

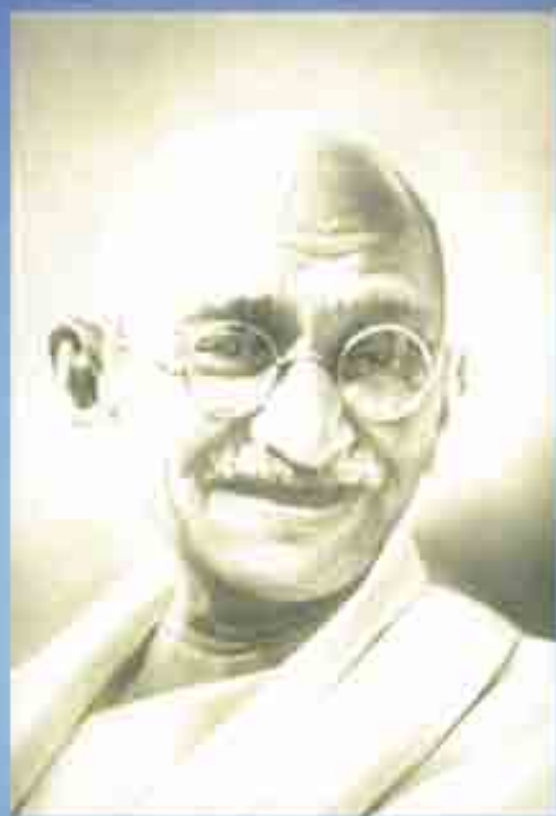
2012/13

For restricted use only
Third edition

चेतना



सतर्कता जागरूकता सप्ताह
सतर्कता विभाग
टीएचडीसी इंडिया लिमिटेड
VIGILANCE AWARENESS WEEK
VIGILANCE DEPARTMENT
THDC INDIA LIMITED



Freedom is not worth having if it does not connote freedom to err. It passes my comprehension how human beings, be they ever so experienced and able, can delight in depriving other human beings of that precious right.

Mahatma Gandhi



राष्ट्रपति
भारत गणतंत्र
PRESIDENT
REPUBLIC OF INDIA

MESSAGE

I am pleased to know that the Central Vigilance Commission is observing Vigilance Awareness Week on the theme of "Transparency in Public Procurement" from 29th October to 3rd November, 2012.

It is the duty of every person to strive to make society free from corruption. Transparency, fairness, accountability and probity are essential for functioning of public organisations. Officials should act with integrity and adopt ethical values in their day-to-day functioning.

I extend my greetings to everyone and wish a very successful Vigilance Awareness Week, 2012. Let us all join hands together and take a pledge for creating a corruption free India.

(Pranab Mukherjee)

New Delhi

October 16, 2012

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.

Our Mission

- To plan, promote, 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 (PAP) with humane face.
- To meet the challenges of dynamically transforming business environment and setting global benchmarks.
- To build sustainable and value based relationship with stakeholders for mutual benefit and growth.
- To achieve performance excellence by inspiring a dedicated workforce in an environment of organizational learning and mutual trust.



उप-राष्ट्रपति, भारत
VICE-PRESIDENT OF INDIA

MESSAGE

I am happy to know that the Vigilance Awareness Week is being observed from October 29 - November 3, 2012 on the theme "Transparency in Public Procurement".

Eradication of Corruption from our society, especially in public life, remains a primary objective for the nation. By raising awareness, amongst all stakeholders on the adverse affects of corruption, we will be better prepared to build a national consensus on combating and eliminating this scourge.

Let us take a pledge on this occasion to work towards making India a country free of corruption.

I wish the event all success.

(M. HAMID ANSARI)

New Delhi
September 27, 2012

Telegraphic Address:
"SATARKTA, New Delhi
E-Mail Address
cenvigil@nic.in
Website
www.cvc.nic.in
EPABX
24651001-07
फैक्स/Fax: 24616286



केन्द्रीय सतर्कता आयोग
Central Vigilance Commission



सचिवालय, सतर्कता भवन, संसदीय क्षेत्र,
एन.टी. रोड, नई दिल्ली-110023
Sadarita Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

सं./No. 012/VGL/DG3(pt.3)

दिनांक / Dated: 08.10.2012

MESSAGE

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

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

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

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

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

(R. Sri Kumar)
Vigilance Commissioner

(J. M. Garg)
Vigilance Commissioner

(Pradeep Kumar)
Central Vigilance Commissioner





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



टीएचडीसी इंडिया लिमिटेड

(एक भारत सशक्त & उत्तम प्रयोग तककरों को समुदाय तककरों)

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 29th October to 3rd November 2012, the Vigilance Department is releasing third edition of booklet "Chetna". Apart from articles, poems, CVC circulars the booklet also contains "case studies" highlighting various systemic Improvements suggested by the Vigilance Department based on Vigilance Investigations. I congratulate Vigilance Department of THDCIL for releasing the booklet on the occasion of Vigilance Week-2012. I am sure that this booklet will be useful for the officers at all levels of the Corporation.

THDC has come out with ethics policy. It is expected that each employee would adhere to the principles and values enshrined in the ethics policy. If this habit is inculcated, each employee would act as a Vigilante in his own right. In such a situation the role of Vigilance function, as a deterrent would become minimal. Its role becomes preventive, predictive and proactive.

(R.S.T.Sai)

Date : 22.10.2012

HIMANSU BADONI

IRSE

Chief Vigilance Officer



टीएचडीसी इंडिया लिमिटेड

भारत सरकार & उत्तराखण्ड सरकार के संयुक्त उपक्रम

THDC India Limited

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

Preface

Theme of this year's Vigilance Awareness Week is "Transparency in Public Procurement". THDCIL management has made all efforts to ensure that there are free, fair & transparent "Public Procurement" systems. E-tendering has been introduced, e-payments are being made, Integrity Pact has been adopted & there are further steps being taken in this regard. However, ensuring corruption free "Public Procurement" systems require efforts at all levels.

In managing contracts often it is unwillingness of executives to take timely decisions which is proving to be counter productive more than anything else. Sometimes the decisions are not taken apparently due to the unnecessary concerns relating to Vigilance investigations. Such indecisions trigger chain reaction of subsequent indecisions/irregularities leading to Vigilance cases. Under any given set of circumstances various solutions & decisions are possible. Executives are expected to deal with such situations by bringing all relevant facts on record including prevalent circumstances at material time & recording reasons for arriving at decision.

Vigilance advices primarily aimed towards "Systemic correction". All correspondence made by Vigilance are not necessarily aimed at punitive action. These need not be reacted upon with a defensive mindset rather such issues need to be contemplated upon to build better & efficient systems. Gaps & lack of communication between officials of field & policy sections also need to be eliminated for improvements in existing systems.

Vigilance bulletin "Chetna" third edition is being published primarily to create awareness about preventive, proactive & predictive vigilance functioning. Vigilance as an "Alien Force" can not help in growth towards corruption free organisation. Vigilance will have to be accepted as an intrinsic functionary & part of team. Let us all join hands to work as a team to build corruption free THDC India Limited.

(Himansu Badoni)
Chief Vigilance Officer

Dated : 21.10.2012

Place : Dehradun

Contents

S. No.	Description	Page
	Disclaimer	08
1.	Case Studies	09-15
2.	Letters on Systemic Improvement issued by Vigilance Department	16-19
3.	Article & Poems submitted by the employees of the Corporation & others	20-25
4.	Important Circulars issued by the CVC during past one year	26-32

स्वाध्याय / Disclaimer

इस बुलेटिन का उद्देश्य पूर्ण रूप से मार्गदर्शन करना है और यह केवल विभागीय 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 कर्म में ही दिया जाये। पत्रिका में दिए गए लेखों एवं कविताओं में व्यक्त विचार लेखकों के व्यक्तिगत विचार हैं।

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. Views expressed in articles and poems are of the individuals.

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. Last year some officials wanted Vigilance to highlight the good works done by officials. An attempt has been made in this regard also.

Case study-1

1. Methodology adopted for working out estimated rates for payments being made to M/S UPRNN by Rishikesh unit was examined by Vigilance for the works awarded to M/S UPRNN on deposit terms by THDCIL. Several issues of import emerged which were brought to kind notice of all concerned for taking suitable corrective action.
2. Estimated rates were being worked out based on DSR rates. Rates of DSR are inclusive of contractor's profit and overhead charges. THDCIL is paying M/S UPRNN an additional amount of 12.5% above it after a rebate of 5%. As per item no. 1.0 of agenda item presented to BOD in 122nd BOD meeting, 12.5% includes administrative charges and profit margin. It was learnt that different systems for working out rates are being followed by different units. Other units are also working out estimated rates after adding overheads/contractor's profit. Thus corporation as a routine is paying 7.5% above expected rates as a result of competitive bidding as per CPWD rates.
3. No system/ practice of verification of some items based on current market rates was being followed by THDCIL. Even in organisations which use DSR for estimated rates the rates are cross checked for 90% of items with market rates. Whole estimation methodology being adopted by THDCIL in working out rates for M/S UPRNN was based on wrong basic assumptions of estimation.
4. One such item of anodized paneling at Rishikesh was an eye opener. Item for which it was agreed to pay approximately ₹ 19 lakhs as per MOU to M/S UPRNN, eventually a deduction of approx ₹ 8 lakhs was made after working out rates based on current market rates.
5. There appeared to be a problem with systems of estimation being followed which was required to be streamlined and standardized. Correct systems of estimation needs to be followed ensuring due recoveries from M/S UPRNN.
6. Policy of award of works to UPRNN on deposit terms needed review. Over a period of time this had established as a practice. As a matter of routine THDCIL is expected to follow free, fair and transparent process of competitive bidding.
7. A committee to examine the case has been set up by management. Report is awaited.

Case study-2

1. Investigations were conducted on award of work of Chemical grouting in Gate Shaft for arresting leakages in Gate Shaft of ILO.
2. There was inordinate delay in planning of work apparently of significance from safety as well as financial considerations. It has been observed that total time taken by Design Department and OMS department for finalizing the scheme was about 31 months. Even while finalizing the scheme no final view on type of products to be used for grouting and systems of tendering was taken.

3. Initially, Open tenders were invited for trials by processing case in a complicated manner. Product was selected based on trial conducted and trial was conducted only for one product based on rates quoted for total trial cost. Brand of this product was finalized and subsequently fresh open tenders were invited for work with this brand name mentioned as only acceptable product for grouting. This was viewed as against the norms of transparency and NIT was cancelled on the objection of mentioning the single brand by parties & Vigilance.
4. Adoption of wrong methodology for finalizing tender also resulted in wastage of lot of time.
5. The process of initial selection of product to be used for grouting was faulty. Selection of firm to perform grouting should either have been awarded as a turnkey work or firm to perform work at site should have been completely segregated by deciding product to be used separately. It was kept partly mixed resulting in confusion in finalizing the case.
6. Eventually by adopting transparent process of open tendering rates came down by 27.59% compared to estimated cost, which supports the Vigilance contention of adopting free, fair and transparent systems.
7. Total expenditure likely to be incurred to complete the scope of works originally envisaged was approximately Rs 1,40,00,000/- which was about 50% of awarded value. Such savings in hidden works in hydro projects are rare. **This was achieved through regular inspections and watchful & prompt working of team of executives.** Eventually, estimate of work in quantity and rates proved to be inflated.
8. It was also noted that at the same location about 5-7 years back cement pressure grouting was done resulting in consumption of about 50,000 bags of cement. Still within year of construction heavy seepage was noted from ILO which required grouting again. Such instances put doubts about the quality of works performed earlier but causes can not be ascertained at a later date with certainty. Therefore for such hidden works there appeared need of strict monitoring on real time basis. Accordingly vigilance suggested record keeping and updation of records on real time basis. Management also issued Draft "Grouting manual" which will help further in ensuring good quality with strict monitoring systems.
9. The defect liability period was kept as routine one year even for activity like grouting being used for prevention of leakage. Vigilance is of the view that for such works where efficacy can only be judged with passage of time systems of longer defect liability period need to be thought of for better checks on contractor's works quality.

Case study-3

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 reschedule 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 by project to execute the work on top priority through 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 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. The terms & conditions of agreement with new contractor were also not kept identical.
8. The case was published in Chetna magazine last year also. Project was requested repeatedly to take decision on mater of action against contractor who was at fault as per terms and conditions of contract. Still no final decision on the matter has been taken by project for past more than 22 months.
9. The case indicates confusion & lack of decision making in contract management.

Case Study-4

1. Intensive examination was carried out by Vigilance department for the work of Epoxy treatment for seepage in Dam Body. The epoxy treatment was performed to prevent leakage through the junctions at the upstream face of dam.
2. The work of epoxy treatment was not envisaged earlier and subsequently it was felt necessary by D&E department and Technical Advisory Committee (TAC). Since there was no specific item available in BOQ to execute the same, hence this work was treated as an extra item of work.
3. The work was awarded in year 2002 and perhaps at that stage issue of seepage through lift joints was not examined/deliberated in detail, but now the studies and experience both are available therefore future contracts should incorporate such solutions in their tender schedule after working out technical solutions in advance to ensure complete transparency even in issues like product selection etc.

For future projects if lift joints etc. of dam body are envisaged to be treated for seepage prevention, then there appears need for specifying acceptance criteria for treated joints (in terms of accepted quantified limits of seepage after treatment or through other appropriate means). For hydro projects where quality of work can be better judged during initial operation period of 3-4 years (instead of present prevalent practice of one year), provision of longer maintenance period may be examined to make contractor more accountable for quality.

Case Study-5

1. Vigilance Department inspected a work of concrete road at a project site. On perusal of drawings issued by design department, it has been observed that M30 grade concrete has been mentioned in the drawing.
2. The Contract Agreement provided for black top road. Concrete road was being laid with M-30 Grade of concrete in entire thickness with no sub-base/base course, increasing cost of construction unreasonably.
3. There appeared lack of coordination between design & execution wings resulting in over safe design of pavement with M-30 grade of concrete resulting in unnecessary expenses. Design of pavement was later changed for balance road work.
4. Road for similar purpose at identical location in adjacent project was constructed with M-15 Grade. At that stage design department found M-15 Grade road to be safe for similar purposes. It was noted by Vigilance at that time that the high rates for concrete road work were taken based on wrong comparison with existing BOQ items. On intervention of Vigilance much less rates for road work with M 15 grade of concrete were eventually decided & deductions were made from contractor.
5. It was observed that M30 grade concrete was used considering the Technical Provisions of Indian Road Congress (IRC) codes.
6. Vigilance is of the view that there should be standardization in deciding grade of Concrete for the same purpose.

Case Study-6

1. During the investigations of an old recruitment case it was observed that one candidate was recruited in THDC despite the fact that he was ineligible for the post as per requirements published in advertisement. Similar relaxation w.r.t experience was extended to total four departmental candidates, though no specific exemption was sought from any authority for any of such candidates who did not satisfy the eligibility requirements.
2. Age relaxation was extended to one of the candidates (on the pretext of being departmental/deputationist) who was overage as per advertised conditions (his age was 42 years whereas max age for the post was advertised as 35 years) without seeking any specific approval.

Case study-7

1. Employment on compassionate ground was provided to dependents of two deceased employees by creating special vacancies for them & violating the first cum first served principle as well as existing policy applicable at that time, when they were not eligible for any priority ahead of many others. Cases of many other dependents were not even processed for consideration of competent authority for appointment on compassionate grounds.
2. This resulted in long drawn court case initiated by widow of one of the deceased employee & embarrassment to corporation.

Case study-8

1. Investigations were conducted on various aspects in recruitment process from the stage of calling candidates for interview onwards in connection with a recruitment conducted in THDCIL.
2. The number of candidates to be considered for interview/GD was five times the number of vacancy. As the vacancies were published category (Gen/SC/ST/OBC) & stream wise, therefore the eligible candidates five times the number of the vacancy were expected to be called for each category under each stream. Eligible candidates to be called for interview for General Category vacancies (based on merit list of General & those reserved category candidate who had not availed reservation) were expected to be worked out first followed by those to be called for reserved categories (OBC/SC/ST candidates). Correct & uniform systems were not adopted for calling candidates for interview & eligibility for the General category was not ensured at this stage. This resulted in less than five times the eligible candidates being called in some cases & more than five times the eligible candidates being called in some other cases.
3. In most of the cases where more candidates were called the matter had remained inconsequential as extra candidates called were not recruited eventually. But in cases where lesser candidates were called there had been loss of opportunity to about 21 candidates. All other candidates for whom there was loss of opportunity secured less marks in written test compared to eventually recruited candidates except one candidate.
4. One candidate was eventually selected as Gen candidate while another candidate was not interviewed despite securing more marks than her in written test. Recruited candidate was placed at second position in panel of general category even when she was not called for

interview as a general category candidate. She was eventually offered appointment as Candidature of another candidate who was selected on recommendations of selection committee was later on cancelled.

5. Cancellation of candidature of the above mentioned candidate was also referred to management with recommendations for taking considered view on her representation. Vigilance refrained from commenting upon prudence of decision of competent authority regarding cancellation of candidature of the candidate as matter was in grey area of decision making.
6. Policy approved indicated ED/General Manager/Head of the Division concerned as a member of selection committee, but the HODs were not made part of it.
7. Matter is under investigations/ deliberations.

Systemic Improvement

Vigilance organization of THDCIL is committed in shifting 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 during Vigilance Investigations at various stages. 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 **System improvements regarding system for checking "vitiation in works contracts" issued vide Letter No. THDC/ VIG/ Sys. Imp (82)/ 190 dated 31.03.2012.**

Vitiation is said to have happened when "inter se" position of bidders changes during execution of work due to variation in quantities. Vitiation is a common problem encountered in works contracts which needs to be given due cognizance during the execution stage. Letter for Systemic corrections in this regard was issued bringing out issues of concern.

Lots of variations are sanctioned in various contracts due to various reasons during execution. Such variations may arise because of the tendency of contractor to execute more quantities of profitable items and less quantity of non profitable items, which needs to be checked and curbed. Because of these variations inter-se position of contractors who have made bids for the tender is likely to change during execution. There is need for checking the changed inter-se position of various bidders as a result of variation at intermediate stages as well as at the time of conclusion of contract agreement to check if there is any "Vitiation".

Management has nominated a three member committee to look into this aspect of contract management.

SYS IMP CASE-2 **System improvements related with promotions of supervisors. Issued vide Letter No. THDC/VIG/ENQ(141)/310 dated 17.05.2012**

Issue regarding promotion of Supervisors from S-4 to E-1 was examined by Vigilance. Following issues were brought out for necessary systemic corrections:

1. P&A Department as a matter of practice has been following the system of relaxing the qualifying marks. This apparently is being done every year to fill up all vacancies because of administrative requirements and to avoid representations from Associations/ unions. By relaxing the criteria either THDCIL is accepting that the standard of examination was too tough or the poor quality officials are getting promotion. As this relaxation is being provided every year but no review of reasons for failure of large number of employees to qualify has been examined. Requirements of THDC India Limited need to be examined along with systems of examination to ensure that the desired as well as competent candidates are available for promotion. Strengthening of training systems needs to be looked into. Question banks may also be made available on intranet.
2. As THDCIL is relaxing criteria every year for such promotions, it appears reasonable to modify policy itself and to clarify in notification stage itself that in case of non availability of suitable candidates desired number of candidates may be selected purely based on merit list prepared below cut off marks also. It was requested to process suitable policy modifications intimating BOD about systems followed in past.
3. Departmental promotional exams, recruitments etc. also need to be treated like public procurement cases & there should preferably not be any modifications after issue of notifications.
4. P&A department is seeking relaxation for candidates who are undergoing department sponsored diploma cases every year. This aspect may also be placed on website and selection process for department sponsored candidates also needs to be made transparent.

5. Complainant sought some information under RTI regarding marks of candidates and when the same was not furnished he made a complaint to vigilance with some allegations having vigilance angle. Vigilance is of the view that there was nothing secret in marks obtained by various candidates. Marks obtained, question paper and model answer keys etc are the things which department should have suo-moto disclosed through website as provided for under RTI act. All relaxations granted w.r.t to qualifications and qualifying marks should also have been published on intranet for information.
6. Exams were being conducted by institute of NTPC. P&A department of THDCIL was requested to ensure that expected transparency norms w.r.t promotional exams are adhered to. e.g. Coding of answer sheets so that the name of the candidate is not known to evaluating official. This will be separately dealt by Vigilance with P&A department for promotional exams and recruitments.

SYS IMP CASE-3 System Improvement Regarding Arbitration awards against THDCIL issued vide Letter No.THDC/VIG/Misc (23)/ 163 dated 19.03.2012.

1. In arbitration awards against the Corporation, THDCIL has to pay interest after the date of award of arbitration on the component of award which is finally granted to contractor either by acceptance of award by THDCIL directly or as a result of subsequent judicial proceedings.
2. While the view on arbitration award is to be taken by the Competent Authority based on the merits of the case after due deliberations, but at the same time final decision on the award needs to be taken in minimum possible time, as time taken in decision making has financial implications for THDCIL. For an award of about ₹ 500 cr, one day interest component is about ₹ 25 lakhs with simple interest rate of 18% per annum. Thus there appears need of a timeframe for taking final view on the award with responsibility for each one involved in processing and deciding the issue.
3. In cases, when it is decided to contest the award in court of law, speedy disposal needs to be monitored by concerned authorities for which suitable review and monitoring system should be in place. No delays on part of THDCIL employees, consultants, legal advisors, etc are acceptable and timeframe for activities needs to be defined.
4. Sometimes contractor has a tendency to unnecessarily postpone the proceedings. In such cases, Vigilance is of the view that the postponement whenever is due to fault of contractor should be with relief on interest component on eventual award value. This issue may be examined with legal opinion for suitable implementation in practice.
5. With reference to para-4 above, possibility of seeking stay on interest component while challenging award in initial stage in court of law till the pendency of case in court of law may be another option. Management was requested to examine issue based on merits.

SYS IMP CASE-4 System improvement regarding Assessment of reasonability of rates Before procurement of items issued vide Letter No.THDC/Sys.Imp (82)/705 dated 09.11.2011.

1. Vigilance examined one of the cases of procurement of damaged parts of Electro Mechanical units after flood. Executives had done enough exercise to assess reasonability of rates for

some of the parts to be procured from OEM by examining previous supply rates from BHEL but the details of the same were not made part of proceedings of Committee who prepared note for approval of award of work. Accepting authority also did not ask for comments of the committee on reasonability of rates.

2. Reasonability of rates is of utmost importance specifically for tenders being awarded on single tender basis. Such lapses result in unnecessary queries being generated by Vigilance from executives who feel harassed at times due to Vigilance queries being made.
3. It was requested that officials may be suitably guided and asked to specifically discuss reasonability of rates in award proceedings of all tenders.

SYS IMP CASE-5 Systemic correction on Fixing of time limit for signing Contract Agreements issued vide letter no. THDC/VIG/Sys. Imp.(82)/668 dated 15.10.2011

Time being taken in signing of contract agreements was examined for a project field unit by Vigilance. It was observed that Contractors were expected to sign the agreement within 15 days of issue of LOA, after depositing requisite performance guarantee/security money as per General conditions of Contract (GCC) published to prospective bidders. Same was being communicated to successful bidder through LOA. However, in 92% of the cases, Contract Agreements were signed after 2 months, indicating lack of discipline being maintained in this regard. Following was suggested to streamline system, bring transparency and reduce complaints:

1. Presently no clause having provision of levying penalty on contractor for late submission of performance/security money and late signing of Agreement is published to prospective bidders through GCC. There is need for a clause of GCC to penalize contractor in case of his failure in depositing his performance guarantee/security money after issue of LOA. With presently used clause executives have only option of termination which appears to be harsh for use & not expected to serve the interests of corporation and is perhaps not being used because of these reasons. Suitable modification in relevant clause of GCC with provision of nominal deductions to penalize contractor for delay may be thought of.
2. Apart from contractor, officials responsible for preparing/signing agreement should be made accountable for appropriately making correspondence with contractor in this regard to ensure timely submission of security and signing of Contract Agreement.
3. In addition, clause related with Liquidated damages in GCC needs a relook as the clause being used at present appears too harsh and its implementation is likely to indicate end of contract rather than completion of work. Present clause has provision of up to 10% of value of contract in case of failure which can be achieved in a period of delay of as low as 10 weeks. Past experience shows that though such harsh clauses exist but works contracts are rarely being executed within original stipulated time schedule. From better contract management point of view there is need for having pragmatic clause for LD with provisions of time extension with token penalty. **This issue may be debated upon amongst THDCIL officials before arriving at solutions.**

**ARTICLE/POEMS SUBMITTED BY THE EMPLOYEES
OF THE CORPORATION & OTHERS**

Delay is a common feature in execution of construction contracts. Government contracts invariably incorporate some provision for handling this aspect. Such provisions tend to make contractor liable to pay liquidated damages (LD) for delay attributable to him. Usually a formula is included in tender documents for calculating the amount of liquid damages based on quantum of delay. In government contracts, an upper limit is usually put on the quantum of such damages recoverable from the contractors. These provisions aim to serve two functions i) to have a deterrent effect on contractor and to make him work diligently as per contract schedule; and ii) to recover monetary losses suffered by the employer for delay attributable to the contractor. However It is utmost necessary that the contract provisions and actual action for recovering liquidated damages from the contractor are in tune with the law of the land.

The relevant laws relating to liability to pay damages for breach of contract are primarily covered in section 55, 73 and 74 of the Indian contract Act (ICA). Before a discussion on these laws is attempted, it is necessary to distinguish liquidated damages from non-liquidated damages. The term Liquidated damages refers to pre-estimated damages or a sum named in the contract as damages, as distinct from non-liquidated damages which are not pre-specified in the contract and are ascertained in each case upon happening of the event considered as the breach of contract. Thus Liquidated damage is a pre-agreed sum of money payable as damage by the party who breaches the contract to the party who suffered such damage as a consequence of such breach. Section 74 deals with liquidated damages while section 73 (discussed in the last para of this article) deals with non-liquidated damages. Section 55 deals with effect of failure to perform contractual obligation, notice requirement and extension of time for performance.

Section 74

Section 74 lays down that the party who breached the contract is liable to pay to the other party, reasonable compensation, not exceeding the sum named in the contract (liquidated damage or penalty) for such breach, whether or not actual damage or loss is proved to have been caused thereby. This section treats liquidated damages/penalty amount mentioned in the contract to be the upper limit of compensation payable in case of breach. Thus it restricts compensation amount to a reasonable figure only notwithstanding the higher amount which may be mentioned in the contract. An ordinary reading of this section, owing to the fact that it contains the phrase "whether or not actual damage or loss is proved to have been caused by the breach", gives an impression that actual loss or damages are not required to be proved by suffering party in order to be eligible to receive reasonable compensation from the breaching party. But this is not true. The section, as interpreted in some landmark court decisions, does not obviate the need of proof of damages completely. The courts do not treat as justified the award of compensation, when in consequence of the breach, no legal injury at all has resulted. The award of compensation in such a case is held unreasonable/penal in nature and not upheld by courts. Therefore the phrase "whether or not actual damage or loss is proved to have been caused by the breach" used in section 74 should not be given excessive weight by employer/his engineer as this term has been qualified by courts in various rulings restricting its scope and intent.

Therefore it is enjoined upon the government engineers and authorities deciding to impose liquidated damages on the contractor to put on record the details of loss or damages suffered due to delay attributable to the contractor along with the evidences of such loss/damage. Otherwise, the compensation may not be upheld reasonable and may not be sustained by the court.

Another important point in this law is to distinguish compensation from penalty. Compensation is meant to put the sufferer in the same position as he had been if there was no breach of the contract by the other party. Compensation is not meant to make profit (or unjust enrichment) out of the fault of the other party. On the other hand, Penalty is meant to act as deterrent and can be a figure in terrorem much higher than the actual damage. In order to make sure that the liquidated damages mentioned in the contract do not take the form of penalty, it is required that they are the reasonable sums. The purpose of putting a moderate upper limit on amount of liquidated damage also serves to fulfill this test of reasonableness so that the compensation is upheld as reasonable sum in law.

Section 55

Another important provision in the law of contractual damage is section 55 of the Indian contract act. Section 55 permits, in case of delay in performance by one party, the remaining unperformed contract to become void at the option of the suffering party. However this is permissible only when the time is an essence of the contract.

The question arises then what is the essence of contract and what is its significance. In a contract, there are many provisions. But all provisions do not carry the same weight. Some stipulations are treated as heart and soul of the contract. These are treated as non-compromisable provisions without which the contract may not be permitted to subsist (at the option of suffering party). The violation of such provisions by one party entitles other party to repudiate/cancel/determine/declare void the contract altogether. Time period of performance of the contract is mostly treated as one such provision in government contracts. The other provisions (say not so important provisions) are non-essential provisions, the violation of which, entitle a party to recover from the defaulting party, the damages occurred to him, as a result of such default. However violation of such provisions does not entitle a party to fully repudiate the contract.

This section requires that in order to be eligible to receive damages, the party who suffers losses due to breach of contract, will give notice of his intention to claim compensation, to the party who is responsible for causing such damage at the earliest possible time when such damage is suffered or expected to be suffered. This section aims to alert the breaching party and give him an opportunity to contain or avoid such damage. It also affords an opportunity to breaching party to contest the claim of damage lodged by the party giving such a notice. This section is based on the principle of natural justice. It is therefore necessary that the notice is timely given to contractor, pinpointing in specific terms, the various acts/omission on his part which caused delay attributable to him. This responsibility for delay has to be imposed on the contractor in irrefutable manner and should be duly supported with sufficient evidences. If this is not done, it is very much possible that the contractor walks away scot free at the end without having to pay liquidated damage.

Extension of time (EOT) is a common feature in government contracts. When the contractor is not

able to complete the given task within the scheduled completion time, EOT is granted to him on the basis of his request or sometimes suo-moto also. Often interim EOT is given without making a firm decision on the culpability of the contractor for delay. In such cases, EOT issuing officer must incorporate in the EOT granting letter, the following two facts-

- EOT granted is without prejudice to right of the Employer to recover liquidated damages from the contractor in terms of relevant clause (mentioning clause) of the contract; and
- Notwithstanding the EOT so granted, the time is and shall remain the essence of the contract.

The above stipulations in the EOT letter are essential to protect the right of the employer vis-à-vis LD clauses and to meet requirement of sec 55 of the Indian Contract Act. The first sub-para mentioned above is mandatory notice, under section 55 of ICA, of intention of employer to recover LD. The second para is meant to retain time clause of the contract as essence of the contract which is also a requirement of the same section of ICA. However, it should be understood that the repeated extensions of time for long periods dilute the claim of the employer to treat time as essence of the contract.

Section 73

Last but not the least, section 73 of the Indian Contract Act enables a party to claim damages suffered by it as a result of default by the other party even when no such provision exist in the agreement. These damages are general damages and not quantified as such in the contract (and are thus non-liquidated damages) but their sufferance has to be proved by the party claiming it. Contractors claim damages from their employers under section 73 of the contract though such damages (owing to the default of the employers) are not mentioned in the contract. Such damages, however, are limited to those damages which naturally arise in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it. Such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach. Most of the time, such damages take the form of underutilized/idle labour, T&P and staff due to delays attributable to the employer. However in order to claim such damages, certain conditions needs to be fulfilled by the contractor like (i) Definite breach on the part of employer which caused loss to the contractor; (ii) Notice under sec 55 to the employer at the appropriate time about sufferance of loss or damage; (iii) Proof of sufferance of such damage and its quantum; (iii) Efforts made by the contractor to mitigate such losses; and (v) The loss arose naturally in the usual course of things from such breach or the party knew, when they made the contract, to be likely to result from the breach of it, meaning thereby that the losses are not indirect or remote.

Nirmal Goel,
Superintending Engineer, CPWD

वध टुकड़ों में लालच की खातिर, इतिहास मोरव घोटालासुर बुझी रहा,
तभी एक झूठे अभिमान की खातिर, देश-सम्मान खो रहा, देश-स्वभिमान खो रहा।

पीड़ना भी जो अरुण का तेज, धैर्य का कचुरा का घौंसा,
ऊँचाईयों में उड़ता जो हरपल, जिसकी सब गहराईयों की न कोई सीमा।

ईमान का वह अर्जुन जब कलयुग में शक कर सी रहा—

कागज के वजन में वध कर जब सन्तान — साधुजन से रहा।

तभी एक झूठे अभिमान की खातिर, देश-सम्मान खो रहा, देश-स्वभिमान खो रहा।

छा गयीं ही काली मेधा, बरसाती — लोभ लालच चकरत और लुट
सरा धनपती बिले लाल कीलशाही की, और धनपता चामसुरी च झूठ।

पगध रहा है पैसों का गुरुर,

और मगध रहा है अंधाचार का गुरुर।

जब दस प्रतिशत में लालच की खातिर, मोलाराम सबे खो रहा—

खातिर के छल की खातिर, आम आपसी से रहा।

तभी एक झूठे अभिमान की खातिर, देश-सम्मान खो रहा, देश-स्वभिमान खो रहा।

करना होगा जब कुछ ऐसा, की घोटालासुर जान आवे,
मन मंदिर से उरुके, पाप कर्म मांग जावे।

न रहे उसकी कोई मजबूरी, न रहे उसका कोई स्वार्थ,
कथती नीति व सम्मति, मन बसे सज्ज-मन, सुविचार के साथ।

ताकि परेशानी हो जावे सब हल,

ताकि-तेरा व पालक करे काज सारे सफल।

ताकि घोटालासुर ईमान का अमृत पी जावे,

ताकि घोटालासुर अर्जुन ही बन जावे।

ताकि बन अर्जुन वह तबही तब से —

देखी नव अर्जुन वरदान हो रहा —

तभी देखी देश का सम्मान हो रहा, देश मोरव गाथा का गुणगान हो रहा—

— जय हिन्द

सुरज अग्रवाल, अभियन्ता (पर्यावरण),

सामाजिक एवं पर्यावरण विभाग, डी.पी.एस.ई.पी, बीपलकोटी।

गंगा की "मौ" क्या

बन्य हुए हम भी गंगा को पाकर,
उपकार किया तुमने भी पृथ्वी पर आकर।
हम हम उतारे तारे आरती
हम सब हैं भी तेरे पुजारों।
तेरे आग्रह ही यह घरा संचरती,
तेरे कारण ही कसले जहलझापी।
तेरे जल से नव युग का निर्माण करेंगे,
उन्मत्त देश का कल्याण करेंगे।
कुछ सत विरोध में बोल रहे हैं,
गंगा को कम बोल रहे हैं।
हम सब हैं, जन्में दुःखर,
हम करते हैं गंगा से प्यार।
तेरी जहरों में परम कर्जों है बसती,
सम्पूर्ण देश को भी रोखन है करती।
भारत यहाँ को सम्पन्न बनायी,
इसी कारण गंगा "मौ" है काहलती।

अलका रायत
आसुतिपिक, सतर्कता विभाग, देहरादून।

भीड़

सड़कों में भीड़ सीसों में भीड़,
स्टेशनों में भीड़, अस्पतालों में भीड़।
जहाँ देखो वहाँ भीड़ ही भीड़,
जहाँ देखो वहाँ भीड़ ही भीड़,
जगता यह भीड़ कभी खत्म नहीं होगी।।
कहीं आदिमियों की भीड़, तो कहीं पादियों की भीड़,
कहीं बसों की भीड़ तो कहीं स्कूटरों की भीड़,
जहाँ देखो वहाँ भीड़ ही भीड़,
जहाँ देखो वहाँ भीड़ ही भीड़।।
जगता है आदमी कहीं भीड़ में खो उस गया है,
भीड़ में अपनी में बिगुल गया है,
भीड़ में भागते - भागते धक उस गया है,
जगता है यह भीड़ कभी आदमी का पीछा नहीं छोड़ेगी।।
किन्तु भीड़ में होते हुए भी आदमी एकदम अकेला है,
करता है कि ना जान भीड़ में से कौन कब,
उसे मोली मर दे और फिर सहम जाता है,
और सोचता है कि भीड़ तो कबल दिखावे की है
भारत में यह जैपल अकेला ही है।।

कुसुमलता भागडेय
वरिष्ठ लेखाकार, वित्त विभाग, देहरादून।

Circulars issued by CVC

Telegraphic Address:
"SATARKTA:New Delhi
E-Mail Address:
cervigil@nic.in
Website:
www.cvc.nic.in
EPA6X
24651001-07
फैक्स/Fax:24616286



केन्द्रीय सतर्कता आयोग
Central Vigilance Commission



केन्द्रीय सतर्कता आयोग,
सतर्कता भवन, नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

सं./No. 011/VGL/063

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 while finalising the contracts for engaging consultants.

I. 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 does not, 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 REP.

(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 proposals, all information that would in 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

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

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

Satarkta Bhawan, Block A,
GPO Complex, INA,
New Delhi — 110 023,
Dated the 12th September 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

Telegraphic Address:
*SATARKTA:New Delhi
E-Mail Address
cervigil@nic.in
Website
www.cvc.nic.in
EPABX
24651001-07
किस/फैक्स:24616286

क्र./No. 98/ORD/001

भारत सरकार
केन्द्रीय सतर्कता आयोग
Government of India
Central Vigilance Commission

सतर्कता भवन, लोक सेवा आयोग
कॉम्प्लेक्स, नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

क्र./No. _____

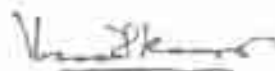
दिनांक: Dated: 28th October, 2011

Circular No. 12/10/11

Subject: Applicability of CVC's guidelines on post tender negotiations with regard to projects funded by World Bank and other international funding agencies like IMF, ADB etc.

References have been received seeking clarification whether the Commission's guidelines contained in Circular No.3(V)/99/9 dated 1st October 1999 are binding even for the projects which are funded by international funding agencies like World Bank, ADB etc.

2. Para 2 of the Commission's Circular dated 1st October 1999 is reproduced as under:-
"It has been decided after due consideration, that in so far as the World Bank Projects and other international funding agencies such as IMF, ADB etc. are concerned, the department/ organizations have no other alternative but to go by the criteria prescribed by the World Bank/ concerned agencies and the Commission's instructions would not be applicable specifically to those projects. However, the instructions of the CVC will be binding on purchases/sales made by the departments within the country. The CVC's instructions of 18/11/98 will apply even they are made with source outside the country and if they are within the budget provisions and normal operations of the Department/Organization."
3. It is clarified that the Commission's guidelines would not be applicable in projects funded by the World Bank, ADB etc., if found to be in conflict with the applicable procurement rules of the funding agencies.
4. This may be brought to the notice of all concerned



(J. Vinod Kumar)
Officer on Special Duty

All Chief Vigilance Officers

Telegraphic Address:
SATARKTA New Delhi
E-Mail Address:
cenvigil@nic.in
Website
www.cvc.nic.in
EPABX
24651001-07
फैक्स/Fax:24618286



केन्द्रीय सतर्कता आयोग
Central Vigilance Commission



सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स
ब्लॉक-ए, आई.ए.ए. नई दिल्ली-110023
Satarakta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023
सं./No. 011/VGL/035/101731
दिनांक/Dated: 12.01.2012

Circular No. 01/01/2012

Sub: Guidelines for compliance to Quality Requirements of e-Procurement Systems.

Ref: Commission's Circular No.23/06/010 dated 23/06/2010

Commission has been advocating leveraging of technology for activities prone to corruption since 2006 and one of the prominent initiatives was adoption of e-procurement for goods, works and services by all Ministries/Departments/Organisations Commission advised all Organizations to ensure security of the e-procurement systems and to get their system certified by Department of Information Technology (DIT)

2 DIT in turn requested its attached office STQC (Standardisation, Testing and Quality Certificate) Directorate to establish necessary processes and systems to enable certification of e-Procurement systems. Accordingly, the guidelines prepared by STQC in this regard approved and notified by the DIT is available on egovstandards website [www.egovstandards.gov.in]. The guidelines are also available on Commission's website www.cvc.nic.in (link-circular/instruction.) All the Ministries/Departments/Organisations are advised to use these guidelines for compliance to Quality Requirements for certifying the e-Procurement systems

(J. Vinod Kumar)

Officer on Special Duty

To

CVOs of all Ministries/Departments

CVOs of all Public Sector Enterprises

CVOs of all Public Sector Banks/Insurance Companies and Organizations

Telegraphic Address:
SATARKTA:New Delhi
E-Mail Address:
cenvigil@nic.in
Website
www.cvc.nic.in
EPABX
24651001-07
फोन/फैक्स:24616286



केन्द्रीय सतर्कता आयोग
Central Vigilance Commission



सतर्कता आयोग, (सी.वी.सी.) संसदीय
उपनिवेश-ए, जवाहर नगर, 110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

सं. No. 12-02-6-CTE/SPI(I)-2/161730

दिनांक / Date: 13.01.2012

Circular No. 03/01/12

Sub: **Consideration of Indian Agents.**

Ref: **Commission's Circular Nos. 12-02-6-CTE/SPI(I)-2 dated 7.01.2003 and 21.04.2004**

The Commission has been stressing on the need for observing transparency and determination of prices in a fair market competition while dealing with the tenders relating to procurement. The above OMs were issued to reduce the possibility of collusion and cartelization among the bidders so that competitive fair market price of the items of procurement can be determined.

2. A number of references have been received in the Commission citing certain specific situations and difficulties being faced in dealing with tenders. Therefore, the matter has been again examined by the Commission.
3. In supersession to the earlier OMs dated 7.01.2003 and 21.04.2004, Commission has decided that in all cases of procurement, the following guidelines may be followed:
 - a) In a tender, either the Indian agent on behalf of the Principal/OEM or Principal/OEM itself can bid but both cannot bid simultaneously for the same item/product in the same tender.
 - b) If an agent submits bid on behalf of the Principal/OEM, the same agent shall not submit a bid on behalf of another Principal/OEM in the same tender for the same item/product.
4. The tender conditions may be carefully prepared keeping in view the above guidelines.
5. The receipt of these guidelines may please be acknowledged and circulated amongst the concerned officials for their information and guidance.

(J. Vinod Kumar)
Officer on Special Duty

To: All CVOs of Ministries / Departments / PSUs / Banks / Insurance Companies / Autonomous Organizations / Societies / UTs.

Corruption Perception Index- WHERE DO WE STAND

- The Corruption Perceptions Index (CPI) table shows a country's ranking and score, the number of surveys used to determine the score, and the confidence range of the scoring.
- The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in country/ territory.
- The CPI is based on independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country.
- The confidence range indicates the reliability of the CPI scores and tells us that allowing for a margin of error, we can be 90% confident that the true score for this country lies within this range.
- Corruption Perceptions Index 2011 of score of the countries who tax best & worst are as given below. India ranks 91 out of 182 nations.

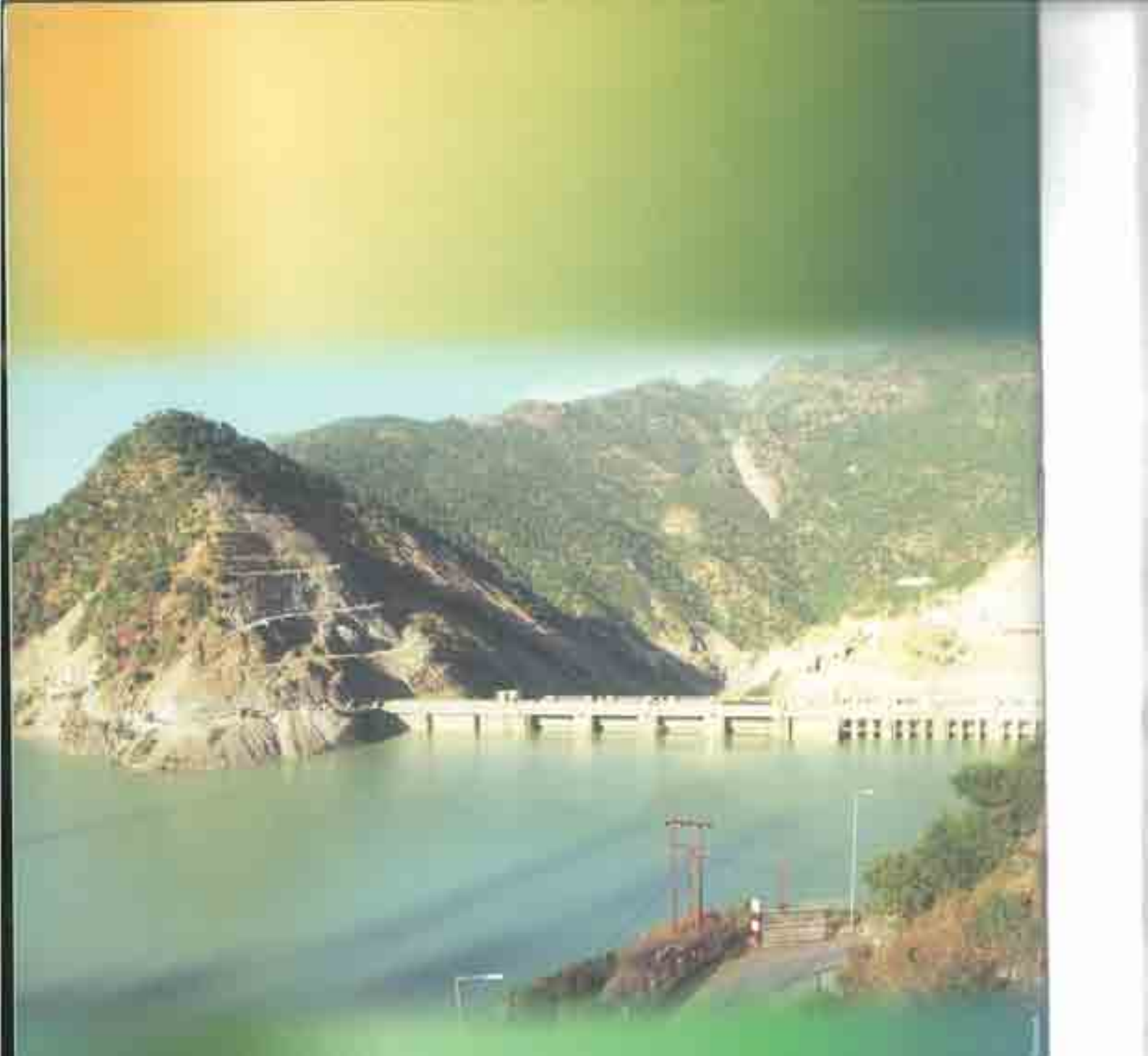
Rank	Country/Territory	CPI 2011 Score	Surveys Used	Confidence Range
1	New Zealand	9.5	9	9.4 - 9.5
91	India	3.1	13	2.9 - 3.3
182	Somalia	1.0	4	0.6 - 1.4

- India's position consistently continues to deteriorate from Rank 84 with CPI score of 3.4 in CPI 2009 with confidence range 3.2-3.6.

Source: Transparency International

Wealth consists not in having great possessions, but in having few wants.

-Epicurus



Vigilance Department

THDC India Ltd.

88/2, Line No. 4, Tag Bahadur Road, Dehradun
Toll Free No.: 1800 180 4148