work was 15.02.2010. After writing several letters to the contractor and after repeated instructions, the contractor started the work at site on 03.04.2010. However, the actual work of concrete placement at site started by the contractor in the month of June 2010. The contractor continued the work up to 07.08.2010 and after 4 months total cost of executed work was ₹ 51,79,542.00 which was only 11.13% of the total awarded value. However, the time period for completion of the subject work was seven months from the date of start i.e. 15.02.2010.
3. Contractor mentioned that due to prevailing force majeure conditions heavy monsoon and continuous running of all four turbines work could not be completed. Contractor requested THDC to allow them to demobilize their machinery and manpower, however, assured that as soon as the site conditions improve for restarting the work after monsoon all machinery and manpower will be remobilized. They also requested for rescheduling the time period for completion of work.
4. After monsoon execution department intimated to Contractor to immediately restart the work mentioning as the work was required to be completed well before impoundment of downstream reservoir which was rescheduled in the month of December 2010. No response was received from contractor and contractor was again requested to restart the work within 07 days from the date of the letter, otherwise the work shall be carried out by the Corporation at his risk and cost. No correspondence has been made with earlier contractor after 7 days notice. Letters sent to contractor at crucial stages of notice were never received by contractor as these were perhaps not dispatched. Contractor represented later regarding non receipt of these crucial letters.
5. It was decided to execute the work on top priority by other agency already mobilized at site on same rates & on same terms and conditions of the Agreement. Subsequently, firm also gave consent to execute the balance work at the same rate as awarded to earlier contractor on same terms and Conditions. Contractor who was doing the work was not called for final measurements before starting work by another contractor.
6. Letter of Award was issued to new firm by C&MM department. Subsequently, Agreement was signed on 28.02.2011. The 2nd contractor started the work at site without signing the agreement and without deposition of the performance guarantee. The post facto agreement along with other formalities was completed after 5 month and 8 days. During the said period there was no agreement in existence.
7. Open tendering was not followed for getting the balance work done. The Balance work was awarded to Contractor at risk and cost of earlier contractor. No Contractual and legal action as per the terms of contract conditions against earlier contractor was taken by the officials of execution department at the time of awarding the work to other contractor. The contract with original contractor was neither formally terminated nor his Bank Guarantee was forfeited before asking other Contractor to do the work.
8. Matter is under investigation.

## Case Study-5

1. Vigilance Department, THDCIL, carried out the intensive investigation of one of the works with estimated cost of ₹ 2.85 crores. The said work was awarded to a particular firm under the variation of other Contract Agreement on the ground of urgency as limited time period was available before reservoir impoundment on down stream. It was also mentioned by executives that as the limited time period was available there was only one option to get the work done from a construction agency who had already mobilized in the Project either by awarding the said work on selection basis or under variation of any Contract Agreement running under the Project. Though, the said work (executed under variation) was not under the scope of Contract Agreement.
2. It was known in advance that downstream reservoir is going to be impounded. However, the impounding of Koteshwar reservoir got delayed due to various problems. It was observed that in initial stage said work was not planned in technical and engineering manner but emergent situations are created and the works are being enhanced/extra items are being awarded/works are being awarded on single tender basis.
3. The expenditure of work under which the variations were considered by Executives was considered in the budget head of O&M, whereas, the expenditure of the said works as an Extra item was shown in head J-Power Plant under essential work of PSP. Thus, there was ambiguity while considering the Budget Head.
4. Execution department while obtaining the approval of CGM under variation of Agreement did not mention the DOP provisions in the proposal. Apparently, as per the Agreement, value of work was ₹ 3.58 crores and till date total payment made to contractor against the work is ₹ 6.0 crores. The estimated cost of works taken for investigation was about ₹ 3.0 crores. Hence, enhanced cost after all variations would be in excess of ₹ 9.0 crores which was not under the power of CGM(Project) as per DOP provisions. Proposal of variation was processed under the wrong clause of DOP and also processed for sanction of authority not competent to sanction the proposed variations. Provisions of DOP were not followed by executive, planning and finance departments.
5. The rate of items for the works have been taken for purpose of estimation from the Agreement of work which has been awarded to a firm on 6.77% higher than the estimated rate on the ground of urgency of work. Thus, rate of items of work was higher than the original estimated cost of work.
6. The work of concrete cladding was considered as an extra item under the variation of the Contract Agreement of other work. As per the provision of Agreement, the extra items are

required to be executed for proper completion of works covered under scope. However, the said works considered as extra items are not covered under the scope of work. The estimated cost of extra work was about ₹ 2.85 crores. Hence, contractor was awarded more work without competition which was neither in the scope of Agreement nor required for completion of awarded work.

7. The work of Concrete cladding was started on 22.01.2011 and 75% work has been completed. The rates of extra items have not been finalized even after 4 months of start of work. Due to non finalization of rates no payment has been made to contractor. No time limit has been specified for the finalization of extra items by the ED/GM. Hence, the provision of Policies and procedure has not been followed by the Concerned Executives.
8. It was observed that the rates of items of concreting of work are higher compared to rates of other work. M20 grade concrete was proposed by design department. The cement content considered by Executives for M20 Grade Concreting is 360 kg/Cum. Whereas in other work for M25 Grade concrete the cement content was 300 kg/cum. There was difference of 60 kg of cement in per cum of concreting. Site conditions are much easier in this case compared to other work because most of the concreting for work was under forceful water coming out of TRT. Batching plant is also close to site for work under consideration. Award dates of work may vary but most part of actual concreting in both the cases was done during collapse of diversion tunnel of KHEP. Batching plant for cladding on both side walls is same.



## **Systemic Improvement**

Strategically, Vigilance organization of THDCIL in recent past has shifted priority from punitive and preventive vigilance to proactive and predictive vigilance management. Issues of systemic corrections are being raised and intimated to concerned officials for taking suitable action, as and when noted. Some of the issues raised by vigilance for systemic corrections in recent past are detailed here for information of all concerned. Study of these will help officials in appreciating the real concerns of vigilance and will help in bringing out transparent, efficient and ethical systems of working. The system improvements have been suggested keeping in view the Vigilance aspects, interests of corporation, norms of transparency and executive functioning. There is always scope for further improvement, therefore, comments, suggestions and difference of opinion if any may be freely communicated to Vigilance office.

## Sys Imp Case-1

**Systemic corrections related with Construction of Civil work of Dam, Spillway and Power House at Koteswar under Ag No/THDC/CD-197/AG dated 14.11.2002. Ref-Letter No. THDC/VIG/ENQ(120)/64 dated 05.02.2011.**

Some issues of import had emerged which were brought to kind notice of concerned officials for necessary action:

1. From various correspondences it was clear that M/s Len Hydro which was the lead partner of JV to whom the work was awarded were not actively participating in execution processes. No action was taken against the firm by executives for this serious lapse. It was requested to take safeguard for future contracts. It was also suggested vide above referred letter to develop suitable system and documentation thereof, to ensure technical, managerial and other strength of all JV partners during execution which were used to satisfy qualifying criteria.
2. Adding to the above concern, it was noted that M/s PCL sublet the work back to back to M/s RSJV in year 2002 itself and as per records made available this was not noted by executives for almost entire initial validity period of work. Eventually work awarded to M/s PCL Intertech Len Hydro JV, was actually being executed at site by M/S RSJV. Vigilance is of the view that provisions of subletting under clause 56 needs to be examined and suitable modification should be made in GCC as well as in the guidelines issued by Corporation to make it mandatory for contractor to submit its documents pertaining to agreement with various sub contractors to avoid such back to back transfers of works in future. Detailed procedure order may be issued bringing out system to be followed for acceptance of sub-contractors for works contracts giving due cognizance to capabilities of sub-contractor.
3. After invocation of "Risk and Cost" model, incentives have been given to labour of contractors working at site. These incentives have not been booked under Risk and cost and thus have been accepted as a liability by Corporation. It has been explained by executives as a decision taken by THDCIL for the specific task for achieving targets in a time bound manner of various activities on its own to enhance the progress of work and was not on the request of contractor. Vigilance is of the view that such decisions for giving incentives to contractor workers in ongoing contracts which otherwise do not have incentive clause should be avoided as it has potential for misuse.
4. It was observed that major payments being made as administrative charges are non

tangible expenses and need to be minimized to reduce Risk and Cost liability especially when THDCIL has exceeded the liability as "Risk and Cost" compared to available securities from contractor's side. Administrative charges should be carefully scrutinized before payments and adjustments should be made before final payments are made to contractor to reduce Risk and Cost liability. Charges incidental to direct execution of work should only be accepted as raised by the contractor. An upper limit as a %age of total expenses may also be fixed on such contingent and establishment expenses. Any inflation of bill by contractor whether paid through RA bill or booked to Risk and Cost eventually raises the liability of THDCIL for immediate payments and thus such tendency needs to be curbed.

5. Arbitral tribunal has published a divided award in favour of contractor in 2:1 ratio which has been challenged by corporation in High Court. The stakes are very high in this case and some of the awards are prima-facie beyond the scope of contract especially for Claim no. 12 which pertains to increase in cost of input materials. Award against this claim apparently is not as per contractual provisions under clause 36.0 (v) of Contract Agreement related with price variations which stipulates "No claim whatsoever for the price adjustment other than those specified above shall be entertained". While contesting case in Hon'ble High Court, relevant Supreme Court Judgments in cases of New India Civil Erectors (P) Ltd Vs ONGC (AIR 1997 S.C.980), Hindustan Zinc Ltd Vs M/s Friends Coal Carbonization 2006 (4) Supreme 120 and Oil and Natural Gas Corporation Ltd V/s Saw Pipes Ltd (2003(5) SCC706) may also be useful. Similar judgments are available for award of interest also which may also be looked into. Contractor's failures in initial phase of work like non involvement of M/S Intertech Len Hydro lead partner of JV and subletting of entire work back to back to M/S RRSJV without informing THDCIL also need to be highlighted.
6. Vigilance is of the view that the official with proper accountability should be deputed to contest the case in right earnestness.

## Sys Imp Case-2

**Letter for systemic correction on Procurement of material damaged during flood at KHEP under urgency from M/s Vikrant Ispat Udyog, Ghaziabad. Ref: THDC/VIG/ENQ(126)/76 dated 14.02.2011.**

Issue of procurement of material damaged during flood under urgency related with Inlet Pipe of spiral casing (ASTM grade SA 537) and Penstock (SAILMA 350 HI and IS:2062 Gr B plates) from M/S Vikrant Ispat Udyog Ghaziabad on single tender basis was examined by Vigilance. Emergency Indents were raised by the respective Execution Departments for procurement of said materials from M/S Vikrant Ispat Udyog Ghaziabad on single tender basis stating that material was not available with SAIL in nearby areas. Material was finally rejected after making payments to vendor and money paid to contractor was recovered after efforts. Some issues of import were noticed by Vigilance while examining the case, which were brought to kind notice of all concerned for systemic corrections.

1. Officials involved in initial proposal for approving the name of firm for single tender as a matter of system appear to be following the mere discussions in PRT meetings and Corporate Planning cell processing cases for procurement on single tender basis without going into details themselves. There is reasonable possibility of firm's name coming up during discussions as same firm has been named by two different departments i.e. HM and EM for procurement but name was neither mentioned by Corporate Planning cell in writing nor in the minutes of PRT meeting. Such discussions are invariably expected to come up during meetings, but officials responsible for procurement and processing the case may be suitably guided to do their homework earnestly.
2. Availability of genuine material with vendor was not ensured at any stage by anybody either physically or through documentary evidences.
3. Committee of the three officers formed to process the case did not bother to check even the brand of the material quoted by the vendor for materials which were procured based on specifications.
4. Payment mode was chosen to be through Cheque, while keeping in view the urgency e-payments were better suited to requirements of corporation. On satisfactory compliance of PO conditions payments could have been promptly released electronically. This issue has already been taken up for systemic corrections during meeting of Vigilance and Executives on 18-01-2011 and it was decided that all payments to vendors from March-2011 onwards would be made electronically. This may please be ensured.

5. Purchase orders were with conditions of availability of Test certificates and Pre dispatch inspections were issued in favour of M/s Vikrant Ispat Udyog, Ghaziabad. Executives carried the Cheque to the premises of M/s Vikrant Ispat Udyog Ltd. for taking the delivery of the material but did not ensure compliance of the Purchase Order conditions before handing over Cheques. Cheques were handed over by THDCIL on to M/s Vikrant Ispat Udyog, before inspection of the material was conducted. Q&A department was not involved at the time of pre dispatch inspection.
6. Eventually after rejection material was purchased from M/S SAIL directly at much lower ex-depot prices. This time efforts made with various offices of M/S SAIL by C&MM department are visible on record. Committee in initial case compared the rates with listed prices of SAIL only but did not examine the issue of discounts on listed prices. On discussion with M/S SAIL in detail such issues were expected to come up. Issue becomes more important as the firm was not an authorized dealer of SAIL, but has MOU with SAIL for only one year.
7. After placing of orders also lot of time was wasted in formalities like road permits etc. and no urgency was shown for testing/inspection of material. Impression gathered is that matter was urgent for executives only till the placement of order.
8. Entire matter may also be reported to M/S SAIL for taking necessary action against the firm for their involvement in fraudulent activity.
9. Because of casual approach of various departments involved in procurement process, corporation not only ended up delaying the procurement but also entered into legal hassles, which could have been avoided with little care at the time of procurement.

## Sys Imp Case-3

**BHEL Tender Enquiry No. B/4055/2007/5951/V for the supply of Vibration Monitoring System & Air Gap Monitoring System for 4 x 100 MW Koteshwar Hydro Electric Project. Ref: No: THDC/VIG/ENQ(124)/170 dated 22.03.2011**

1. Contract for Design, manufacture, supply, transportation, insurance, erection, testing & commissioning of Electro-Mechanical Equipment for main generating unit for KHEP was awarded to M/s BHEL, New Delhi vide CA no THDC/RKSH/CD-196/SUPPLY/AG dated 21.03.03. As a part of said agreement one of the items BHEL had to supply was "Online system for Air Gap and Vibration Monitoring of generating unit" of Koteshwar HEP. The BHEL in their bid had offered VIBROSYSTEM make ZOOM Machine monitoring system for generating unit of KHEP against technical specifications for system. ZOOM is trade mark of VIBROSYSTEM for which BHEL had quoted the price in their bid.
2. In the year 2008, M/s Bruel & Kjaer was also approved in addition to Vibro System as a prospective vendor by the project i.e. KHEP on the request of BHEL, with the presumption that M/s Bruel & Kjaer mark equipment meets the technical requirement. Details of specifications of quoted item and requirements were not examined technically and financially at all before giving approval.
3. AGM (Commercial), BHEL, Haridwar, vide letter No. HW/HYC/2751 dated 27.05.2010 forwarded names of 3 nos. additional vendors for this particular equipment for the approval of THDC. THDCIL, however, maintained that VIBROSYSTEM make equipment-ZOOM Machine Monitoring System as offered by BHEL and agreed by THDCIL under the agreement, should be preferred over other vendors. Committee which discussed other products declared many options as unsuitable without going into technical or financial details.
4. Eventually vide letter no HW/HYC/2574 dated 04.01.2011 BHEL informed THDCIL to procure the material themselves. Letter has been signed by an officer of E-1 level without quoting any approvals.
5. Following issues of import pertaining to THDCIL have emerged out of investigations of the case which were brought to kind notice of all concerned for taking corrective action-
  - 5.1 BHEL quoted only one vendor in the bid and later requested for approval of more vendors without bringing out financial and technical aspects. THDCIL vigilance is of the view that products quoted through bids or agreed upon in contract agreement should be adhered to during the execution as well. In case BHEL/other PSUs/Private vendors feel that there is likelihood of changing the brands etc at a later date it should be envisaged and mentioned

clearly in bid documents as well as contract agreements. Piecemeal approvals as were being obtained in the said case are likely to result in corrupt practices. If such changes are unavoidable, these should only be made after due deliberations on technical necessities for changing the products duly discussing the financial aspects. Approach of officials in dealing with the above matter indicates lack of clarity in dealing with such sensitive issues transparently. There is need for developing transparent systems for dealing with such sensitive cases and systemic corrections are required.

- 5.2 M/s BHEL seems to be totally unprepared for dealing with emergent situations themselves. Private Player would definitely have taken note of above sluggish action of M/S BHEL. THDC would have taken note of its capabilities had it been a case with private party instead of BHEL. Any action proposed against M/S BHEL for not complying with contract conditions may please be brought out.
- 5.3 It has also been noted with concern that BHEL, after flood situation has absolved themselves from taking up any procurement etc on emergent situations, and asking THDC officials to procure material themselves at will. Such actions between two PSUs may give rise to corrupt practices without being able to pin point the responsibilities. Now flood is far from over and there may be urgency of commissioning, but BHEL should be asked to cope up with such situation being a Maha Ratna PSU rather than accepting THDCIL which is a smaller PSU to be more efficient. There is need to define some competent authority which decides the material to be procured by THDCIL themselves rather than having systems at the convenience of all officials of BHEL. Emergent items need to be clearly identified rather than going in for all procurements on single tender basis on some request letter from BHEL.
- 5.4 BHEL is making THDC spend money and claiming insurance which would be used to pay back to THDC. The aspect of fighting out claims in right earnestness has to be monitored with BHEL by officials of THDCIL as BHEL is not spending money, they will not be looser.
- 5.5 Apparently, procurement of this equipment is also not of emergent nature, otherwise it was not expected to be lingering on for almost two years for procurement. Impression gathered is that BHEL officials are not able to handle issue of quoting of a particular brand in offer made to THDC and are now trying to shift responsibility towards THDC officials.

## Sys Imp Case-4

**Letter for systemic corrections on empanelment of Advertising Agencies in THDCIL. Refletter no. THDC/VIG/ENQ(130)/281 dated 30.04.2011.**

During the course of investigation of a complaint related with empanelment of Advertising Agencies in THDCIL for which bids were opened on 20-08-2011, following issues of import have emerged which are brought to kind notice of all concerned for **systemic corrections**.

1. 32 bids were received as on initial scheduled date of opening i.e. 30.07.2010. 32 bids were received which were considered less than the expected numbers and eligibility criterion was relaxed. Last date for submission of bids was extended and only seven more advertising agencies applied for empanelment. There has not been significant improvement in participation by changing eligibility criteria.
2. On one hand bidders were being shortlisted by analyzing their creative skills (subjective assessment) and on the other hand more firms were targeted for being made eligible by reducing annual turnover limit in eligibility criteria from ₹ 7 crore to ₹ 5 crores (tangible assessment). The change in eligibility criteria after publishing of NIT has been seen with concern by Vigilance. Such practice of change in eligibility criteria without compelling circumstances and genuine reasons after publishing of tenders should be discouraged.
3. Neither the number of firms proposed to be empaneled nor the cut off marks for empaneling agencies was disclosed in advance to prospective bidders. During last empanelment thirteen agencies were empaneled and number has been drastically reduced this time and only seven agencies have been proposed for empanelment without logical reasoning being recorded in advance. Vigilance is of the view that either number of agencies to be empaneled or the cut off marks for each stage should be decided and disclosed in advance to prospective bidders.
4. Bidders were supposed to be shortlisted after marking them for Stage-II and Stage-III. Following discrepancies were noted in the system adopted for short listing after Stage-III.
  - Evaluation in Stage -II is based on subjective assessment as the committee changed marks allotted to bidders without assigning any justification for the same.
  - Evaluation in Stage -III is purely based on the subjective assessment. Maximum Marks allowed for stage-III are 30 (out of total 50 for stage-II & III). Committee evaluating in stage-III is aware of the scores of stage-II, names of the firms being assessed by them for creativity etc and at the same time fixes the cut off marks. Thus committee evaluating stage-III has full scope of manipulating the shortlisted bidders.



- Firms are supposed to be shortlisted after these two stages, based on the marks obtained in these two stages. But neither the cut off marks nor expected firms to be shortlisted have been specified through bid documents.
- 5. Vigilance is of the view that creativity and such other aspects vary from design to design even for the same person. Creativity in individual design submitted by an agency is not the reflection of creativity of the firm as whole. While selecting designs etc for individual case or job such aspects may be of relevance, but empanelment of firms should be on the basis of tangible parameters like credentials, turn over, past performances, infrastructure, human resources etc. Marks allotted for subjective assessment should preferably be nil or kept bare minimum. Any subjective assessment proposed to be made part of short listing, should be done by maintaining secrecy as is supposed to be done for evaluation of answer sheets for examinations.
- 6. Procedures and systems for awarding individual jobs to empanelled agencies may also be laid down to have transparency in award of jobs. Para 8.0 of Bid document mentions that allocation of job after empanelment would be as per discretion of THDCIL, which appears to be a non-transparent system.
- 7. The bids were initially scheduled to be opened on 30.07.2010 and the empanelment has not been finalized even after the lapse of more than 8 months. There has been abnormal delay in finalizing the case. Officers should be suitably guided to ensure speedy disposal of tender cases in time bound manner.
- 8. Impression gathered during investigation was that officials involved as Tender Committee members or evaluating members lacked knowledge of public procurement systems and failed to appreciate needs of maintaining transparency in such empanelment. Suitable training courses of employees/managers on procedural aspects of tendering and legal aspects of contracts need to be arranged as all departments will have to deal tenders/contracts in future.

## Sys Imp Case-5

**Letter for systemic correction on work of River Dredging at TRT Outlet of Tehri HPP.  
Ref. THDC/VIG/ENQ(133)/406 dated 22.06.2011.**

During the course of investigations of a vigilance case related with work of river dredging at TRT outlet of Tehri HPP following was observed by Vigilance.

1. The work was justified for execution because of head loss due to increase in river bed level. It was mentioned in the proposal that there was loss of gross as well as net head due to increase in river bed level at outlet which ultimately resulted in loss of power generation i.e. revenue loss. The estimated cost of work was ₹ 3.27 Crs.
2. The cost of work was subsequently increased during execution to ₹ 6.42 Crores after sanction of variations without the approval of competent authority. The work was executed up to Dec-2010 just at the time of impoundment of Koteshwar HPP and as per last on account bill ₹ 5.20 Crores have been paid to contractor. As a result of impoundment of Koteshwar HPP the benefits of head gain were not available as confirmed by design department.
3. Execution department at the time of initiating the proposal and even before executing the work did not calculate the revenue loss due to increase in river bed level and no cost benefit analysis of work was done.
4. Proposal for administrative approval of work was routed through finance and design departments. Design department gave technical suitability for work but did not ask for calculations for revenue loss and cost benefit analysis. Design department also did not suggest Execution department to consider these aspects.
5. Finance department while granting financial concurrence of work did not ask for calculations for revenue loss and cost benefit analysis.
6. At the time of granting the approval for work in April-2009 and considering the impoundment as targeted in Sep-2010, the gain in revenue was expected to be less than ₹ 3 crores with gain of head of 0.5 m. This is also a well known fact that award and execution of work would have also taken time thereby reducing financial gains from dredging. Available machinery with THDCIL could have been effectively used for small urgent dredging work which was never resorted to by officials. Effective and timely utilization of in house resources could have yielded benefits and avoided wasteful expenditure made as payments to contractor.
7. Thus, while obtaining the administrative approval crucial aspect of impoundment of Koteshwar HPP which made investment financially non viable was completely ignored and justification of work was not properly examined by any department involved in planning and execution of work.

Vigilance is of the view that such proposals which are justified on the grounds of financial gains should be examined financially by using appropriate models before approvals. Optimum utilization of in house resources should also be planned by project heads.

## Sys Imp Case-6

**Letter for systemic corrections on NIT regarding –Work of Data Merging and Migration of Payroll and Financial Management System. Ref. THDC/VIG/ENQ(129)/472 dated 22.07.2011.**

Vigilance examined the tendering/REOI process for work of Data Merger of Payroll & Financial Management System (FMS) initiated by Manager (IT) vide note dated 24.10.2009. Value of the work was ₹ 31,05,000/-. NIT No THDC/RKSH/CC-282 regarding the said work was released on 02.06.2010. M/s IWS vide letter dated 10.06.2010 raised certain objection regarding security of the application of Payroll & FMS. The firm vide letter dated 09.09.2010 again raised apprehensions about the security of payroll & FMS.

During investigations following issues of import had emerged which were brought to kind notice of all concerned for taking corrective action at administrative level-

1. As per the records it is evident that the file has been moving between various departments and one year was passed without yielding any result. The movement of file was sluggish and was not carried out on priority basis, but it was in fact taken as a routine issue.
2. Notice for REOI was released on 26.05.2010. Contract Department asked the IT Department to submit TOR (Terms of References), criteria and sub-criteria for RFP document including marking system for preparation of draft RFP documents. Detailed TOR was given by IT department on 04-12-2010 while, this exercise could have been conducted in advance by IT department.
3. It has been seen with concern by the Vigilance Department that in the instant case no seriousness in expediting and finalizing the tender was shown. The information was collected on piecemeal basis because of which a lot of time was wasted on collection of all type of data.
4. M/s Indua Web Solutions Pvt. Ltd., Delhi vide letter dated 10.06.2010 had raised issue related to source code and contented that the source code for FMS & Payroll was Intellectual Property of M/s IWS. Legal advice on this aspect was taken on 07.12.2010 after a period of 6 month from the date when M/s IWS raised the objection.
5. It has been observed with concern by the Vigilance Department that the tenders/REOI are issued without doing the proper planning & homework. After opening tenders/offers no urgency is shown in dealing with the case. Due to lack of planning and coordination between various departments finalization of the tender got delayed and had to be

cancelled eventually after wasting a period of almost one year on the process without fruitful results which reflects poor planning, indecision on part of officials and presents poor image of Corporation amongst vendors.

6. Executives may be suitably guided to appreciate that the tenders/REOIs should be invited after proper planning/homework for awarding the work in a time bound manner and should not be invited simply for the sake of inviting them.
7. Vigilance is of the view that validity period of offers should be judiciously chosen. Once tenders are invited with certain validity of offers the tender should be finalized within validity of offers. Extension of validity should be an exception and tender committee should record reasons in writing for not finalizing tender within validity. Tender committee and Accepting authority should specifically see the reasons for delay and record his observations on the same duly fixing accountability for delay in finalization of tender. Clause 5.9 of chapter 5 (evaluation of tender) of "Policy and procedures for procurement of goods and works and services" deals with such provisions to some extent.
8. There is need for developing suitable administrative systems for monitoring progress of award of tenders and accountability for delay should be fixed on case to case basis. There is need for nominating a convener member for each tender case that would be answerable for delay in finalization of case and also should be authorized to report non cooperation from other fellow members or departments to concerned authorities. Clear cut system for dealing with tenders after opening of tenders need to be enforced for each stage with time limits with clearly defined responsibilities for officials dealing with tender case. Marking of tender files to officials other than those involved in decision making should preferably be avoided.
9. IT road map for THDCIL has been developed and for its effective implementation proper planning for execution of required works would be needed for which effective systems of tendering and fast disposal would be required. Vigilance is of the view to plan execution of required works at macro level as a whole and implement it in phased manner so that issues of connectivity, compatibility and security etc are addressed. Hiring of IT trained manpower through REOI/open tenders and making payments based on man-hours can also be explored as an option. A pro active co-coordinating department would be crucial to successful implementation of IT road map.

## Sys Imp Case-7

**Letter for Systemic correction on Plying of taxi for project works against Agreement No.06/Mgr/C&MM/THDC/TH/2009-10. Ref THDC/VIG/ENQ(134)/594 dated 15.09.2011.**

1. The work of plying of 21 Nos. taxis for project works was awarded to M/s Vandana Travels, 14, Shopping Complex, Bhagirathipuram, Tehri Garhwal vide letter of award no. 614/THDC/TH/C&MM/dtd. 26.05.2009. Agreement was for a period of one year with date of start and due date of completion as 04.06.09 and 03.06.10 respectively.
2. Vehicles were hired for various executive departments and mechanical department was coordinating. Some of the executive departments initially took time extensions individually for their vehicles from CGM. Finally mechanical department initiated the proposal on same rate, terms & conditions for time extension for further one year for the work of plying of taxis on 18.05.2010 which was approved by CGM (Project). No proposal was initiated for fresh tender as per the requirement of Project before expiring the completion period.
3. Total payment made to the contractor till 31.03.11 was ₹ 2,24,44,192.00. Thus, total positive variation against agreement value of ₹ 98,28,000.00 comes to +128.36%.
4. After obtaining the approval of CGM/Tehri for the extension of period, Execution department mentioned in the proposal that due to extension of time period there will be variation of 100% against the contract value. Execution department mentioned the DOP clause 7 & 11 of section-V (O&M) vide which CGM has full powers to approve the variation within the limit provided in the contract and Time extension in consultation with finance. The proposal of variation was forwarded to planning department for Technical checking. Planning department while checking the proposal mentioned that the time extension case with a tentative variation + 100% may be considered up to 03.06.2011. Thus planning department also linked the variation with time extension.
5. While checking the proposal of variation, Finance department mentioned that time extension & 100% variation case of plying of taxis up to 03.06.11 has been approved by competent authority and after approval of Competent Authority checking in Finance is not required. Finance department did not comment on the DOP provisions for sanction of variation.
6. DOP clause 7 of section V specifies the power against the Variations during post award execution of contracts relating to works and purchase due to scope/ quantity variations, new items/ substituted items etc. The details are as under:
  - (a) GM has full power to approve the variation, within the variation limit provided in the contract/LOA.

- (b) GM has power up to an aggregate value of 50 Lac beyond the variation limit provided in the contract/ LOA.
7. As per the notings of Execution and planning departments the approval for variation was to be obtained under DOP clause 7 (a) from CGM. But there was no variation clause provided in the Agreement, thus no variation under the contract was permitted under clause 7(a). In this case DOP clause 7(b) was applicable according to which CGM could sanction variations up to ₹ 50 Lac beyond the initial value. Thus the sanction of proposed variations which tentatively amounted to ₹ 98,28,000.00 (>50 lakhs) was not in competence of CGM. ₹ 1,26,16,192.00 has been actual variation up to March-2011 and would increase further with time. Thus, the approval of variation was proposed to be taken from the CGM/Tehri under wrong DOP provisions by execution & planning departments and was linked with time extension (clause 2.0 "period of work") by finance.
  8. Similarly contract of vehicles in Koteshwar was awarded on 15.11.2008 for a period of 12 months i.e. from 20.11.2008 to 19.11.2009 but total 06 extensions within two years were granted. The final extension for 12 months from 01.04.2011 to 31.03.2012 was granted without processing fresh tenders.
  9. Eventually when after representations from various sources when fresh tenders were invited at Tehri on 23.05.2011 much less rates (approximately 23% less) were eventually accepted resulting in savings of approximately ₹ 22 lakhs per annum.
  10. Apparently, officials did not realize the need for retendering timely and extended time period of working contractor who were in comfort zone to agree for same terms and conditions despite rising fuel charges. Under such circumstances it is important to note that already working contractor was getting additional work without competition but with same old models/fleets of vehicles which field officials failed to realize. Most prudent way would have been to go for long period hiring (say 3-4 years) initially. But after representation from sources officials took action and after open tenders ensured minimum possible rates. Thus they are collectively responsible for poor planning and if they would have initiated action for open tendering last year itself there was possibility of savings last year itself but their efforts have yielded excellent deal for THDCIL which is worth appreciating.
  11. Vigilance had noted some shortcomings detailed below with concern which were conveyed to all concerned for suitable corrective action in future- 0149
    - Linking of sanction of the variations to be approved on the pretext of time extensions as in

this case where payments are linked with time of operation of contract is not acceptable. Variations having financial implications should to be dealt as per relevant provisions of contract and DOP for approval of competent authority, even if it means seeking post facto approval.

- Had the tenders been floated with condition for hiring of vehicles for a longer period of 3-4 years instead of one year much lower rates could be expected at that stage as there was assurance of business/ engagement of vehicles for longer period. Similar principles need to be applied in other areas of hiring and need is to be realistically assessed with tenders are floated accordingly. Hiring objects/ services for limited period and then extending time period without fresh tendering is liable to be viewed with suspicion. By such action "level playing field" appears to have been denied to various other bidders by subsequent extensions. THDCIL while hiring vehicles for other projects like VPHEP and PSP may keep these issues under consideration.
- Some of the executives directly took extensions from CGM without routing through coordinating Mechanical department or C&MM. As far as contract management is concerned, there appears to be lack of coordination between various departments such as execution departments and C&MM. Extensions were being directly processed by execution without routing through C&MM or coordinating department which also resulted in temptation for easier solution of extension by execution department. Contract was not being managed as a whole by anybody.
- There was huge difference in rates of hiring of taxis at Koteshwar and Tehri which was spotted by officials very late. Though there were some differences in terms and conditions (such as usage difference as vehicles at KHEP are expected to be used for extra Kms compared to Tehri and there was slight difference in model year) but there appears to be total lack of communication between different C&MM units of Koteshwar and Tehri located in same vicinity.
- GCC (General Conditions of Contract) are being changed from contract to contract as a result these are no more general in nature. Old GCC of THDCIL issued in 1993 has gone in total disuse. It is a usual practice to have GCC for a corporation so that executives are well versed with it and are able to act accordingly in routine matters of contract management with comfort. Action needs to be initiated in this regard.

## Sys Imp Case-8

**Works of Dewatering of Power House & Dewatering at outlet of diversion tunnel awarded to M/s Bharat HPP Pvt. Ltd. on single tender basis -Regarding. Refletter No: THDC/VIG/ Enq (132)/ 645 dated: 03.10.2011**

Following two works were awarded under KHEP on single tender basis to M/s Bharat Hydel Project (P) Ltd. The award of works was approved by the Chief General Manager under powers delegated after flood vide letter No. THDC/RKSH/CS/F-127(A)/405 dated 22.09.2010 for awarding of works of emergent nature up to ₹ 5.0 Cr on single tender basis-

- Dewatering and silt removal from Power House stilling basin, TRC and Power Intake area etc. at Koteshwar HEP, vide Letter of Intent No.THDCIL/ TehriCGM/ 2010/140 Dated 25.09.2010.
- Dewatering at outlet of diversion tunnel for construction of Isolation wall at Koteshwar HEP, costing ₹62,04,082.00 awarded vide Letter of Award No.223/ AGM(EM)/Tehri/THDC/KHEP dated 24.12.10.

Based on the investigations done following irregularities were established-

- Works awarded on single tender basis to M/s Bharat HPP Ltd was included in scope of work of M/S PCL. Even if these works were to be got executed by some other agency on current market prices because of incapacity of M/S PCL, excess amount spent should have been booked on risk and Cost of M/s PCL as per special arrangement made for the contract. Excess amount has now been booked under risk and cost after intervention of vigilance.
- Reasonability of rates awarded in the work vide letter of Intent No.THDCIL/ TehriCGM/2010/140 dated 25.09.2010 to M/S Bharat Construction Company for item of removal of sludge was not assessed properly.

In this regard following issues of concern were brought to kind notice of all concerned for taking suitable corrective action under intimation to Vigilance-

1. Field officials at KHEP still seem to have a mind set that works are being executed on Risk and Cost of same contractor therefore; reasonability of rates is not significant. This plea is not acceptable. Reasonability of rates is also significant for executing any work under Risk and Cost. The basic spirit of going for Risk and Cost of same contractor in KHEP was that the issues of reasonability of rates would not arise as contractor is part of payments. THDCIL does not have adequate money of contractor for deductions as amount of Risk and Cost has already exceeded limits. Under such circumstances it is expected to be long legal process to actually recover money from contractor; therefore, spending reasonable amount of money at current market prices becomes more significant.
2. Apart from CPO, Empowered committee and other officials of Civil Engg department also failed to notice that expenditure is to be booked under Risk and Cost of contractor of civil works. Agenda items of meetings of Empowered Committee should be carefully dealt w.r.t. contract provisions of Civil Works of KHEP. Officials of civil engineering department must comment while putting up agenda items through CPO in this regard and members of



empowered committee must examine all the agenda items w.r.t provisions of agreement of civil works.

3. Works awarded on single tender were executed by mechanical department and apparently because of this reason; officials of civil engineering department and empowered committee did not deliberate on the issue further. All such works which were in scope of civil works contract/ executed to facilitate civil works contractor and have been executed by other agencies should be examined by respective departments before final reconciliation. There are chances of such lapses in other works executed by departments other than civil engineering.
4. Officials of mechanical department when questioned by Vigilance categorically stated that they were not well equipped to carry out such works. Officials of finance and planning department took similar stance and tried to shift responsibility of estimation of rates entirely on execution department. It is not appropriate to assign works to departments not well conversant with its execution especially when other expert department for the job is available. At the same time taking such excuses by qualified engineering graduates and experts of finance department for trivial works like dewatering/ sludge removal etc have to be seen with concern from the professional competence point of view.
5. Officials of mechanical department could not estimate the rates of simple activity of removal of sludge and compared rates with selectively high rates of item of silt removal from sedimentation tank awarded by UJVN for site specific work. Finance and planning department also accepted the plea that rates of sludge removal cannot be estimated. Analysis of rates at macro level and common sense would have given the idea of reasonable rates at macro level. Executives should be suitably guided to prepare estimates judiciously and consider rates of items similar in nature for comparison. During execution proper record keeping and documentation was not done to assess the rates of the item. When all officers had failed in rate analysis, they should have tried to estimate rates for future works based on manpower, machinery and other requirements, for which proper documentation was needed.
6. Para 6.5.3 of THDC Procurement policy 2009 mentions that reasonability of rates should not be justified on the basis of works awarded under emergent situations. At present in LOA or Contract Agreement there is no system of marking that the rates awarded should not be considered for future comparison. This needs to be looked into and a suitable system should be devised.
7. Officials are not making timely and relevant correspondence with contractor on legal matters which may be utilized by contractor at later stages to his advantage during arbitration/ court cases. Officials need to be sensitized regarding these aspects very specifically.

**Article/Poems Submitted By The  
Employees Of the Corporation**

## CORRUPTION TERMITES OUR NATION

Undoubtedly today the word corruption warrants maximum possible grammatical prefixes, suffixes to get defined. It has reached to the level where reverse looks next to impossible. In our country the corruption has conquered up the status of ubiquitousness, from micro dealings in low level to macro/big deals involving public funds. It has crossed or got crossed the limit of its semantic analysis. Who have had it happened and why and when? These questions are urgently to be addressed before it becomes worst.

It is unanimously asserted by all and also evidenced that the corruption has been prevailing since immemorable age/era in different synonyms. Irrespective of the questions about who originated or fathered it from where and when and also why? it should be wholeheartedly agreed that time has emerged to chalk out a corrupt-proof mechanism to weed out the corruption.

Corruption is not merely passing the money under the table, bribing somebody expecting undue favour or benefits, voluntarily doling out indirect gifts with hidden motivations. Though now-a-days corruption involving funds has become hot potato before us, the activities such as nepotism, money laundering, black-marketing business including food adulteration or any other well-thought mal-practices with greedy self-interested motivation or violent desire for name and fame also circuitously mean the corruption.

In other words, we can describe that in the competitive society which is under casual and unaccountable governance, a sub-structured poor person bribes either to get the work done in easy way without a long queue, to achieve something in unfair meaning, to skip the routine long process or to possess something by immoral/unethical way. In India, corruption distinguishes no religion, caste, colour, creed, social status or any other segment. It belongs to all and also in vice versa. While we bother that corruption deteriorates the system, we must know that the corruption has been stealthily systemized. Not to astonish there are well-known but untold verily acknowledged and justified corruptions in every office dealing with the public.

Disregarding its implementation, we have better and harsher law against corruption. But only law can't alone deal with the corruption like other social evils such as caste system, dowry, child labour etc. Unless, utmost collective efforts are taken, corruption will continue not only to slow down the progress but will spoil the sovereignty of our country as well. Besides other forums, the law, the society and also the education must take position against corruption.

Firstly the law must be amended in effective manner and the agencies dealing with the corruption cases must enjoy the fullest immunity. Our country has witnessed rather experienced the stories of whistle-blowers and the destiny of the persons who stand against the higher level corruption. The successive governments miserably failed to take up the subject even to discuss in parliament. And Till date no protective mechanism has been framed nor any government has given serious thought on it. As a result of it, the public has a way-laid attitude on corruption matters.

Also the society has a big and responsible role to play. The corrupts must be identified to be socially outcast so that they remain pariah of it. They should be looked down as untouchable and be giggled around so that they must realize that the satisfaction has more value than instant happiness in life. The moral values must be held in esteem. In country like India the moral values are always matter of back-bench and the fraud are celebrated. In tamil, there is a saying that "Unless a robber corrects himself, robbing can't be stopped". An honest will never mortgage his self-respect for money or any other mode of bribe and a dishonest will be in sheer opposite.

Finally and firmly, the education system should incorporate in its course the need of movement against the corruption. The students should be taught how corruption eats into the vitals of country hampering the progress and also corruption is a common anti-national creature.

Let us pledge to put our heads together against corruption, failing which we all may witness miscarriage of "The Great India"

**A. JOHN DAVID**

Manager(EDP), P&A Deptt, KHEP,

## विकास की डगर

जिन्हें कहते थे विकसित देश, वे भी लूट रहे हैं ।  
अपनी खानों की अर्थव्यवस्था अब बेरोजगारी डोल रहे हैं ।  
अर्थव्यवस्था वैश्विक हो रही है, विश्व एक गाँव बन रहा है ।  
भारत में विकास भीना ही नहीं, लेकिन आगे बढ़ रहा है ।  
इस विकास को आगे बढ़ाये रखना है तो ईमानदारी से प्रयास करना होगा ।  
हम सभी को इसके लिए किसानों एवं युवकों को काम देना होगा ।  
प्रदूषण, ग्रीन गैसों का प्रभाव हो रही है, ग्लोबल वार्मिंग के बारे में सोचना होगा ।  
इस दिशा में कुछ कर दिया है आगे बहुत कुछ करना होगा ।  
आने वाली पीढ़ियों के लिये उर्जा का संरक्षण करना होगा ।  
समाप्त होने वाले जीवों की जागत और एवं मातृ से उर्जा लेना होगा ।  
भारत का तिर विश्व में ऊँचा हो, ईमानदारी से काम करना होगा ।  
बाहरी हैं कि विकास सभी तक पहुँचे, तो भ्रष्टाचार को रोकना होगा ।

डॉ.एस.मीर

अपर महाप्रबन्धक (सर्विसोज) अधिकारी

## अपना हिन्दुस्तान मांगता हूँ ।

ना मैं ज्ञान मांगता हूँ, ना ईमान मांगता हूँ ।  
अपनी भाषा मुझ वाला हिन्दुस्तान मांगता हूँ ।  
मैं तो सभी को नहीं, जितना तो डेढ़ हूँ मैं ।  
भाषी, हाथी, सीढ़ी, कुली सब सम्बोधन देह हूँ मैं  
खोर चिगाई और मिथाई से भई हूँ मैं ।  
राजी को अक्षरों वाली भाषा का मान मांगता हूँ ।  
अपनी भाषा मुझ वाला अपना हिन्दुस्तान मांगता हूँ ।

मजदूर की टोकरी खोलकर मानवता से प्यार करे ।  
इंसानी दिव्यों से जुड़कर हर दुखिया की छिन्न हरे ।  
ना मैं गीता माण्डल मांगू, ना कुरान मांगता हूँ ।  
मातृ पितृ अतिथी देवी भक्त वाला हिन्दुस्तान मांगता हूँ ।  
अपनी भाषा मुझ वाला अपना हिन्दुस्तान मांगता हूँ ।  
ना मैं और तपस्वी मांगू, ना सत्त्वान स्वान मांगता हूँ ।

वीर शहीदों ने हिन्दुस्तान को जिस सपने को देखा था ।  
जो नहीं हो सका पूरा, वो भारत मांग का लेखा था ।  
न अपना का जगसने मांगू, ना रामदेव का तथा विमान मांगता हूँ ।  
मैं तो अधिकारों के भारत का संविधान मांगता हूँ ।  
मर, नृत्य, मष्टाकार, मुक्त हिन्दुस्तान मांगता हूँ ।  
अपनी भाषा मुझ वाला अपना हिन्दुस्तान मांगता हूँ ।

दीप बुझाकर जोक काटते, हीपी अर्बुदें राते हैं ।  
दोरी, टीका और बसाई न्योत्रावर को क्या करता है ।  
ना मैं मेट मांगता हूँ, ना सल्ल मरिहाम मांगता हूँ ।  
दीर्घ का पूजन बछ और तैली का जल मान मांगता हूँ ।  
अपनी भाषा मुझ वाला अपना हिन्दुस्तान मांगता हूँ ।

ना भक्ति की शहीदी, ना सूर्य ज्ञान मांगता हूँ ।  
नाम में राज विहासन मांगता हूँ, ना जहा सम्मान मांगता हूँ ।  
कैवल भगवती ऐम कुछ ही, ऐसा बददान मांगता हूँ ।  
वा जो मेरा नहीं चुन हुआ, वो हिन्दुस्तान मांगता हूँ ।  
अपनी भाषा मुझ वाला अपना हिन्दुस्तान मांगता हूँ ।

भगवती प्रसाद शोमल  
नोडल अधिकारी, हिन्दी, कॉरपोरेट निगोजल

## परिश्रम का दीप

आज देश में व्याप्त है,  
एक ही कष्ट,  
पील रहे हैं सेतु से ब्रष्ट ।  
सभी, अधिकारी और तंत्र हुआ ब्रष्ट,  
समाज की सभी मर्यादाएं हुयीं नष्ट ।  
ये मूल चुके हैं, बलिदान,  
उन अमर शहीदों को,  
ऊँचे पदों पर बैठे हैं,  
दिनकी कड़वाँनी से ।  
मूल चुके हैं, ये देश हिन को,  
साथ रहे, साथ अपने हिन को ।  
मान करी जालस,  
दियों के हार और समझमाती कार से,  
पाओ इनको आप,  
ईमानदारी और परिश्रम से ।  
आओ आज संकल्प करें,  
ब्रष्टाचार को मिटाएँ,  
ईमानदारी और परिश्रम का दीप जलाएँ ।

अलका रावत

ऑरि, आशुलिपिक, सतारवाला विभाग, देहरादून

## दो दलों के दो खलीफा

राजा बन गए जो थे एक, राष्ट्र के लिए कलंक ।  
दोनों से रहे मुरे जंक, दोनों का बंध रहा है संघ ।  
नेता बाले काग में रुई, दोनों में जग वील है हुई ।  
बेईमानी की बात सुपाओ, इक दूजे को वसे लगाओ ।

करो न दोनों पर्दाफाश, मिल बाट कर दोनों छाओ ।  
इक दूजे पर करते वार, बीगस दोनों के इशियान ।  
मुरव पश्चिम हो गए एक, बडे इराये इनके मेक ।  
इतनी सास कहीं से आवी, दोनों में है दिखता छेक ।

दोनों ही है बडे खुदाद, साल रहे हैं दोनों बाट ।  
हर मोर्चे में ये पास, दोनों दलो के हैं ये खास ।  
साया साथ नहीं आवेगी, निकल जायेंगे आखिर इबास ।  
मेरे प्राण यदि जाते हैं, दोनों घरे में आते हैं ।

मीडिया के हैं बडे न्यारे, पाप भूल इनके सारे ।  
दिखने लगे जो दिन में सारे, एक दूजे के हो गए प्यारे ।  
हर दलों के कई खलीफा, संग रही जगता इन्सीफा ।

जी.पी. कुकरती

परिषद् आर्टिजान

सामन्वय कार्यालय, 26 इंदौर रोड, देहरादून

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केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION



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सं./No. : No. 011/VGL/014

दिनांक / Dated: 11<sup>th</sup> February, 2011

**Circular No.01/02/11**

**Sub: Transparency in Tendering System**

There have been instances where the equipment/plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of the various technical solutions available in the market to meet the desired objectives of a transparent procurement that ensures value for money spent simultaneously ensuring upgrading of technology & capacity building.

2. The Commission advises that in such procurement cases where technical specification need to be iterated more than once, it would be prudent to invite expression of interest and proceed to finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner. In such cases, two stage tendering, acceptable technical solutions can be evaluated after calling for the Expression of Interest (EOI) from the leading experienced and knowledgeable manufacturers/suppliers in the field of the proposed procurement. The broad objectives, constraints etc. could be published while calling for EOI. On receipt of the Expressions of Interest, technical discussions/presentation may be held with the short-listed manufacturers/suppliers, who are prima facie considered technically and financially capable of supplying the material or executing the proposed work. During these technical discussions stage the procurement agency may also add those other stake holders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussion/presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality bench marks, warranty requirements, delivery milestones etc., in a manner that is consistent with the objectives of the transparent procurement. At the same time care

should be taken to make the specification generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/presentations and the process of decision making should be kept.

3. Once the technical specifications and evaluation criteria are finalized, the second stage of tendering could consist of calling for techno commercial bids as per the usual tendering system under single bid or two bid system, as per the requirement of each case. Final selection at this stage would depend upon the quoted financial bids and the evaluation matrix decided upon.
4. Commission desires that organizations formulate specific guidelines and circulate the same to all concerned before going ahead with such procurements.



**(Anil Singhal)**  
Chief Technical Examiner

To

All Secretaries of Ministries/Departments  
All CEOs/Heads of Organisations  
All Chief Vigilance Officers



No. 01-11-CTE-SH-100  
Central Vigilance Commission

Satarkta Bhawan, Block 'A'  
GPO Complex, I.N.A.,  
New Delhi-110023  
Dated the 17<sup>th</sup> Feb, 2011


Circular No. 02/02/11

**Sub: Mobilization Advance**

Commission had earlier issued guidelines on granting of 'Mobilization Advance' vide OM No. UU/POI./18 dated 08.12.1997, OM No. 4CC-I-CTE-2 dated 08.06.2004 and OM No. 4CC-I-CTE-2 dated 10.04.2007.

2. The matter has been further reviewed and it has decided by the Commission that following additional guidelines may be followed in case of grant of Mobilisation Advance,

- (i) The Bank Guarantee etc. taken towards security of 'Mobilisation Advance' should be at least 110% of the advance so as to enable recovery of not only principal amount but also the interest portion, if so required.
- (ii) The mobilisation advance should not be paid in less than two instalments except in special circumstances for the reasons to be recorded. This will keep check on contractor misutilizing the full utilisation advance when the work is delayed considerably.
- (iii) A clause in the tender enquiry and the contract of cases providing for interest free mobilisation advance may be stipulated that if the contract is terminated due to default of the contractor, the 'Mobilisation Advance' would be deemed as interest bearing advance at an interest rate of ——— % (to be stipulated depending on the prevailing rate at the time of issue of NTT) to be compounded quarterly.

  
(Anil Singhal)  
Chief Technical Examiner

To

All Chief Vigilance Officers

No.007/VG/052  
Central Vigilance Commission

Satarkta Bhawan ,Block'A'  
GPO Complex, INA  
New Delhi-110023  
Dated 11/03/2011

**Circular No. 03/03/11**

**Subject :- Expeditious disposal of cases involving public servants due to retire shortly.**

Attention is invited on Commission's circular of even No dated 27.09.2007 where in all Ministries/Departments/Organisations were impressed on the need for expeditious completion of disciplinary proceedings/ action, particularly against official likely to retire. Commission seeking its advice at the last moment and sometimes even a few days before retirements of officers.

2. The Commission has taken a serious note of such lax attitude on the part of CVO's /DAs in making such references which leaves no option for the Commission, except to examine the case in a hurry. Such delayed references ultimately result in situations which either serve to the advantage of the suspect public servants/ charged officers(SPS/COs) or initiation of disciplinary proceeding at the fag end of service of an officer.
3. While reiterating its earlier instructions in the regard, the Commission emphasises that the vigilance functionaries as well as administrative authorities concerned should prioritise their activities of conducting investigation and disciplinary action so as to avoid such late references to the Commission. Undue delays on part of administrative authorities, in dealing with vigilance matters/ disciplinary cases, will henceforth be viewed seriously by the Commission and it would be constrained to take an adverse view of CVOs/Administrative authorities for such avoidable delays.
4. All CVOs/Administrative Authorities should ensure strict compliance to the above instructions.



**(J.Vinod Kumar)**  
Officer on Special Duty

All Secretaries/Head/CMDs of Ministries/Departments/PSU's/Bank/Autonomous organisations etc.

All Chief Vigilance Officers of Ministries/Departments/PSU's/Banks/Autonomous organisations etc.

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केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION



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सं./No. : No. 011/VGL/053

दिनांक/Dated: 24th June, 2011

**Circular No.08/06/11**

**Subject: Selection and employment of Consultants.**

The issue of role and professional liability of consultants in government contracts has been under consideration in the Commission for quite some time. The Commission has decided that following guidelines, be kept in view finalising the contract for engaging consultants.

1. **Conflict of Interest.** The consultant shall not receive any remuneration in connection with the assignment except as provided in the contract. The consultant and its affiliates shall not engage in consulting or other activities that conflict with the interest of the employer under the contract.

The contract shall include provisions limiting future engagement of the consultant for other services resulting from or directly related to the firm's consulting services in accordance with following requirements:-

- (a) The consultants shall provide professional, objective and impartial advice and at all times hold the employer's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own interests. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other employers, or that may place them in a position of being unable to carry out the assignment in the best interest of the employer. Without limitation on the generality of the foregoing, consultants shall not be hired under the circumstances set forth below:

- (I) **Conflict between consulting activities and procurement of goods, works or non-consulting services**

**(i.e., services other than consulting services covered by these Guidelines)** - A firm that has been engaged by the employer to provide goods, works, or non-consulting services for a project or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be disqualified from providing consulting services resulting from or directly related to those goods, works, or non-consulting services. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, or any affiliate that directly or indirectly controls, is controlled by, or is under

common control with that firm, shall be disqualified from subsequently providing goods, works or services (other than consulting services covered by these Guidelines) resulting from or directly related to the consulting services for such preparation or implementation. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the contractor's obligations under a turnkey or design and build contract.

- (ii) **Conflict among consulting assignments** - Neither consultants (including their personnel and sub-consultants), nor any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants assisting a employer in the privatization of public assets shall neither purchase, nor advise purchasers of, such assets. Similarly, consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.
- (iii) **Relationship with Employer's staff** - Consultants (including their experts and other personnel, and sub-consultants) that have a close business or family relationship with a professional staff of the Employer (or of the project implementing agency) who are directly or indirectly involved in any part of: (i) the preparation of the TOR for the assignment, (ii) the selection process for the contract, or (iii) the supervision of such contract may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Employer throughout the selection process and the execution of the contract.
- (iv) **A consultant shall submit only one proposal**, either individually or as a joint venture partner in another proposal. If a consultant, including a joint venture partner, submits or participates in more than one proposal, all such proposals shall be disqualified. This doesn't, however preclude a consulting firm to participate as a sub-consultant, or an individual to participate as a team member, in more than one proposal when circumstances justify and if permitted by the RFP.
- (b) **Unfair Competitive Advantage** - Fairness and transparency in the selection process require that consultants or their affiliates competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Employer shall make available to all the short listed consultants, together with the request for proposal, all information that respect give a consultant a competitive advantage.
2. **Professional Liability** - The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standards of the profession. As the consultant's liability to the Employer will be governed by the applicable law, the contract need not deal with this matter. The client (purchaser) may, however, prescribe other liabilities depending on the requirement in each case without any restriction on the Consultant's liability as per the applicable law.

The Commission desires that the above guidelines be brought into the notice of all concerned.

  
(J. Vinod Kumar)  
Officer on Special Duty

- To
1. All Chief Vigilance Officers of Ministries / Department / PSUs / Banks / Insurance Companies / Autonomous Organizations / Societies / UTs.
  2. All Secretaries to the Government of India.
  3. All CEOs / Heads of Organization of PSUs / Banks / Insurance Companies etc.

No TE (NH)/2011/Recoveries/144262  
Central Vigilance Commission.

Satarkta Bhawan, Block A,  
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New Delhi - 110023,  
Dated the 12<sup>th</sup> Sept 2011

**Circular no No.11/09/11**

**Sub:- Recoveries arising out of intensive examination conducted by Chief Technical Examiner Organisation (CTEO) of the commission**

Instances have come to notice that some organizations while notifying / effecting recoveries from the contractors bills indicate that the recoveries are consequent to the observations made by the CTEO.

In this connection , it may be noted that the contracts are primarily between the executing agency and the contractor. Any endorsements that the recoveries are being made at the instance of a third party could weaken the department's case during arbitration or court proceedings. Further, the observations / advice of the Commission are required to be considered by the executing agencies in terms of the contract and recoveries are to be enforced as admissible as per the conditions of the contract. The organizations are advised that justification / reasons for recoveries in line with contract clauses should be recorded while notifying / effecting recoveries from the contractors.

It is requested that these instructions may be notified to all concerned.



**(Anil Singhal)**  
Chief Technical Examiner

To  
All Chief Vigilance officers/ Heads of organisations



*"I cannot speak anything but the truth. I cannot turn back on my duty just to please some one."*

સરદાર વલ્લભ માધે પટેલ  
31.10.1875 — 16.12.1960



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