



**COMPILATION
OF
CVC INSTRUCTIONS ON
PROCUREMENT, WORKS AND CONTRACTS
&
SYSTEMIC IMPROVEMENT INSTRUCTIONS OF
NMPT**



(Published during the Vigilance awareness week observed from 29-10-2018 to 03-11-2018)

NEW MANGALORE PORT TRUST

(An ISO 9001:2015, ISO 14001:2015 & ISPS Compliant Port)

Panambur, Mangalore - 575 010



Students of KV No. 1 and G.H.S. Meenakaliya participating in Competitions



Integrity pledge by students of Govt. High School Meenakaliya



Integrity pledge by students of NMPT High School



**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**

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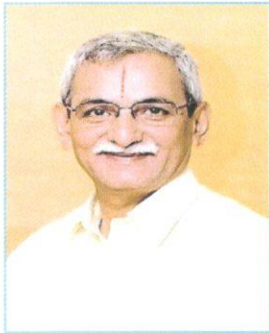
Where do the evils like corruption arise from? It comes from the never-ending greed. The fight for corruption-free ethical society will have to be fought against this greed and replace it with 'what can I give' spirit.

- A. P. J. Abdul Kalam

के. वि. चौदरि
K.V. CHOWDARY



केन्द्रीय सतर्कता आयुक्त
केन्द्रीय सतर्कता आयोग
Central Vigilance Commissioner
Central Vigilance Commission



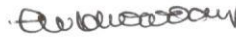
MESSAGE

I am happy to note that New Mangalore Port Trust is bringing out a reference book titled "Compilation of CVC instructions on procurement, works and contracts and systemic improvement instructions of NMPT". This book comprises instructions of the Central Vigilance Commission on procurement, works and contracts. It also contains other instructions referred to and copies of the instructions issued by NMPT.

This is a very laudable effort to bring all the relevant and applicable instructions at one place to facilitate easy reference by all concerned. I am sure that the users will find this useful and the management will revise it periodically.

I congratulate all those associated with this activity.

I wish NMPT, its executives, CVO, officers and staff all success in their endeavours.


(K.V. Chowdary)

डॉ टी एम भसीन
Dr T M BHASIN



सतर्कता आयुक्त
केन्द्रीय सतर्कता आयोग
VIGILANCE COMMISSIONER
CENTRAL VIGILANCE COMMISSION

Message

I am very happy to learn that New Mangalore Port Trust (NMPT) is publishing a reference book titled "Compilation of CVC Instructions on Procurement, Works and Contracts & Systemic Improvement Instructions of NMPT" during the Vigilance Awareness Week to be observed from 29.10.2018 to 03.11.2018.

The Reference Book has been divided into three parts. The first part gives gist of all the CVC instructions on procurement, works and contracts. The second part contains copies of all the instructions referred in the first part. The third part contains copies of the internal instructions regarding systemic improvements issued by NMPT.

I am sure the Reference Book will facilitate ease of doing business and taking decisions, in a fair, transparent, just and rule based environment.

With best wishes,


(Dr. T M Bhasin)

शरद कुमार
SHARAD KUMAR



सतर्कता आयुक्त
केन्द्रीय सतर्कता आयोग
VIGILANCE COMMISSIONER
CENTRAL VIGILANCE COMMISSION



MESSAGE

I am happy to note that New Mangalore Port Trust is bringing out a reference book titled "Compilation of CVC instructions on procurement, works and contracts & systemic improvement instructions of NMPT" during the Vigilance Awareness Week being observed from 29.10.2018 to 03.11.2018.

Since this compilation has been prepared based on the CVC guidelines issued from time to time and systemic improvement instructions of NMPT, it will be very useful to all the concerned officers of NMPT to deal with the matters of procurement, works and contracts.

I congratulate NMPT and its employees for taking the initiative to bring out this reference book and wish them all the best in their future endeavors.

(SHARAD KUMAR)

New Delhi
12th October, 2018

गोपाल कृष्ण
GOPAL KRISHNA



सचिव
SECRETARY
भारत सरकार
GOVERNMENT OF INDIA
पोत परिवहन मंत्रालय
MINISTRY OF SHIPPING

MESSAGE

I am happy to know that New Mangalore Port Trust is bringing out a reference book titled "Compilation of CVC instructions on procurement, works and contracts & systemic improvement instruments of NMPT" aimed at to be a comprehensive guide to all the stakeholders in the organization who are engaged in procurement, works and contracts.

I am sure this reference book will be very useful to all the stakeholders of NMPT and help them in following correct procedures in the matters of tendering and execution of contracts.

I wish NMPT and its employees all the best in their future endeavours as well.

Vidya 22/10/2018
Gopal Krishna

New Delhi
October 22nd, 2018



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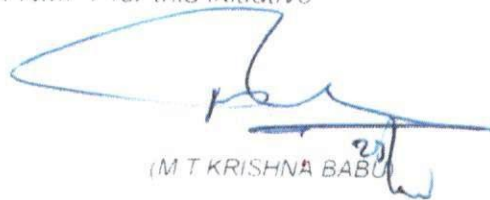


MESSAGE

I am happy to note that the vigilance department of NMPT is bringing out a reference book titled "Compilation of CVC instructions on procurement, works and contracts & systemic improvement instructions of NMPT" during the vigilance awareness week being observed from 29 10 2018 to 03 11 2018

This compilation brings all the relevant material at one place and shall serve as handy guide for the concerned officials and sensitize them to follow the correct procedures in the matters of procurement, works and contracts

I compliment the vigilance department of NMPT for this initiative


(M.T. KRISHNA BABU)

FROM THE DESK OF THE CVO

It gives me immense pleasure to present a usable reference book titled "Compilation of CVC instructions on procurement, works and contracts & systemic improvement instructions of NMPT". These instructions when followed in true letter and spirit can infuse a culture of 'preventive vigilance' which undoubtedly is the heart and soul of effective vigilance administration. It is a settled principle that "ignorance of law cannot stand as an excuse for not obeying the law". Naturally, it is in the best interest of all concerned that there is a constant endeavour to update oneself with all relevant laws, rules and guidelines. This is in accordance with the age old principle that working with conscious knowledge is the best form of work. This compilation has been compiled with these principles in mind.

As a first step towards sensitizing our colleagues to the prevailing CVC guidelines, we have made all CVC circulars available on NMPT website. Publishing this reference book is a second step by vigilance department in this direction. An attempt has been made to compile a ready reckoner/gist which brings together comprehensively all the relevant CVC circulars regarding procurement, works and contracts and internal instructions of NMPT regarding systemic improvements etc.

This book is divided into three parts. The first part gives gist of all the CVC instructions on procurement, works and contracts. The second part contains copies of all the instructions referred in the first part. The third part contains copies of the internal instructions regarding systemic improvements issued by NMPT.

However, as a disclaimer it must be added that this reference book by no means claims to be so exhaustive that it does not leave out any relevant information, orders etc. All the same, it will be our constant endeavour to make this compilation as exhaustive as possible and in this direction one of the steps contemplated is regular updating. This compilation will be made available on NMPT website also. One of the innovative steps proposed is the user interface in developing this compilation further in future. For this, it is requested that all users within NMPT after reading this reference book may send in their suggestions through mail to CVO for future updating.

I take this opportunity to express my gratitude to Chairman, NMPT for his guidance and support to bring out this reference book. I express my sincere thanks to all concerned who helped to compile this compilation with dedication and sincerity.


(SRIKRISHNA KARUTURI)
CHIEF VIGILANCE OFFICER

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**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**

PART – I

GIST OF CVC INSTRUCTIONS ON PROCUREMENT, WORKS AND CONTRACTS

A READY RECKONER

Corruption has reached an unacceptable level. It devours resources that could be devoted to the citizens. It impedes the proper carrying out of market rules and penalizes the honest and capable.

- Sergio Mattarella

I. PRE BID STAGE

1. Integrity Pact (IP):

- a. CVC recommends IP concept and encourages its adoption and implementation in respect of all major procurements.
- b. Independent External Monitors (IEMs) to review independently and objectively whether and to what extent parties have complied with their obligations under the Pact.
- c. Entering into IP would be a preliminary qualification to participate in the bidding.
- d. Based on the proposal of panel of eminent persons to be appointed as IEMs by the organisation, CVC would approve their appointment. **(Ref: No. 007/VGL/033 Dtd. 04.12.2007, 28.12.2007 & 008/CRD/013 Dtd. 11.08.2009).**
- e. The organizations, while forwarding the names of the persons for empanelment as IEMs should send a detailed bio-data in respect of each of the persons proposed. The bio-data should, among other things, include the postings during the last ten years before superannuation of the persons proposed as IEMs, in case the names relate to persons having worked in the government sector.
- f. The bio-data should also include details regarding experience older than ten years before superannuation of the persons proposed as IEMs, if they have relevant domain experience in the activities of PSUs where they are considered as IEMs. **(Ref: No. 008/VGL/001 Dtd 19.05.2008).**
- g. Adoption of Integrity Pact in an organization is voluntary, but once adopted, it should cover all tenders / procurements above a specified threshold value, which should be set by the organization itself.
- h. In view of limited procurement activities in the Public Sector Banks, Insurance Companies and Financial Institutions, they are exempted from adopting IP. **(Ref: No. 007/VGL/033 Dtd. the 05.08.2008).**
- i. "Standard Operating Procedure" for adoption of Integrity Pact. Format for integrity pact is enclosed to this Circular. **(Ref: No. 008/CRD/013 Dtd. 18.05.2009).**
- j. Organisation to select the names of the IEMs after due diligence and should not propose the officer serving or retired from the same organisation **(Ref: No. 009/VGL/016 Dtd.19.04.2010).**
- k. Organisations to undertake a general review and assessment of implementation of IP and submit progress through CVO's monthly report to the Commission. **(Ref: No. 008/CRD/013 Dated: 13.08.2010 & 008/CRD/013 Dtd 11.08.2009).**
- l. Maximum age limit for initial appointment of three years or further extension of two years is 70. **(Ref: No. 011/VGL/053 Dtd. 23.07.2012)**
- m. The Commission has reviewed the Standard Operating Procedure for adoption of Integrity Pact issued vide Circular No. I 0/5/09 dated I 8.5.2009 and has formulated a revised Standard Operating Procedure (SOP) for adoption of Integrity Pact in Government Departments / Organisations. A copy of the same is enclosed for information and necessary action. **(Ref: No. 015/VGL/091 Dtd 13.01.2017).**

2. Expression of Interest (EOI):

- a. There have been instances where the equipment / plant to be procured is of complex nature and the procuring organisation may not possess the full knowledge of the various technical solutions available in the market to meet the desired objectives of the transparent procurement that ensures value for money spent simultaneously ensuring up-gradation of technology & capacity building.
- b. 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 process may be useful and may be preferred. During the first stage of tendering, acceptable technical solutions can be evaluated after calling for EOI from

the leading experienced and knowledgeable manufacturers / suppliers in the field of the proposed procurement. Once the technical specifications and evaluation criteria are finalised, 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. **(Ref: No. 011/VGL/014 Dtd. 11.02.2011).**

3. Transparency in Tendering System:

In order to maintain transparency and fairness, it would be appropriate organisations should evolve a practice of finalizing the acceptability of the bidding firms in respect of qualifying criteria before or during technical negotiations with Tenderer. Obtaining revised price bids from the firms, which do not meet the qualification criteria, would be incorrect. Therefore, the exercise of short listing of the qualifying firms must be completed prior to seeking the revised price bids. Moreover, the intimation of rejection to the firms whose bids have been evaluated but found not meeting the qualification criteria, along with the return of the unopened price bid, will enhance transparency and plug the loopholes in the Tendering System. All organisations/departments are advised to frame a policy accordingly. **(Ref: No. 004/ ORD/9 Dtd. 10.12.2004).**

4. Turnkey Contracts:

The Commission has been receiving complaints that in turnkey contracts for networking of computer systems a lot of unrelated products are being included in the contracts which are either not required or which are stand alone in nature and can be procured separately at much lower cost. Inclusion of these unrelated items creates opportunities for malpractices. The Commission is of the view that wherever possible it will be advisable to take an independent third party view about the scope of turnkey projects so that the tendency to include unrelated products as part of the turnkey project is avoided. **(Ref: No. 004/ORD/8 Dtd. 03.11.2004)**

5. Use of products with standard specifications:

It is reiterated that the items with standard specifications only should be stipulated in the bid documents. In case, items with non-standard specifications are to be procured, reasoning for procuring such items may be recorded and reasonability of rates must be checked before placing order. **(Ref : No. 98-VGL-25 Dtd. 26.04.2007)**

6. Use of Brand Names in NIT:

It has come to the notice of the Commission that some departments / organisations are issuing tenders for purchase of computers where they mention and insist on international brands. This not only encourages the monopolistic practices but also vitiates the guidelines issued by the Ministry of Finance, D/o Expenditure vide its OM No. 8(4) - E.II (A) 98 dated 17.12.1998. It is therefore, advised that departments / organisations may follow the instructions issued by the Department of Expenditure. **(Ref: No. 98/ORD/1 Dtd. 05.05.2003)**

7. Measures to curb the menace of counterfeit and refurbished IT products:

To insist on undertaking from OEM that all the components / parts / assembly / software used in the Desktop and Server are original / new components and that not refurbished / duplicate / second hand components / parts / assembly / software are being used or would have been used. **(Ref: No.007/CRD/008 Dtd. 15.02.2008)**

8. Design Mix Concrete:

Provisions of IS 456:2000 are to be complied with. **(Ref: No. 010/VGL/066 Dtd. 07.10.2010)**

9. Pre-qualification Criteria (PQC):

- a. It is necessary to fix in advance the minimum qualification, experience and number of similar works of a minimum magnitude satisfactorily executed in terms of quality and period of execution. **(Ref: No. 12-02-1-CTE-6 Dtd. 17.12.2002).**
- b. Whatever pre-qualification, evaluation / exclusion criteria, etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied.
- c. The acceptance / rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation / exclusion criteria. **(Ref: No.98/ORD/1 Dtd. 09.07.2003).**
- d. It should be ensured that pre-qualification criteria, performance criteria and evaluation criteria are incorporated in the bid documents in clear and unambiguous terms as these criteria are very important to evaluate bids in a transparent manner. Whenever required, the departments/organisations should follow two-bid system, i.e. technical bid and price bid. The price bids should be opened only of those vendors who were technically qualified by the Department / Organisation. **(Ref: No. 98/ORD/1 Dated 04.09.2003).**
- e. To ensure that the pre-qualification criteria specified in the tender document should neither be made very stringent nor very lax to restrict / facilitate the entry of bidders.
- f. It should be ensured that the PQ criteria are exhaustive, yet specific and there is fair competition.
- g. It should also be ensured that the PQ criteria is clearly stipulated in unambiguous terms in the bid documents. **(Ref: No. 98/ORD/1 Dtd. 04.09.2003 & No. 12-02-1-CTE- 6 Dtd. 07.05.2004).**
- h. The Commission had vide its Office Order No.33/7/03 dated 9th July, 2003, advised that whatever pre-qualification, evaluation/exclusion criteria, etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organizations for submitting various clarifications and presentations. **(Ref: No.98/ORD/1(viii) Dtd. 29.04.2014)**

10. Tender Clause regarding Master Sample:

- a. While it is recognized that samples may be required to be approved to provide a basis in respect of indeterminable parameters such as shade, feel, finish & workmanship for supplies of such items but system of approving / rejecting tender samples at the time of decision making is too subjective and is not considered suitable, especially for items which have detailed specifications. The lack of competition in such cases is also likely to result in award of contracts at high rates.
- b. It is thus advised that Government Departments / Organizations should consider procurement of such items on the basis of detailed specifications. If required, provision for submission of an advance sample by successful bidder(s) may be stipulated for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply. Such a system would not only avoid subjectivity at the tender decision stage but would also ensure healthy competition among bidders and thus take care of quality aspect as well as reasonableness of Prices. **(Ref: No. 2EE-1-CTE-3 Dtd. 15.10.2003).**

11. Time bound Processing of Procurement:

- a. The Commission has observed that at times, the processing of tenders is inordinately delayed which may result in time and cost overruns and also invite criticism from the Trade Sector.
- b. It is, therefore, essential that tenders are finalized and contracts are awarded in a time bound manner within original validity of the tender, without seeking further extension of validity. While a short validity period calls for prompt finalization by observing specific timeline for processing, a longer validity period has the disadvantage of vendors loading their offers in anticipation of likely increase in costs during the period. Hence, it is important to fix the period of validity with utmost care. **(Ref: No. 008/VGL/083 Dtd. 06.11.2008).**

12. Public Procurement-Preference to make in India:

In order to implement to PPP-MII order in letter and spirit, the Commission would direct all the Chief Vigilance Officers (CVO) to exercise oversight on all contracts over an amount of Rs. five crores so as to ensure that restrictive and discriminative clauses against domestic suppliers are not included in the tender documents for procurement of goods and services and that the tender conditions are in sync with the PPP-MIII Order, 2017 in their respective Departments/Organisations. **(Ref: No. 018/VGL/022-377353 Dtd. 20.04.2018)**

II. TENDERING STAGE

13. Improving Vigilance Administration-Tenders:

Some organisations have been using the Public Sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided. Another issue that has been raised is that many a time the quantity to be ordered is much more than that L1 alone can supply. In such cases the quantity order may be distributed in such a manner that the purchase is done in a fair, transparent and equitable manner. **(Ref: No. 98/ORD/1 Dtd. 15.03.1999).**

14. Notice Inviting Tenders:

The Commission has observed that some of the Notice Inviting Tenders (NITs) have a clause that the tender applications could be rejected without assigning any reason. This clause is apparently incorporated in tender enquiries to safeguard the interest of the organisation in exceptional circumstances and to avoid any legal dispute. The Commission has discussed the issue and it is emphasized that the above clause in the bid document does not mean that the tender accepting authority is free to take decision in an arbitrary manner. He is bound to record clear, logical reasons for any such action of rejection / recall of tenders on the file **(Ref: No OFF-1-CTE-1(Pt) V Dtd 24.03.2005).**

15. Receipt and Opening of Tenders:

In general, the receipt of tenders should be through tender boxes as suggested in our booklets. However, in cases where the tenders are required to be submitted by hand, it may be ensured that the name and designation of at least two officers are mentioned in the bid documents. The information about these officers should also be displayed at the entrance / reception of the premises where tenders are to be deposited so as to ensure convenient approach for the bidders. The tenders after receipt should be opened on the

stipulated date and time in presence of the intending bidders. **(Ref: No. 05-04-1-CTE-8 Dtd. 08.06.2004).**

16. Leveraging Technology:

- a. All Govt. Organisations discharging regulatory / enforcement functions or service delivery of any kind, which cause interface with the general public / private businesses, etc., shall provide complete information on their websites regarding the laws, rules and procedures governing the issue of licenses, permissions, clearances, etc. An illustrative list is given in the annexure to this Circular.
- b. In case of Contracts & Procurement:
 - i. Applications for registration of contractors/suppliers/consultants/vendors, etc.
 - ii. Status of all bill payments to contractors / suppliers, etc.
- c. All application forms / proforma should be made available on the websites in a downloadable form. If the organisation concerned wishes to charge for the application form downloaded from the computer, the same may be done at the time of the submission of the application forms.
- d. In the second stage, the status of individual applications / matters should be made available on the organisation's website and should be updated from time-to-time so that the applicants remain duly informed about the status of their applications.

In addition to the manual receipt of applications, all organisations should examine the feasibility of online receipt of applications and, wherever feasible, a timeframe for introducing the facility should be worked out. As a large number of Govt. organisations are opting for e-governance, they may consider integrating the above mentioned measures into their business processes so that duplication is avoided. **(Ref: No.006/VGL/117 Dtd. 22.11.2006).**

17. Use of Website in Government Procurement or Tender Process:

- a. In addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually and through post etc., the complete bid documents along with application form shall be published on the website of the organization. It shall be ensured by the concerned organization that the parties making use of this facility of website are not asked again to obtain some other related documents from the Department manually for purpose of participating in the Tender Process i.e. all documents up to date should remain available and shall be equally legally valid for participation in the Tender Process as manual documents obtained from the Department through manual process.
- b. The concerned organization must give its web site address in the advertisement / NIT published in the newspapers.
- c. If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay the amount by draft / cheques etc. at the time of submission of the application form and bid documents.
- d. While the above directions must be fully complied with, efforts should be made by organizations to eventually switch over to the process of e-procurement / e-sale wherever it is found to be feasible and practical. **(Ref: No.98/ORD/1 Dtd. 18.12.2003).**
- e. The Commission has issued a Directive vide No. 98/ORD/1 Dtd 18.12.2003 wherein detailed instructions are issued regarding the use of website for tendering process. The objective is to improve vigilance administration by increasing transparency. The instructions were to take effect from 1st January 2004. It is noticed that many organisations whose websites are functional are still not putting their tenders on the website. The Commission has desired that CVOs should ensure compliance of the above directive. They should regularly pursue the newspaper advertisements, the

website of their organisation and in general keep track to ensure that the directives of the Commission on this subject are complied with. Further, the Commission has desired that the CVOs should indicate in their monthly report in the column pertaining to Tender Notices whether all the tenders have been put on the website, and if not, the reasons for non-compliance. The explanation of the concerned officers who are not complying with these directions should be called and further necessary action taken. **(Ref: No. 98/ORD/1 Dtd 09.02.2004).**

- f. In CPWD, MCD, Civil Construction Division of Post & Telecom Departments and in many other departments/organizations, there is system of short-term Tenders (by whatever name it is called in different organizations), wherein works below a particular value are undertaken without resorting to publicity as is required in the open tenders. This practice is understandable because of cost and time involved in organizing publicity through newspapers. In all such cases, notice can be put on the web-site of the department as it does not take any time compared to giving advertisements in the newspapers and it practically does not cost anything. This will benefit the department by bringing in transparency and reducing opportunities for abuse of power. This will also help the organizations by bringing in more competition. In view of the reasons given above, the Commission has decided that instructions given in the Commission's circular (No. 98/ORD/1 dated 18.12.2003) for the use of web-site will also apply to all such works awarded by the department/PSEs/ other organizations over which the Commission has jurisdiction. **(Ref: No. 98/ORD/1 Dtd 11.02.2004).**
- g. It is clarified that Commission's instructions are with regard to goods, services and works procured through open tender system, so these instructions do not apply to proprietary items and items which necessarily need to be procured through OEMs and OESs (Original equipment Suppliers).
- h. In many organizations goods, services and works which as per laid down norms are to be procured / executed through open tender system many times due to urgency are done through short term tenders without resorting to wide publicity in newspapers because of time constraint. In all such cases short term tenders (by whatever name it is called) etc. should also be put on the website of the dept. as it does not involve any additional time or cost.
- i. *Periodic Updating of Vendor Directory:*
The Commission desires that in all such cases there should be wide publicity through the web site as well as through the other traditional channels at regular intervals for registration of contractors / suppliers. All the required proforma for registration, the pre-qualification criteria etc. should be always available on the website of the organization and it should be possible to download the same and apply to the organization. There should not be any entry barriers or long gaps in the registration of suppliers / contractors. The intervals on which publicity is to be given through website and traditional means can be decided by each organization based on their own requirements and developments in the market conditions. It is expected that it should be done at least once in a year for upgrading the list of registered vendors / contractors.
- j. *Opportunity to all registered Vendors in Limited Tendering:*
The concerned organisation should give web - based publicity for Limited Tenders also except for items of minor value. If the organization desires to limit the access of the Limited Tender documents to only registered contractors / suppliers, they can limit the access by issuing passwords to all registered contractors / suppliers. But it should be ensured that password access is given to all the registered contractors / suppliers and not denied to any of the registered suppliers. Any denial of password to a registered supplier / contractor will lead to presumption of malafide intention on the part of the Tendering Authority. **(Ref: No.98/ORD/1 Dtd. 02.07.2004).**
- k. All organisations must post a summary every month of all the contracts/purchases made above a certain threshold-value, to be decided by the CVO in consultation with

the Head of organisation i.e. CEO / CMD etc. as per Annexure-I enclosed to the Circular cited below. The threshold-value may be reported to the Commission for concurrence. **(Ref: No.005/VGL/4 Dtd 16.03.2005).**

1. Reference is invited to Commission's Office Order No.13/3/05 dated 16.3.2005 regarding above mentioned subject directing the organisations to publish every month the summary of contracts / purchases made above a threshold value on the website. In this regard it is specified that the proposed threshold limit is acceptable to the Commission as long as it covers more than 60% of the value of the transactions every month. **(Ref: No.005/VGL/4 Dtd 28.07.2005).**
- m. The threshold limits as proposed by the CVOs in consultation with CEOs can be taken as the starting point which could be revised subsequently to cover 60% of the transactions in a year and further 100% on stabilization. **(Ref: No.005/VGL/4 Dtd 20.09.2005)**
- n. CVOs are, therefore, once again advised to ensure that details of the tenders awarded above the threshold value by the organizations are uploaded in time on the organisation's official website and are updated every month. CVOs should also specifically bring to the notice of the Commission, any violation of this order. **(Ref: No.005/VGL/4 Dtd. 01.09.2006)**
- o. The Commission, therefore, while reiterating its aforementioned instructions directs the CVOs to convey to the Commission the following information latest by 30/4/07:-
The threshold value decided by the organization for publishing on their website, details of award of tenders/contracts;
The extent to which the details of awarded tenders are being posted on the website and whether the websites are being updated regularly or not;
Whether first/second phase of the Commission's circular dated 22/11/06 has been implemented or not;
If not, the reasons thereof: steps being taken by the organization to ensure implementation of the Commission's circular and the exact date by which both the phases as mentioned in the Commission's circular would be fully implemented;.
Any failure on the part of organization to implement the directions contained in the Commissions circulars as mentioned above would be viewed seriously by the Commission. **(Ref: No. 006/VGL/117 Dtd. 18.04.2007).**
- p. To post summary of details of contracts/purchases awarded so as to cover 75% of the value of the transactions without any further delay. Any failure on the part of the organisations on this account would be viewed seriously by the Commission. All Chief Vigilance Officers should reflect the compliance status in their monthly reports to the Commission after personally verifying the same. **(Ref: No.005/ VGL/4 Dtd 14.07.2009).**

18. E-Tendering / E-Procurement:

- a. The Commission has been receiving a number of references from different departments/organisations asking for a uniform policy in this matter. The departments / organisations may themselves decide on e-procurement/reverse auction for purchases or sales and work out the detailed procedure in this regard. It is, however, to be ensured that the entire process is conducted in a transparent and fair manner. **(Ref: No.98/ORD/1 Dtd. 11.09.2003).**
- b. All organisations should invariably follow a fair, transparent and open tendering procedure to select the application service provider for implementing their e-tendering solutions. The standard guidelines on tendering procedure should hold good for the procurement of these services as well. **(Ref: No. 009/VGL/002 Dtd. 13.01.2009).**
- c. Guidelines on security related issues in e-tendering systems. **(Ref: No.009/ VGL/002 Dtd 17.09.2009).**
- d. Checklist for implementation of e-tendering solutions. **(Ref: No.009/VGL/002 Dtd. 26.04.2010).**

- e. In order to ensure proper security of the e-procurement system all departments / organisations are advised to get their system certified by Department of Information Technology (DIT). **(Ref: No.010/VGL/035 Dtd. 23.06.2010).**
- f. DIT in turn requested its attached STQC (Standardisation, Testing and Quality Certificate) Directorate to establish necessary processes and systems to enable certifications of e-procurement systems. Accordingly, the guidelines prepared by STQC in this regard approved and notified by the DIT is available on e-Gov. standards website (www.egovstandards.gov.in). The guidelines are also available on Commission's website. All the Ministries / Departments / Organisations are advised to use these guidelines for compliance to Quality Requirements for certifying the e-procurement systems. **(Ref: No.010/VGL/035/161731 Dtd. 12.01.2012).**

19. Contracts Awarded on Nomination basis:

- a. In the circumstances, if sometimes award of contract on nomination basis by the PSUs become inevitable, the Commission strongly feels that the following points should be strictly observed:
 - i. All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for scrutiny and vetting post facto.
 - ii. The reports relating to such awards will be submitted to the Board every quarter.
 - iii. The audit committee may be required to check at least 10% of such cases

(Ref: No.005/CRD/19 Dtd. 09.05.2006).

- b. It is needless to state that tendering process or public auction is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.
- c. A relevant extract from the recent Supreme Court of India judgement in the case of Nagar Nigam, Meerut Vs. A1 Faheem Meat Export Pvt. Ltd.[arising out of SLP(civil) No.10174 of 2006] is reproduced below to reinforce this point (refer circular cited below). The Commission advises all CVOs to formally apprise their respective Boards / Management of the above observations as well as the full judgement of the Hon'ble Supreme Court for necessary observance. **(Ref: No.005/CRD/19 Dtd. 05.07.2007).**
- d. All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for information. **(Ref: 005/CRD/19 (Part) Dtd.19.05.2010)**
- e. The Commission has been emphasising on the need for observing integrity, transparency, fairness and equity in all aspects of decision making including in tendering and award of contracts. In view of the complaints being received regarding award of contracts on 'nomination basis' without adequate justification, the Commission has decided to reiterate their earlier instructions for strict implementation. Further, the Commission directs that details of all tenders awarded on nomination basis shall be posted on the website in the public domain as per Commission's Office Order of 5th July 2007 along with brief reasons for doing so.
- f. The Commission has observed that there have been instances where government organisations / PSUs obtain contract from other government organisations / PSUs and further award the same to private entities on 'back to back tie up' basis without competitive tendering mechanism and without any significant value addition by the procuring government organisation / PSU. Their practice subverts the Commission's emphasis on integrity, transparency, fairness and equity in decision making. **(Ref: No 005/CRD/19/196756 Dtd. 11.07.2012)**
- g. The award of contracts/procurements/projects on nomination basis without adequate justification amounts to a restrictive practice eliminating competition, fairness and equity. The Commission would reiterate its earlier instructions, that

award of contracts on nomination basis can be resorted to only in exceptional circumstances as laid down in Commission's Office Order No.23/7/07 dated 05.07.2007. **(Ref: No 005/CRD/19/386121 Dtd. 11.07.2018)**

20. Post Tender Negotiation:

- a. Commissions' guideline would not be applicable in Projects funded by World Bank, ADB, etc., if found to be in conflict with the applicable procurement rules of the funding agencies. **(Ref: No.98/ORD/001 Dtd. 28.10.2011& No.3 (V)/99/9 Dtd. 01.10.1999).**
- b. The Commission has banned post-tender negotiations except with L-1 vide its instruction No.8 (1) (h)/98(1) dated 18/11/98. This instruction pertains to the award of work / supply orders etc., where the Government or the Government Company has to make payment.
- c. If the tender is for sale of material by the Government or the Government company, the post-tender negotiations are not to be held except with H-1 (i.e. the highest tenderer), if required. **(Ref: No. 98/ORD/1 Dtd 03.08.2001).**
- d. There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiation.
- e. Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of education in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work / contract.
- f. Further, it has been observed by the Commission that at times the Competent Authority takes unduly long time to exercise the power of accepting the tender or negotiate or re-tender. Accordingly, the model time frame for according such approval to completion of the entire process of Award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level, a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of the tender/contract. In case of L-1 backing out there should be re-tendering as per extant instructions. **(Ref: No. 005/ORD/12 Dtd. 25.10.2005).**
- g. Reference is invited to Commission's instructions of even number dated 25.10.2005 on the above subject. A number of references have been received in the Commission, asking for clarification on issues pertaining to specific situations. The Commission's guidelines were framed with a view to ensuring fair and transparent purchase procedure in the organizations. The guidelines are quite clear and it is for the organizations to take appropriate decision, keeping these guidelines in view. In case they want to take action in deviation or modification of the guidelines, to suit their requirements, it is for them to do so by recording the reasons and obtaining the approval of the competent authority for the same. However, in no case, should there be any compromise to transparency, equity or fair treatment to all the participants in a tender. **(Ref: No. 005/CRD/12 Dtd. 03.10. 2006).**
- h. Post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.

- i. Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.
- j. In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process.
- k. Competent Authority should exercise Due Diligence while accepting a tender or ordering negotiations or calling for a re-tender. In no case should the overall time frame exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.
- l. Quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable.
- m. It is essentially in cases where the organisations decide in advance to have more than one source of supply (due to critical or vital nature of the item), the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself.
- n. Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation. **(Ref: No.005/CRD/012 Dtd. 03.03.2007 & 005/CRD/012 Dtd. 20.01.2010).**
- o. A clarification issued vide Circular **No. 98/ORD/001 dated 28.10.2011** provided the following:
"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."
- p. The matter has been examined in the light of Commission's circulars No. 8(1)(h)/98(1) dated 18.11.1998, 3(v)/99/9 dated 01.10.1999 and 98/ORD/001 dated 28.10.2011. Apparently, funds from International Agencies like World Bank, IMF, ADB or other multilateral agencies are available by way of grants-in-aids or as loans. In the former category of funding, there is no liability on the Govt. of India to repay such funded amounts. In the latter category of funds received by way of loans, with or without interest, ultimately the Government of India as the receiving agency has to repay the loans so received. Thus, there is a need to distinguish between these two categories of funding options. If any of the International Agencies while granting aid prescribes certain terms and conditions which are contrary to the existing guidelines of the Government (GFR) or of the Commission relating to the process of procurement/tendering to be adopted, determination of the qualifications, negotiations, other terms and conditions, etc., where the funding is by way of grants-in-aid with no obligation to repay such amounts, the agency receiving the fund may accept such conditions as the International Agency may lay down. However, where such funding is by way of a loan with or without interest and there is a liability on the

Government and/or the recipient agency to repay the money in due course, it is essential that prudent norms on making the procurements at best possible rates in a transparent, competitive environment providing opportunity to all eligible and willing bidders, the guidelines/instructions of the Central Vigilance Commission in regard to qualification, criteria, terms and conditions of procurement, negotiations, etc. will have to be followed keeping in view the best interest of transparency, accountability and efficiency. **(Ref: No. 98/ORD/001 Dtd. 06.04.2018).**

- q. The Commission's instructions dated 18.11.1998 (on post tender negotiations) and other guidelines relating to procurement/sales etc., would not be applicable to projects funded by World Bank and other International Funding Agencies, as such external aid / loans etc., received are covered under the applicable policies/legal agreement executed, as permitted under Rule 264 of General Financial Rules, 2017 (GFR), Manual for Procurement of Goods of 2017, Manual for Procurement of Consultancy and other Services, 2017 issued by the D/o Expenditure, M/o Finance, etc. **(Ref: No. 98/ORD/001-392683 Dtd. 28.08.2018)**

21. Agents:

- 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.

Tender conditions may be carefully prepared keeping in view of above guidelines. **(Ref: No. 12-02-06-CTE/SPI (1)-2/161730 Dtd.13.01.2012).**

22. Grant of Mobilization Advance:

- a. Adequate steps may be taken to ensure stipulation of mobilization advance only for selected works and advance should be interest bearing so that contractor does not draw undue benefit. Timely execution/completion of all projects is an essential requirement and the contractor would like to draw interest bearing mobilization advance only when he needs to maintain his cash flow. **(Ref: No. UU/POL/19 Dtd. 08.10.1997).**
- b. Though the Commission does not encourage interest free mobilization advance, if the Management feels its necessity in specific cases, then it should be clearly stipulated in the Tender document and its recovery should be time-based and not linked with progress of work. This would ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence and scope for misuse of such advance could be reduced.
- c. Mobilization advance should be released only against furnishing of Bank Guarantee (BG). Recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time.
- d. There should be a clear stipulation of interest to be charged on delayed recoveries either due to the late submission of bill by the contractor or any other reason besides the reason giving rise to the encashment of BG, as stated above.
- e. The amount of mobilization advance; interest to be charged, if any; its recovery schedule and any other relevant detail should be explicitly stipulated in the tendered document upfront.
- f. Relevant format for BG should be provided in the tender document.
- g. Authenticity of such BGs should also be invariably verified from the issuing bank, confidentially and independently by the organization.

- h. In case of 'Machinery and Equipment advance', insurance and hypothecation to the employer should be ensured.
- i. Utilization certificate from the contractor for the mobilization advance should be obtained. Preferably, mobilization advance should be given in instalments and subsequent instalments should be released after getting satisfactory utilization certificate from the contractor for the earlier instalment. **(Ref No.4CC-1-CTE-2 Dtd. 10.04.2007).**
- j. Provision of mobilization advance should essentially be need-based. Decision to provide such advance should rest at the level of Board (with concurrence of Finance) in the organization in respect of interest free advance. However, in case of interest bearing advance, organisation may delegate powers at appropriate levels such as CMD or Functional Directors. **(Ref: No. 4CC-1-CTE-2 Dtd. 05.02.2008).**
- k. BG etc., taken towards security of advance should be at least 110% of the advance so as to enable recovery of not only principal amount but also interest portion, if required.
- l. The 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 misusing the full utilisation advance when the work is delayed considerably.
- m. A clause in the tender enquiry and the contract of cases providing for interest free mobilisation advances may be stipulated that if the contract is terminated due to default by the Contractor, the mobilisation advance would be deemed as interest bearing advance at the interest rate of % (to be stipulated depending on the prevailing rate at the time of issue of NIT) to be compounded quarterly. **(Ref: No. 01-11-CTE-SH-100 Dtd. 17.02.2011)**

III. CONTRACT AWARD / EXECUTION / ADMINISTRATION STAGE

23. L-1 Party backs out:

If L-1 Party backs out, there should be re-tendering in a transparent and fair manner. The authority may in such a situation call for Limited or Short Notice Tender if so justified in the interest of work and take a decision on the basis of lowest tender. **(Ref: No.98/ORD/1 Dtd 24.08.2000).**

24. Acceptance of Bank Guarantee (BG):

- a. Copy of proper prescribed format on which BGs are accepted from the contracts should be enclosed with the Tender Document and it should be verified verbatim on receipt with original document.
- b. It should be insisted upon the contractors, suppliers etc. that BGs to be submitted by them should be sent to the organisation directly by the issuing bank under Registered Post (A.D.).
- c. In exceptional cases, where the BGs are received through the contractors, suppliers etc., the issuing branch should be requested to immediately send by Registered Post (A.D) an unstamped duplicate copy of the Guarantee directly to the organisation with a covering letter to compare with the original BGs and confirm that it is in order.
- d. As an additional measure of abundant precaution, all BGs should be independently verified by the organisations. In the organisation / unit, one officer should be specifically designated with responsibility for i) verification, ii) timely renewal and iii) timely encashment of BGs. **(Ref: No.02-07-01-CTE-30 Dtd. 31.12.2007).**
- e. Organizations are advised to follow IT enabled confirmation system which is swift and secured in addition to their existing paper based confirmation system. **(Ref: No.02-07-01-CTE-30/309204 Dtd. 04.03.2016).**

25. Out of turn Allotments / Discretion:

The details of all such cases regarding tenders or out of turn allotments or discretion exercised in favour of an employee / party to be published on the Notice Board and in the organisation's regular publication(s), **(Ref: No.005/VGL/4 Dtd the 16.03.2005)**

26. E-Payments:

- a. The payment to all suppliers / vendors, refunds of various nature, and other payments which the organisations routinely make shall be made through electronic payment mechanism at all centres where such facilities are available in the banks. Salary and other payments to the employees of the concerned organisations at such centres shall also be made through electronic clearing system (ECS) wherever such facilities exist. As the organisations will have to collect bank account numbers from the vendor, suppliers, employees and others who have interface of this nature with the Govt. organisations, the concerned organisations may plan to switch over to e-payment system in a phased manner starting with transactions with the major suppliers in the beginning or in whatever manner is found more convenient. **(Ref: No.98/ORD/1 Dtd. 08.04.2004).**
- b. The Commission had directed that by July 2004, 50% of the payment transactions both in value terms as well as in number of transactions shall be made through ECS/EFT mechanism instead of payments through Cheques; and urged all Banks, PSUs and Departments to provide an enabling environment and facilities so that such an initiative is successful. **(Ref: No. 98/ORD/1 Dtd. 20.10.2004)**

27. Delays in Payments to Contractors & Suppliers etc. reducing opportunities for corruption reg:

- a. The Commission has directed that all the CVOs should undertake a review of bills received during the last six months. The review is meant to primarily determine the time taken in clearing the bills. It is suggested that the cut off limit for bills can be Rs. 1 lakh i.e. time taken for payment of all bills above this amount should be seen. In smaller organisations the cut off limit can be lower depending on feasibility and convenience. The CVO should also review whether payments are being made on "first-come-first-serve" basis or not. **(Ref: No. 005/ORD/1 Dtd. 10.03.2005).**
- b. Some of the major CPSEs have reported that their bill watch/online bill tracking Systems red flags such delays in payment of bills. However, it is important that monitoring of cases of delay/non-settlement is done at higher levels to achieve efficiency and to reduce delay. The Commission would, therefore, advise the CVOs to examine from vigilance angle all cases of inordinate delay (with respect to prescribed time if any, or cases of delay exceeding 15 days) **(Ref: No. PVC/18/01 Dtd. 03.05.2018).**

28. Selection and Employment of Consultants:

- a. Guidelines in connection with the selection of consultants by Public Sector Enterprises for preparation of project reports have been laid down by Bureau of Public Enterprises vide letter No. BPE/GL-025/78/Prodn./PCR/2/77/BPE/Prodn. dt. 15th July, 1978. It is, therefore, necessary that urgent action is taken to formulate a rational policy for employment of consultants based on the broad outlines given by B.P.E. **(Ref: No.3L-IRC1Dtd. 10.01.1983)**
- b. Some of the common irregularities / lapses observed in respect of appointment of consultants have been narrated in the Circular. **No OFF 1 CTE 1 Dtd. 25.11.2002.**
- c. Conflicts of Interest: A firm which has been engaged by the PSU to provide goods or works for a Project and any of its affiliates will be disqualified from providing

Consulting Services for the same Project. Conversely, a firm hired to provide Consulting Services for the preparation or implementation of a Project, and any of its affiliates, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same Project.

- d. Consultants or any of their affiliates will not be hired for any assignment, which by its nature, may be in conflict with another assignment of the consultants. **(No.98/DSP/3 Dtd. 24.12.2004)**
- e. The Commission has declared that following guidelines be kept in view while finalising the contracts for engaging Consultants:-
 - i. Conflict of Interest:
 - ii. Conflict between consulting activities and procurement of goods, works or non-consulting services
 - iii. Conflict among consulting assignments
 - iv. Relationship with employer's staff
 - v. A consultant shall submit only one proposal. If participates in more than one proposal, all such proposals shall be disqualified.
 - vi. Professional Liability:

The Consultant is expected to carry out its assignments 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 the 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. **(Ref: No. 011/VGL/063 Dtd. 24.06.2011)**

- f. Systemic improvement guidelines for engagement of consultants
The Commission, taking into account the practices and procedures, being followed by various organisations, would advise following measures while finalising the contracts for engaging consultants: **(Ref: No. 011/VGL/063-334701 Dtd. 23.01.2017)**

29. Back to Back tie-up by PSUs:

- a. It has been observed during intensive examination of various works / contracts awarded by construction PSUs on back to back basis that the works are being awarded in an adhoc and arbitrary manner without inviting tenders and ascertaining the performance, capability and experience of the tenderers. In some cases, the works were awarded on single tender basis / limited tender basis though sufficient time was available with the organisation to invite open tenders. **(Note: Observations of the Commission are listed in the circular mentioned below) (Ref: No.06-03-02-CTE-34 Dtd. 20.10.2003)**
- b. The Commission has observed that there have been instances where Government Organisations / PSUs obtain contract from other Government Organisations / PSUs and further award the same to private entities on 'back to back tie up' basis without competitive tendering mechanism and without any significant value addition by the procuring Government Organisation / PSU. Their practice subverts the Commission's emphasis on integrity, transparency, fairness and equity in decision making. **(Ref: No 005/CRD/19/196756 Dtd. 11th Dec 2012)**

30. Banning of Business Dealings:

The Commission once again reiterates its instructions that banning of business is an administrative matter to be decided by the management of the organization and the CVC does not give its advice in such matters. **(ReF: No. 000/VGL/161 Dtd. the 24.03.2005)**

31. Purchase Preference Policy:

- a. The Department of Public Enterprises has issued guidelines vide O.M. No. DPE /13 (15) / 2007-Fin. Dated 21.11.2007 on the subject cited above which reiterates DPE's earlier guidelines dated 18.07.2005 to the effect that the Purchase Preference Policy would stand terminated w.e.f. 31.03.2008.
- Further, it also provides that Preferential Policy framed for the specific sectors by the concerned Ministry/Department within relevant Act of Parliament or otherwise do not come within the purview of these guidelines.
- However, the DPE OM. Dated 21/11/2007, lays down that the concerned Ministry / Department may independently evolve/review preferential policies for the sectors of their concern as per their requirement. A copy of DPE's O.M dated 21/11/2007 is enclosed for reference.
- b. The Commission has desired that if any Ministry/Department has evolved a Purchase Preference Policy pursuant to the DPE Guidelines, the same may be brought to the notice of the Commission. **(Ref: 009/VGL/055 Dtd 09.11.2009)**

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

In continuation of the Commission's directions vide Order 005/VGL/4 dated 16/3/2005 regarding transparency in the tender process, the Commission would advise that the members of the Tender Committee should give an undertaking at the appropriate time, that none of them has any personal interest in the Companies / Agencies participating in the Tender Process. Any Member having interest in any Company should refrain from participating in the Tender Committee. **(Ref: No. 005/ VGL/66 Dtd the 9/12/2005)**

33. Recoveries arising out of Intensive Examination conducted by CTEO:

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. **(Ref: No. TE (NH)/2011/ Recoveries/144262 Dtd. 12.09.2011)**

IV. GENERAL

34. Checklist for Examination of Procurement (Works/ Purchases / Services) Contracts by CVOs:

A. Pre-Award Stage

1. Financial and Technical sanction of Competent Authority is available.
2. Adequate and wide publicity is given.
3. Advertisement is posted on website and Tender Documents are available for downloading.
4. Convenient tender receiving/opening time and address of the Tender receiving officials/tender box are properly notified.
5. In the case of Limited Tender, panel is prepared in a transparent manner clearly publishing the eligibility criteria. The panel is updated regularly.
6. Pre-Qualification Criteria are properly defined/ notified.
7. Short listed Firms/Consultants are fulfilling the eligibility criteria. There is no deviation from notified criteria during evaluation.
8. Experience certificates submitted have been duly verified.
9. Tenders/Bids are opened in the presence of Bidders.

10. Corrections/omissions/additions etc., in price bid are properly numbered and attested and accounted page-wise. Tender summary note/ Tender opening register is scrupulously maintained.
11. Conditions having financial implications are not altered after opening of the Price Bids.
12. In case of consultancy contracts
 - I. Upper ceiling limit is fixed for consultancy fee and
 - II. Separate rates for repetitive works are fixed.

B. Post-award stage

a. General

1. Agreement is complete with all relevant papers such as pre-bid conference minutes, etc.
2. Agreement is page-numbered, signed and sealed properly.
3. Bank Guarantee is verified from issuing bank.
4. Insurance Policies, Labour Licence, Performance Guarantee are taken as per Contract.
5. Technical Personnel are deployed as per Contract.
6. Plant and Equipment are deployed as per Contract.
7. Action for levy of liquidated damages is taken in case of delay/default.

b. Payments to contractors

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

c. Site Records

1. Proper system of recording and compliance of the instructions issued to the Contractors is maintained.
2. Proper record of hindrances is maintained for the purpose of timely removal of the hindrance and action for levy of liquidated damages.
3. Mandatory tests are carried out as per the frequency prescribed in the agreement. **(Ref: F.No.006/VGL/29 Dated, the 1st May, 2006).**

35. Guidelines for intensive examination of public procurement contracts by CVOs:

Guidelines on how to carry out intensive examination of public procurement contracts by CVOs (<http://www.cvc.nic.in/sites/default/files/gie19012016.pdf>)

36. A Comprehensive Set of Guidelines Issued by CVC on Common Irregularities / Lapses Observed in Stores / Purchase Contract:

Guidelines for improvement in the procurement system. **(Ref: CVC Publication Dtd. 15.01.2002)** (http://www.cvc.nic.in/sites/default/files/cte_man_2002_3.pdf)

37. Referring Cases of Procurement to the Commission:

The Commission has issued various circulars/guidelines /instructions in order to promote transparency, improve competition and ensure equity among participants. However, if any organization faces difficulty in the application of any of the circulars /guidelines / instructions issued by the Commission, then it may approach the Commission bringing out the difficulties along with a proposed generic solution listing out the ingredients of the special circumstances for examination and review by the Commission. References of a general nature having elements of managerial decision making and concerning a particular procurement should be avoided. **(Ref: No 008/CRD/008 Dtd. 24.07.2008)**



**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**

PART – II

**COMPENDIUM OF CVC INSTRUCTIONS
ON
PROCUREMENT, WORKS AND CONTRACTS**

I believe that transparency is the solution to our problem on corruption.

- Grace Poe

No.007/VGL/033
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A
GPO complex, INA,
New Delhi-110023
Dated the 4th December 2007

Office Order No.41/12/07

Subject: Adoption of Integrity Pact in major Government Procurement Activities- regarding.

Ensuring transparency, equity and competitiveness in public procurement has been a major concern of the Central Vigilance Commission and various steps have been taken by it to bring this about. Leveraging technology specially wider use of the web-sites for disseminating information on tenders, tightly defining the pre-qualification criteria and other terms and conditions of the tender are some of the steps recently taken at the instance of the Commission in order to bring about greater transparency and competition in the procurement/award of tender.

2. In this context, Integrity Pact, a vigilance tool first promoted by the Transparency International, has been found to be useful. The Pact essentially envisages an agreement between the prospective vendors/bidders and the buyer committing the persons/officials of both the parties, not to exercise any corrupt influence on any aspect of the contract. Only those vendors/bidders who have entered into such an Integrity Pact with the buyer would be competent to participate in the bidding. In other words, entering into this Pact would be a preliminary qualification. The Integrity Pact in respect of a particular contract would be effective from the stage of invitation of bids till the complete execution of the contract.

3. The Integrity Pact envisages a panel of Independent External Monitors (IEMs) approved for the organization. The IEM is to review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact. He has right of access to all project documentation. The Monitor may examine any complaint received by him and submit a report to the Chief Executive of the organization, at the earliest. He may also submit a report directly to the CVO and the Commission, in case of suspicion of serious irregularities attracting the provisions of the PC Act. However, even though a contract may be covered by an Integrity Pact, the Central Vigilance Commission may, at its discretion, have any complaint received by it relating to such a contract, investigated.

4. The Commission would recommend the Integrity Pact concept and encourage its adoption and implementation in respect of all major procurements of the Govt. organizations. As it is necessary that the Monitors appointed should be of high integrity and reputation, it has been decided that the Commission would approve the names of the persons to be included in the panel. The Government Organizations are, therefore, required to submit a panel of names of eminent

persons of high integrity and repute and experience in the relevant field, through their administrative Ministry, for consideration and approval by the Commission as Independent External Monitors. The terms and conditions including the remuneration payable to the Monitors need not be a part of the Integrity Pact and the same could be separately communicated. It has also to be ensured by an appropriate provision in the contract, that the Integrity Pact is deemed as part of the contract in order to ensure that the parties are bound by the recommendation of the IEMs, in case any complaint relating to the contract, is found substantiated.

5. A copy of the Integrity Pact, which the SAIL got vetted by the Addl. Solicitor General is available on the Commission's web-site i.e www.cvc.nic.in as an attachment to this Office Order in downloadable form, which may be used in original or may be suitably modified in order to meet the individual organization's requirements.

(Vineet Mathur) Deputy
Secretary

All Secretaries to the Govt. of India
All CMDs of PSUs
All CMDs of PSBs
All CVOs

No. 007/VGL/033
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A
GPO Complex, INA
New Delhi – 110023
Dated the 28th December 2007

Office Order No. 43/12/07

**Subject: Adoption of Integrity Pact in major Government Procurement Activities-
regarding.**

Reference is invited to Commission's office order no. 41/12/2007 circulated vide letter of even no. dated 4/12/2007 on the aforementioned subject.

The Commission vide para 4 of the aforementioned office order had directed that the organizations were required to forward a panel of names of the eminent persons of high integrity through their administrative ministries for consideration and approval by the Commission as IEMs.

The matter has been reconsidered by the Commission and in order to simplify the procedure and avoid delay, it has been decided that the organizations may forward the panel of names of eminent persons for appointment and consideration as IEMs directly to the Commission for approval.

Para 4 of the Commission's circular cited above stands amended to this extent.

Sd/-

(Vineet Mathur)
Deputy Secretary

All Chief Vigilance Officers

No. 008/VGL/001
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A
GPO Complex, INA,
New Delhi-110023
Dated, the 19th May, 2008

Circular No.18/05/08

Sub:- Adoption of Integrity Pact in major Government Procurement Activities-regarding.

The Commission vide its office order no. 41/12/07 dated 4/12/07 had circulated a letter no. 007/vgl/033 emphasizing the need to adopt Integrity Pact (IP) by government organizations in respect of their major procurement activities. The Commission had also directed that in order to ensure compliance with the obligations under the pact by the parties concerned, Independent External Monitors (IEMs) are to be appointed after obtaining approval of the Commission for the names to be included in the panel.

2. As the role of IEMs is very important in ensuring implementation of the IP, it is necessary that the persons recommended for appointment have adequate experience in the relevant fields and are of high integrity and reputation.

3. The Commission would, therefore, direct that the organizations, while forwarding the names of the persons for empanelment as IEMs should send a detailed bio-data in respect of each of the persons proposed. The bio-data should, among other things, include the postings during the last ten years before the superannuation of the persons proposed as IEMs, in case the names relate to persons having worked in the government sector. The bio-data should also include details regarding experience older than ten years before superannuation of the persons proposed as IEMs, if they have relevant domain experience in the activities of PSUs where they are considered as IEMs.

This may be noted for future compliance.

(Rajiv Verma)
Under Secretary

All Chief Vigilance Officers

No. 007/VGL/033
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A,
GPO Complex, INA,
New Delhi-110023.
Dated, the 05th August 2008

Circular No.24/8/08

Sub:- Adoption of Integrity Pact in major Government procurement activities.

The Commission, vide its Circulars No. 41/12/07, dated 4.12.07 and 18/5/08 dated 19.5.08, has emphasized the necessity to adopt Integrity Pact (IP) in Government organizations in their major procurement activities. The Commission had also directed that in order to oversee the compliance of obligations under the Pact, by the parties concerned, Independent External Monitors (IEMs) should be nominated with the approval of the Commission, out of a panel of names proposed by an Organization.

2. As more and more organizations begin to adopt the Integrity Pact, several queries and operational issues have been raised. The Commission has examined these issues and suggested the following guidelines:

- i) Adoption of Integrity Pact in an organization is voluntary, but once adopted, it should cover all tenders/procurements above a specified threshold value, which should be set by the organization itself.
- ii) IP should cover all phases of the contract i.e., from the stage of Notice Inviting Tender(NIT)/pre-bid stage to the stage of last payment or a still later stage, covered through warranty, guarantee etc.
- iii) IEMs are vital to the implementation of IP and atleast one IEM should be invariably cited in the NIT. However, for ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be referred to the full panel of IEMs, who would examine the records, conduct the investigation and submit a report to the management, giving joint findings.
- iv) A maximum of three IEMs would be appointed in Navratna PSUs and upto two IEMs in other Public Sector Undertakings. The organizations may, however, forward a panel of more than three names for the Commission's approval. For the PSUs having a large territorial spread or those having several subsidiaries, the Commission may consider approving a large number of IEMs, but not more than two IEMs would be assigned to any one subsidiary.

- v) Remuneration payable to the IEMs may be similar to the Independent Directors in the organization.
- vi) In view of limited procurement activities in the Public Sector Banks, Insurance Companies and Financial Institution, they are exempted from adopting IP.

3. It needs no reiteration that all organizations must make sustained efforts to realize the spirit and objective of the Integrity Pact. For further clarifications on its implementation or the role of IEMs, all concerned are advised to approach the Commission.

(Rajiv Verma)
Under Secretary

All CVOs

No. 008/CRD/013
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A,
GPO Complex, INA,
New Delhi-110023.
Dated: 11/8/09

Circular No. 22/08/09

Subject:- Adoption of Integrity Pact-Periodical regarding

The Commission in its various circular has emphasized the necessity to adopt Integrity Pact (IP) in Government organisations in their major procurement activities. The Commission had also directed that in order to oversee the compliance of obligations under the Pact, by the parties concerned, Independent External Monitors (IEMs) should be nominated with the approval of the Commission, out of a panel of names proposed by an Organisation.

2. Further, the Commission vide its circular No. 10/5/09 dated 18.5.09 provided a review system for the CVOs wherein and internal assessment of the impact of Integrity Pact are to be carried out periodically and reported to the Commission. In this regard, it is clarified that such review should be on annual basis. The Organisation which has adopted Integrity Pact may report compliance of review system through monthly report.

3. This may be noted for future compliance.

Sd/-
(Shalini Darbari)
Director

All Chief Vigilance Officers

009/VGL/016
Government of India
Central Vigilance Commission

Satarkata Bhawan
GPO Complex, Block-A,
INA , New Delhi-110023
Dated: 19th April, 2010

Circular number 17/04/10

Subject: Integrity Pact - Selection and Recommendation of Independent External Monitors(IEMs).

The Commission receives a number of requests for implementation of Integrity Pact in Government of India organizations and Public Sector Undertakings. Organizations desirous of implementing Integrity Pact are required to forward at most three names of Independent External Monitors along with the proposal to the Commission for its approval.

2. The Commission would consider names for appointment of Independent External Monitors of only those officers of Government of India departments or Public Sector Undertakings, who have retired from top management positions. The Commission would not consider the name of an officer / executive, who is either serving or who has retired from the same organization to be an IEM in that organization, although they may have served in the top management. Eminent persons, executives of private sector of considerable eminence could also be considered for functioning as Independent External Monitors and names recommended to the Commission for approval.

3. The appointment of Independent External Monitors would be for an initial period of three years and could be extended for another term of two years on a request received in the Commission from the organization appointing the Independent External Monitor. An Independent External Monitor can have a maximum tenure of 5 years in an organization with an initial term of three years and another term of two years.

4. Organizations recommending the names of Independent External Monitors are to select and forward the names to the Commission after due diligence and scrutiny.

(Vineet Mathur)
Director

All Chief Vigilance Officers

No. 008/CRD/013
Central Vigilance Commission

Satarkta Bhawan, Block-A,
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New Delhi-110023.
Dated: 13/8/2010

Circular No. 31/08/10

Subject:- Adoption of Integrity Pact-Standard Operating Procedure (SOP) – reg.

The Commission vide its circular No. 10/5/09 dated 18.5.09 issued guidelines on “Standard Operating Procedure (SOP) for implementation of Integrity Pact in Ministries/Departments/Organisations. Section 6.02 of the SOP provides financial impact review through independent agency and physical review through an NGO.

2. The Commission has since reviewed the provisions contained in para 6.02 of the SOP and is of the view that it would be difficult to undertake a separate assessment on the impact of implementation of Integrity Pact in an organisation and has therefore decided to delete Section 6.02 (i) & 6.02 (ii) of the said circular. All organisations implementing IP would however, undertake a general review and assessment of implementation of IP and submit progress through CVO's monthly report to the Commission.

-Sd-
(Vineet Mathur)
Director

All Chief Vigilance Officers

No. 011/VGL/053 - 1817 61
Central Vigilance Commission

Satarkta Bhawan, Block-A,
GPO Complex, INA,
New Delhi-110023.
Dated: 23rd July, 2012

Circular No. 06/07/12

Subject:- Adoption of Integrity Pact-Standard Operating Procedure-reg.

In continuation of Commission's circular No. 10/5/09 dated 18.5.09 laying down "Standard Operating Procedure" for adoption of Integrity Pact in major Govt. Department/organisations, the Commission has decided to lay down age criteria for appointment of IEMs. Commission has therefore resolved that at the time of appointment as IEM, the person concerned should be less than 70 years of age. On completion of tenure of initial three years if age of 70 years has been crossed, further extension of two years will not be admissible.

2. Accordingly, a new sub-para i.e. 5.10 under Para 5 of the Commission's circular No. 10/5/09 dated 18.5.09 is added which may be read as under:

5.10 At the time of appointment as IEM the person should be less than 70 years of age. On completion of tenure of initial three years if age of 70 years has been crossed, further extension of two years will not be admissible.

Other provision contained in Commission's circular No. 10/5/09 dated 18.5.09 would remain unchanged.

(Madhu Sham)
Deputy Secretary

All Chief Vigilance Officers

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Block A, INA, New Delhi-110023

सं./No. 015/VGL/091

दिनांक / Dated 13.01.2017

Circular No. 02/01/2017

Subject:- Adoption of Integrity Pact – Revised Standard Operating Procedure -
regarding.

The Commission has reviewed the Standard Operating Procedure for adoption of Integrity Pact issued vide Circular No. 10/5/09 dated 18.5.2009 and has formulated a revised Standard Operating Procedure (SOP) for adoption of Integrity Pact in Government Departments / Organisations. A copy of the same is enclosed for information and necessary action.

(J.Vinod Kumar)
Director

1. All Secretaries of Ministries/Departments.
2. All CMDs/Heads of CPSUs/Public Sector Banks/Organisations.
3. All CVOs of Ministries/Departments/ CPSUs/Public Sector Banks/Organisations.

Subject:- Adoption of Integrity Pact – Standard Operating Procedure – regarding.

1.0 Background

1.1 In order to ensure transparency, equity and competitiveness in public procurement, the Commission has been recommending the concept of Integrity Pact (IP) for adoption and implementation by Government organizations.

1.2 CVC through its office orders No. 41/12/07 dated 04.12.2007 and 43/12/07 dated 28.12.2007 as well as Circulars No. 18/05/08 dated 19.05.2008 and Circular No. 24/08/08 dated 05.08.2008 recommended adoption of Integrity Pact to all the organizations and provided basic guidelines for its implementation in respect of major procurements in Government Organisations. A Standard Operating Procedure (SOP) was issued by the Commission vide order No. 10/5/09 dated 18.05.2009. The Commission issued clarifications regarding the appointment, tenure and eligibility criteria of IEMs vide Circular dated 11.8.2009 and 19.4.2010. The review system for IEMs was modified vide circular dated 13.8.2010 and clarification regarding tenure of IEMs was issued by the Commission vide its circular dated 23.7.2012.

1.3 Deptt. of Expenditure vide OM dt. 19.7.2011, issued guidelines to all Ministries/ Departments/Organizations including their attached/subordinate offices and autonomous bodies for implementation of IP. Also, vide OM dated 20.7.2011 Deptt. of Expenditure requested Department of Public Enterprises for directions to Central Public Sector Enterprises for use of IP.

1.4 Further, in view of the increasing procurement activities of Public Sector Banks (PSBs), Insurance Companies (ICs) and Financial Institutions (FIs), the Commission vide Circular No. 02/02/2015 dated 25.02.2015 advised that all PSBs, PSICs and FIs shall also adopt and implement the Integrity Pact.

2.0 Integrity Pact

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

- Promise on the part of the principal not to seek or accept any benefit, which is not legally available;
- Principal to treat all bidders with equity and reason;
- Promise on the part of bidders not to offer any benefit to the employees of the Principal not available legally;
- Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.

- Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC/ IPC Act;
- Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary;
- Bidders to disclose any transgressions with any other company that may impinge on the anti corruption principle.

2.2 Integrity Pact, in respect of a particular contract, shall be operative from the date IP is signed by both the parties till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

3.0 Implementation procedure

- 3.1 As stated in Department of Expenditure's O.M. dated 20.7.2011, Ministries/Departments may, in consultation with the respective Financial Adviser and with the approval of the Minister-in-charge, decide on and lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions/contracts concluded by them or their attached/sub-ordinate offices.
- 3.2 The above provision is also applied for procurements made by autonomous bodies for which also the concerned administrative ministry / department may lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used.
- 3.3 The provision for the Integrity Pact is to be included in all Requests for Proposal/Tender documents issued in future in respect of the procurements/contracts that meet the criteria decided in terms of para 3.1 and 3.2 above.
- 3.4 Tenders should specify that IEMs have been appointed by the Commission. In all tenders, particulars of all IEMs should be mentioned instead of nominating a single IEM in the tender as far as possible.
- 3.5 The Purchase / procurement wing of the organization would be the focal point for the implementation of IP.
- 3.6 The Vigilance Department would be responsible for review, enforcement, and reporting on all related vigilance issues.
- 3.7 It has to be ensured, through an appropriate provision in the contract, that IP is deemed as part of the contract so that the parties concerned are bound by its provisions.

- 3.8 IP would be implemented through a panel of Independent External Monitors (IEMs), appointed by the organization. The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.
- 3.9 Periodical Vendors' meets, as a familiarization and confidence building measure, would be desirable for a wider and realistic compliance of the principles of IP.
- 3.10 A clause should be included in the IP that a person signing IP shall not approach the Courts while representing the matters to IEMs and he / she will await their decision in the matter.
- 3.11 In case of sub-contracting, the Principal contractor shall take the responsibility of the adoption of IP by the sub-contractor.
- 3.12 Information relating to procurements/contracts covered under IP and its progress/status would need to be shared with the IEMs on monthly basis.
- 3.13 The final responsibility for implementation of IP vests with the CMD/CEO of the organization.

4.0 Role and Duties of IEMs

- 4.1 The IEMs would have access to all contract documents, whenever required.
- 4.2 It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organisation on a quarterly basis including an annual meeting to discuss / review the information on tenders awarded during the previous quarter. Additional sittings, however, can be held as per requirement.
- 4.3 The IEMs would examine all complaints received by them and give their recommendations/views to the Chief Executive of the organization, at the earliest. They may also send their report directly to the CVO and the Commission, in case of suspicion of serious irregularities requiring legal/administrative action. IEMs are expected to tender their advice on the complaints within 10 days as far as possible.
- 4.4 For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs jointly as far as possible, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.
- 4.5 IEM should examine the process integrity, they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organization should be looked into by the CVO of the concerned organisation.

- 4.6 The role of IEMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.
- 4.7 Issues like warranty / guarantee etc. should be outside the purview of IEMs.
- 4.8 All IEMs should sign non-disclosure agreements with the organization in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.
- 4.9 A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organizations or agencies subject to his declaring that his / here additional assignment does not involve any conflict of interest with existing assignment. In case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself/herself from that case.
- 4.10 All organizations may provide secretarial assistance to IEM for rendering his/her job as IEM.
- 4.11 In case of any misconduct by an IEM, the CMD/CEO should bring it to the notice of the Commission detailing the specific misconduct for appropriate action at the Commission's end.
- 4.12 The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him/her or directed to him/her by the Commission.

5.0 **Appointment of IEMs**

- 5.1 The IEMs appointed should be eminent personalities of high integrity and reputation. The Commission would invite applications from willing interested persons and maintain a panel of persons eligible to be appointed as IEM. The Commission may make independent and discreet background check before including a name in the panel.
- 5.2 The choice of IEM should be restricted to officials from the government and public sector undertakings who have retired from positions of the level of Additional Secretary to the Government of India and above or equivalent pay scale, and for Public Sector Undertakings, Board level officers in Schedule A Companies, Public Sector Banks, Insurance Companies and Financial Institutions. Officers of the Armed Forces who have retired from the rank equivalent of Lt. General and above may also be considered for appointment.

- 5.3 For appointment as IEM the Organisation has to forward a panel of suitable persons to the Commission. This panel may include those who are in the panel maintained by the Commission or they may propose names of other suitable persons for appointment as IEM. While forwarding the panel of suitable persons, the Organization would enclose detailed bio-data in respect of all names proposed. The details would include postings during the last ten years before superannuation, special achievements, experience, etc., in Government sector. It is desirable that the persons proposed possess domain experience of the PSU activities or the relevant field with which they may be required to deal.
- 5.4 The Commission would not consider the name of an officer / executive who is either serving or who has retired from the same organization to be an IEM in that organization, although they may have served in the top management.
- 5.5 A maximum of three IEMs may be appointed in Navratna PSUs and a maximum of two IEMs in other Public Sector Undertakings, Public Sector Banks, Insurance Companies and Financial Institutions.
- 5.6 A person may be appointed as an IEM in a maximum of three organizations at a time.
- 5.7 The appointment of IEM would be for an initial tenure of three years and could be extended for another term of two years on a request received by the Commission from the organization appointing the IEM. An IEM can have a maximum tenure of 5 years in an organization with an initial term of three years and another term of two years.
- 5.8 Age should not be more than 70 years at the time of appointment/extension of tenure.
- 5.9 Remuneration payable to the IEMs by the organization concerned would be equivalent to that admissible to an Independent Director in the organization and in any case should not exceed Rs. 20,000/- per sitting. Remuneration being paid to existing IEMs may not be changed to their detriment for the duration of their tenure.
- 5.10 The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. This may be communicated individually to the IEMs concerned.

6.0 Review System

All organizations implementing IP would undertake a periodical review and assessment of implementation of IP and submit progress reports to the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their annual reports and special reports, wherever necessary.

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



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केन्द्रीय सतर्कता आयोग CENTRAL VIGILANCE COMMISSION

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023

No.011/VGL/014

सं./No.....

दिनांक / Dated 11th 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 upgradation of technology & capacity building.

2. The Commission advises that in such procurement cases where technical specifications 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 process may be useful and be preferred. During the first stage of 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/presentations 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 discussions/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 specifications 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 Singh)
Chief Technical Examiner

To

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

No.004/ORD/9
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 10th December, 2004

Office Order No. 72/12/04

Subject:- Transparency in tendering system- Guidelines regarding.

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

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

004/ORD/8
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi-110023
Dated, the 3rd Nov., 2004

Office Order No. 69/11/04

Subject:- Turnkey contracts for net-working of computer systems.

The Commission has been receiving complaints that in turnkey contracts for net-working of computer systems a lot of unrelated products are being included in the contracts which are either not required or which are stand alone in nature and can be procured separately at much lower cost. Inclusion of these unrelated items creates opportunities for malpractices. The Commission is of the view that wherever possible it will be advisable to take an independent third party view about the scope of turnkey projects so that the tendency to include unrelated products as part of the turnkey project is avoided.

Sd/-
(Balwinder Singh)
Additional Secretary

To,

All CMDs & CVOs of All Public Sector Banks.

No.98-VGL-25
Government of India
Central Vigilance Commission
(CTEO)

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

OFFICE MEMORANDUM

Circular No. 14/4/07

Sub: Use of Products with standard specification.

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

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

P. Vamunda
26/4/07
(Smt. Padmaja Varma)
Chief Technical Examiner

To

All CVOs of Ministries/Departments/PSUs/Banks/Insurance
Companies/Autonomous Organizations/Societies/Hrs.

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated the 5th May 2003.

To

- (1) Chief Executives of all PSUs/PSBs/Insurance Sector/Organisations
- (2) All Chief Vigilance Officers

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

Sir/Madam,

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

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

Yours faithfully,

Sd/-
(Anjana Dube)
DEPUTY SECRETARY

No.007/CRD/008
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 15th February 2008

Circular No. 07/02/08

Subject: – Measures to curb the menace of counterfeit and refurbished IT products - regarding.

With the increasing use of IT to leverage technology, a large number of Government organizations are either upgrading or in the process of procurement of new computer hardware and software. It is often difficult to know the difference between PC made of “**Genuine Parts**” and that made of “**Counterfeit Parts**”. It may also be the case often that while various organisations order and pay for brand new equipment, they end up getting an inferior PC with counterfeit and second hand/refurbished parts disguised as new in new/ original cabinets to various customers designated as consignees by the ordering agencies at the headquarters of these organizations who are ignorant or have little or no technical knowledge in the matter.

In effect, this amounts to the organisation not getting what they actually ordered and paid for. The supplies of such PC in the long run would defeat the very purpose of going for a new system. COUNTERFEITING is designed to cheat naive consumers/ organizations.

This current circular is intended to help/ inform and enable due diligence as well as curbing the menace of counterfeit and refurbished IT products disguised as new.

As a first step, there is a need for all buyers in the Government Departments/ PSU to insist on a signed undertaking (sample format enclosed) from some authority not lower than the Company Secretary of the system OEM that would certify that all the components/parts/assembly/software used in the Desktops and Servers like Hard disk, Monitors, Memory etc were original/new components/parts/assembly/software, and that no refurbished/duplicate/ second hand components /parts / assembly / software were being used or would be used, so that the buying organizations were not cheated and get the original equipments as ordered by them. Also one could ask for ‘Factory Sealed Boxes’ with System OEM seal to ensure that the contents have not been changed en route.

Following advisory checkpoints it is hoped shall help identify the fraudulent practices that have come to notice and help guard against spurious and refurbished/duplicate/ second hand components/parts/ assembly / software being received by purchasers and consignees who receive such goods and may not have much technical knowledge.

1. CPU. Buyers are cautioned against buying IT Hardware with remarked CPUs that are freely / readily available in the market today. Entry Level processors get

Remarked / Over clocked and sold as high end processors. These CPUs, come disguised as higher clock speed processors (e.g. a Celeron CPU can be remarked as a P4 CPU) while their real clock speed may be lower. Since Operating System is loaded from CD bundled with Motherboard, the CD contains image of configured OS. Hence information as seen in **'My Computer' – 'System Properties'** shall give deceptive information. In other words, a Celeron CPU remarked as a P4 CPU, shall be seen as a P4 CPU only.

Buyers should therefore, use various tool / utilities like the **'CPU-Z'** Utility or the **'sSpecNo.'** for ascertaining the real parameters of the CPU. Utility like CPU-Z (approx. 1.3 MB size) are available free on the web.

2. **Hard Disk** IT Hardware with refurbished Hard Disks that are actually 2nd hand / repaired hard disks are readily available at low cost. In hard disk drives, the factory repaired hard disk drives, which are mainly used in the warranty replacements are substituted in the new machines. Same is the case observed with floppy drive and Optical disk drives many times.

Most of the competent hard disk makers use a sticker on such hard disks sold by them that clearly distinguishes such hard disks from the fresh ones. For example, manufacturer **'Seagate'** marks **Green Border** and label of **"Certified Repaired HDD"** to distinguish such disk drives from **New Genuine HDD**. There is **No border** or **Refurbished** label on genuine new HDD.

In addition to this, buyers may also use **HDTUNE_210** Utility. This utility shall return Hard Disk Manufacturers' Serial no. and Date of manufacturing of the Hard Disk. These parameters can be used to cross-verify with the hard disk vendor. Various Hard Disk vendors also put a date code on the hard disk. A mismatch between this date and the one returned by HDTUNE_210 Utility can also be viewed as tampering with the actual information of the hard disk.

3. **Monitors.** IT Hardware with refurbished Monitors that are actually 2nd hand / repaired monitors are given a "new look" by changing the body, with internal components remaining "old / repaired". These CRT monitors are usually discarded from developed countries like US and Europe. There are also B Grade (New but Low Quality) CRT Monitors used in place of new monitors. Many times these can be distinguished by opening the cabinet body and noticing that the label on the tube does not carry various certifications and there are scratch marks on the tube. While 'Genuine' Picture Tubes have all mandatory Certifications, 'Counterfeit' Picture Tubes would not have these certifications. Certification gives an assurance of Reliability.

Further many such cathode ray tubes (Picture Tubes) are found to need extra magnets to achieve focusing and earthing also is missing. Genuine Monitors rely on 'Yoke Coil' alone to focus electronic beam. Counterfeit Monitors typically require Numerous Magnetic Strips in addition to Yoke Coil to focus electronic beam. Further, **'Earthing'** and **'Shielding'** provide **ESD** (Electro Static Discharge) protection. **Genuine Picture Tubes** have **proper "Earthing and Shielding"**. Earthing and Shielding is compromised in counterfeit Picture Tubes to reduce cost.

In 'B' Grade LCD Monitors, panels used are B grade in which the number of spots may be higher, response time & brightness of lower specs than what is stated.

Above monitors are all available at low cost.

The “**Signed Undertaking**” as suggested shall serve as a deterrent and as a safeguard to ensure that bidders are not fleecing them by supplying such monitors.

4. **Operating System.** Purchasers should check the IT Hardware supplied (randomly selected IT Hardware) for Certificate of Authenticity (COA) pasted on the PC for product serial number and OEM's / Supplier's name to be printed on it.

In Operating systems, pirated OS software with fake Certificates of Authenticity are used by some suppliers to cut costs. They look as good as the real ones. In PCs, counterfeiters buy legitimate software and copy the box design and packaging. Using sophisticated and expensive copiers, many copies of illegal CDs are created in a day. Purchasers should guard against buying IT Hardware with pirated copies of Operating Systems. Such Operating Systems, though, available at low prices, do not have the updated patches and security features that help safeguarding the PC and also improve its lifespan. Purchasers, therefore, may use the standard testing procedures (randomly on randomly selected IT Hardware) available on the following URL for ascertaining the in authenticity of the operating system installed on their PC :

<http://www.microsoft.com/resources/howtotell/ww/windows/default.mspx> .

Microsoft provides an inbuilt tool to diagnose the “Genuineness of its Operating System”. One could go to ‘My Documents’, and ‘Help’, from where one shall get step by step instructions to find out whether the windows installed is genuine.

<http://www.microsoft.com/resources/howtotell/ww/windows/default.mspx>

5. **Mechanical Keyboards:** Fake mechanical keyboards that are partially mechanical, with only the key plunger being that of a real mechanical keyboard and rest of the keyboard features remaining the same as those of membrane keyboard are being passed on as true mechanical keyboards. While these keyboards are available at low prices, they do not offer the robustness and long key-stroke life expected of a real mechanical keyboard. Real Mechanical Keyboards are expected to have Keystroke life of 50 Million as against 10 million for Membrane and Semi-Mechanical Keyboards. In case of bulk orders, it is recommended to physically examine a few keyboards for their construct to ascertain the genuineness of their being real mechanical keyboards.

6. **Low Quality Memory Module** – Memory chips are remarked or downgraded wafers are plastic packed under unknown brands or remarked with names of well-known brands. Such memory modules have lower performance levels. It is better to go in for proven reputed brands such as Kingston, Transcend, Corsair, Samsung and Hynix to name a few available in the market.

7. **Fraudulently Marked SMPS** – In power supplies, wrong marking of the wattage is done. The power supplies do not carry all required certifications. While ‘Genuine’ Power supplies carry all mandatory certifications, in counterfeit Power supplies these certifications shall be found missing. Further Short circuit & over voltage protection circuitry could be missing in counterfeit Power Supply to reduce cost.

8. **Counterfeited Consumables** – Counterfeited consumables such as printer cartridges etc are used which are refilled with ink of poor quality leading to poor

performance and clogging, smudging in printers etc. It is advisable to buy such consumables from OEM authorized suppliers or distributors to ensure quality and longevity of the printer equipment.



(V. Ramachandran)
Chief Technical Examiner
Central Vigilance Commission

All Chief Vigilance Officers in the Ministries/Departments/PSEs/ Public
Sector Banks/Insurance Companies/ Autonomous
Organisations/Societies

Annexure: Model Undertaking of Authenticity form

Sub: Undertaking of Authenticity for Desktops and Server Supplies

Sub: Supply of IT Hardware/Software -- Desktops and Servers

Ref : 1. Your Purchase Order No. -----dated-----.
2. Our invoice no/Quotation no. -----dated-----.

With reference to the Desktops and Servers being supplied /quoted to you vide our invoice no/quotation no/order no. Cited above,----

We hereby undertake that all the components/parts/assembly/software used in the Desktops and Servers under the above like Hard disk, Monitors, Memory etc shall be original new components/parts/ assembly /software only, from respective OEMs of the products and that no refurbished/duplicate/ second hand components/parts/ assembly / software are being used or shall be used.

We also undertake that in respect of licensed operating system if asked for by you in the purchase order, the same shall be supplied along with the authorised license certificate (eg Product Keys on Certification of Authenticity in case of Microsoft Windows Operating System) and also that it shall be sourced from the authorised source (eg Authorised Microsoft Channel in case of Microsoft Operating System).

Should you require, we hereby undertake to produce the certificate from our OEM supplier in support of above undertaking at the time of delivery/installation. It will be our responsibility to produce such letters from our OEM supplier's at the time of delivery or within a reasonable time.

In case of default and we are unable to comply with above at the time of delivery or during installation, for the IT Hardware/Software already billed, we agree to take back the Desktops and Servers without demur, if already supplied and return the money if any paid to us by you in this regard.

We (*system OEM name*) also take full responsibility of both Parts & Service SLA as per the content even if there is any defect by our authorized Service Centre/ Reseller/SI etc.

Authorised Signatory

Name:

Designation

Place

Date

F.No. 010/VGL/066
Central vigilance commission

Satarkata Bhawan,
Block A, GPO Complex,
INA, New Delhi – 110023
Dated 07-10-2010

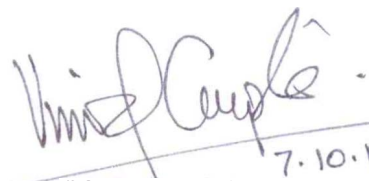
Circular No. 34/10/10

Subject: Design Mix Concrete

During inspection of works of many organisations, it has been observed that provisions of IS 456:2000 are neither being followed for designing the concrete mix nor for acceptance criteria. Instances of acceptance of concrete on basis of false certification and without actually testing the cubes for 28 days strength have also been observed. The following deficiencies are brought to the notice of all organisations for immediate corrective action:

1. Minimum cement content, maximum water cement ratio and minimum grade of concrete for different exposures are not adopted as per the details given in Table 5 of above code.
2. Value of standard deviation is not being established on the basis of results of 30 samples as provided in Table 11 of the above code even for works where more than 30 samples have been tested.
3. For acceptance criteria mean of a group of 4 non overlapping consecutive test results is not being calculated.
4. The samples where individual variations are more than $\pm 15\%$ of average of three specimens are not declared invalid as per the provisions of clause 15.4 of the Code.
5. The concrete is being declared meeting the acceptance criteria which is not in conformity of codal provisions.

Most of the organisations are not even aware about the amendment No. 3 of 2007 modifying clause 15.1.1 of IS 456:2000. All organisations are directed to ensure that provisions of IS 456:2000 read with amendment No. 3 should be followed scrupulously for cement concrete and reinforced cement concrete. Non compliance of the provisions shall be viewed seriously.


(V.K. Gupta)
7.10.10
Chief Technical Examiner

All CVOs

No. 12-02-1-CTE-6
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhavan,
Block A, GPO Complex,
INA, New Delhi – 110 023.
Dated the 17th December 2002.

OFFICE MEMORANDUM

Subject : - Prequalification criteria (PQ).

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

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

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

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

Contd....

-: 2 :-

- iii) *In one case of purchase of Computer hardware, the prequalification criteria stipulated was that the firms should have made profit in the last two years and should possess ISO Certification. It resulted in disqualification of reputed vendors including a PSU.*
- iv) *In a work for supply and installation of A.C. Plant, retendering was resorted to with diluted prequalification criteria without adequate justification, to favour selection of a particular firm.*
- v) *An organization invited tenders for hiring of D.G. Sets with eligibility of having 3 years experience in supplying D.G. Sets. The cut off dates regarding work experience were not clearly indicated. The above resulted in qualification of firms which had conducted such business for 3 years, some 20 years back. On account of this vague condition, some firms that were currently not even in the business were also qualified.*
- vi) *In many cases, "Similar works" is not clearly defined in the tender documents. In one such case, the supply and installation of A.C. ducting and the work of installation of false ceiling were combined together. Such works are normally not executed together as A.C. ducting work is normally executed as a part of A.C. work while false ceiling work is a part of civil construction or interior design works. Therefore, no firm can possibly qualify for such work with experience of similar work. The above resulted in qualification of A.C. Contractors without having any experience of false ceiling work although the major portion of the work constituted false ceiling work.*

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

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

Contd....

-: 3 :-

A) For Civil/Electrical Works

- i) *Average Annual financial turnover during the last 3 years, ending 31st March of the previous financial year, should be at least 30% of the estimated cost.*
- ii) *Experience of having successfully completed similar works during last 7 years ending last day of month previous to the one in which applications are invited should be either of the following: -*
 - a. *Three similar completed works costing not less than the amount equal to 40% of the estimated cost.*
 - or**
 - b. *Two similar completed works costing not less than the amount equal to 50% of the estimated cost.*
 - or**
 - c. *One similar completed work costing not less than the amount equal to 80% of the estimated cost.*
- iii) *Definition of “similar work” should be clearly defined.*

In addition to above, the criteria regarding satisfactory performance of works, personnel, establishment, plant, equipment etc. may be incorporated according to the requirement of the Project.

B) For Store/Purchase Contracts

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

Contd....

-: 4 :-

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

(M.P. Juneja)
Chief Technical Examiner

To

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

No.98/ORD/1
Government of India
Central Vigilance Commission
(CTE's Organization)

Satarkta Bhavan, Block 'A'
G.P.O. Complex, I.N.A.,
New Delhi- 110 023
Dated the 9th July, 2003

Office Order No. 33/7/03

To

All the Chief Vigilance Officers

Subject:- Short-comings in bid documents.

Sir/Madam,

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

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

3. This is issued for strict compliance by all concerned.

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
Telefax No.24651010

No. 98/ORD/1
Government of India
Central Vigilance Commission

Satarkata Bhavan, Block - 'A',
GPO Complex, INA,
New Delhi - 110 023
Dated 04.09.2003

Office Order No.44/9/03

To

All Chief Vigilance Officers

Sub: Irregularities in the award of contracts.

Sir/Madam,

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

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

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

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

Yours faithfully,

Sd/-
(Anjana Dube)
Deputy Secretary

No. 12-02-1-CTE-6
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkata Bhavan, Block A,
4th Floor, GPO Complex,
INA, New Delhi – 110 023.

Dated: 7th May, 2004

OFFICE MEMORANDUM

Subject :- Pre-qualification Criteria (PQ).

Guidelines were prescribed in this office OM of even number dated 17/12/2002, on the above-cited subject to ensure that the pre-qualification criteria specified in the tender document should neither be made very stringent nor very lax to restrict/facilitate the entry of bidders. It is clarified that the guidelines issued are illustrative and the organizations may suitably modify these guidelines for specialized jobs/works, if considered necessary. However, it should be ensured that the PQ criteria are exhaustive, yet specific and there is fair competition. It should also be ensured that the PQ criteria is clearly stipulated in unambiguous terms in the bid documents.

(M.P. Juneja)
Chief Technical Examiner

To

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

Telegraphic Address :
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सत्यमेव जयते

केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लैक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023

सं. / No. 98/ORD/1(viii)

दिनांक / Dated 29th April, 2014

Circular No.01/04/14

Sub: Short-comings in bid documents

Ref: Commission's circular No.33/7/03 dated 9th July, 2003

The Commission has been impressing upon all Organisations to ensure transparency and fairplay in all procurements/contracts. One of the concern relates to the short-comings in framing of NITs and bid documents which results in ambiguity and scope for interpretation differently during processing and award of contracts by the organisations.

2. The Commission had vide its Office Order No.33/7/03 dated 9th July, 2003, advised that whatever pre-qualification, evaluation/exclusion criteria, etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organizations for submitting various clarifications and presentations.

3. The above instructions are reiterated for compliance by all Ministries/Departments/ Organisations.

(J Vinod Kumar)
Officer on Special Duty

To

All Chief Vigilance Officers.

No.2EE-1-CTE-3
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated - 15.10. 2003.

OFFICE MEMORANDUM

Subject: Tender Sample Clause.

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

2. While it is recognized that samples may be required to be approved to provide a basis in respect of indeterminable parameters such as shade, feel, finish & workmanship for supplies of such items but system of approving/rejecting tender samples at the time of decision making is too subjective and is not considered suitable, especially for items which have detailed specifications. The lack of competition in such cases is also likely to result in award of contracts at high rates.
3. It is thus advised that Government Departments/Organisations should consider procurement of such items on the basis of detailed specifications. If required, provision for submission of an advance sample by successful bidder(s) may be stipulated for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply. Such a system would not only avoid subjectivity at the tender decision stage but would also ensure healthy competition among bidders and thus take care of quality aspect as well as reasonableness of prices.
4. It is requested that these guidelines may be circulated amongst the concerned officials of your organization for guidance. These are also available on the CVC's website, <http://cvc.nic.in>.

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

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

No 008/VGL/083
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 6th November 2008

Circular No.31/11/08

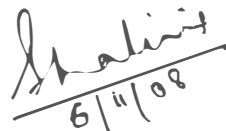
Subject: Time bound processing of procurement.

The Commission has observed that at times the processing of tenders is inordinately delayed which may result in time and cost overruns and also invite criticism from the Trade Sector. It is, therefore, essential that tenders are finalized and contracts are awarded in a time bound manner within original validity of the tender, without seeking further extension of validity. While a short validity period calls for prompt finalization by observing specific time-line for processing, a longer validity period has the disadvantage of vendors loading their offers in anticipation of likely increase in costs during the period. Hence, it is important to fix the period of validity with utmost care.

2. The Commission would, therefore, advise the organizations concerned to fix a reasonable time for the bids to remain valid while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking the approval of the Competent Authority, etc., and to ensure the finalization of tender within the stipulated original validity. Any delay, which is not due to unforeseen circumstances, should be viewed seriously and prompt action should be initiated against those found responsible for non-performance.

3. Cases requiring extension of validity should be rare. And in the exceptional situations where the validity period is sought to be extended, it should be imperative to bring on record in real time, **valid and logical grounds**, justifying extension of the said validity.

4. These instructions may please be noted for immediate compliance.



(Shalini Darbari)
Director

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लैक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

सं./No. 018/VGL/022-377353.....

दिनांक / Dated.....20.04.2018.....

Subject:- Public Procurement (Preference to Make in India), Order 2017 (PPP-MII Order) – regarding.

Department of Industrial Policy and Promotion (DIPP) has issued 'Public Procurement (Preference to Make in India), Order 2017' (PPP-MII Order) dated 15.07.2017 pursuant to Rule 153 (iii) of General Financial Rules, 2017, which seeks to promote domestic production of goods and services. As per this Order, restrictive and discriminative clauses cannot be included in procurement by Central Government agencies against domestic suppliers. The Commission has received a request from DIPP to widely disseminate the Order to the CVOs and IEMs to exercise oversight on all contracts over an amount of Rs. five crores.

2. In order to implement to PPP-MII order in letter and spirit, the Commission would direct all the Chief Vigilance Officers (CVO) to exercise oversight on all contracts over an amount of Rs. five crores so as to ensure that restrictive and discriminative clauses against domestic suppliers are not included in the tender documents for procurement of goods and services and that the tender conditions are in sync with the PPP-MII Order, 2017 in their respective Departments/Organisations.

3. The Commission further desires that the Independent External Monitors (IEMs) appointed by the respective organisations may keep in view the provisions of PPP-MII Order 2017 while exercising their functions / duties as IEM in respect of procurements / contracts which fall in their purview.

(J. Vinod Kumar)
Director

1. All Chief Vigilance Officers of Ministries/Departments/CPSUs/Public Sector Banks/Insurance Companies/Autonomous Organisations /Societies etc. for compliance and to circulate to the Independent External Monitors.
2. To be placed on website.

Government of India
Central Vigilance Commission

No.98/ORD/1

Satarkta Bhavan, Block A,
GPO Complex, INA
New Delhi-110023
Dated the 15th March, 1999

To

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

Subject: Improving vigilance administration-Tenders

Sir,

Please refer to CVC's instructions issued under letter No.8(1)(h)/98(I) dt. 18.11.98 banning post tender negotiations except with L-1 i.e., the lowest tenderer. Some of the organizations have sought clarifications from the Commission as they are facing problems in implementing these instructions. The following clarifications are, therefore, issued with the approval of Central Vigilance Commissioner

- (i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.
- (ii) Incidentally, some organisations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.
- (iii) Another issue that has been raised is that many a time the quantity to be ordered is much more than L1 alone can supply. In such cases the quantity order may be distributed in such a manner that the purchase is done in a fair transparent and equitable manner.

Yours faithfully,

Sd/-
(P.S.Fatehullah)
Director

No. OFF-1-CTE-1(Pt) V
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 24th March 2005

Office Order No. 15/3/05

Subject: Notice inviting tenders – regarding.

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

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

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

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

No. 05-04-1-CTE-8
Government of India
Central Vigilance Commission
(CTEs Organisation)

Satarkta Bhawan,
INA Colony,
New Delhi- 110023
Dated: 8.6.2004

OFFICE MEMORANDUM

Sub: Receipt and Opening of Tenders

In the various booklets issued by the CTE Organisation of the Commission, the need to maintain transparency in receipt and opening of the tenders has been emphasized and it has been suggested therein that suitable arrangements for receipt of sealed tenders at the scheduled date and time through conspicuously located tender boxes need to be ensured.

A case has come to the notice of the Commission, where due to the bulky size of tender documents the bid conditions envisaged submission of tenders by hand to a designated officer. However, it seems that one of the bidders while trying to locate the exact place of submission of tenders, got delayed by few minutes and the tender was not accepted leading to a complaint.

In general, the receipt of tenders should be through tender boxes as suggested in our booklets. However, in cases where the tenders are required to be submitted by hand, it may be ensured that the names and designation of atleast two officers are mentioned in the bid documents. The information about these officers should also be displayed at the entrance/reception of the premises where tenders are to be deposited so as to ensure convenient approach for the bidders. The tenders after receipt should be opened on the stipulated date and time in presence of the intending bidders.

Sd/-
(Gyaneshwar Tyagi)
Technical Examiner

Copy to: -

All CVOs: Ministries/Departments/PSUs/Banks/UTs

No.006/VGL/117
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A,
GPO Complex, INA,
New Delhi-110023
Dated the 22nd November, 2006

Circular no.40/11/06

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

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

2. Improvement in vigilance administration can be possible only when systems improvements are made to prevent the possibilities of corruption. In order to achieve the desired transparency and curb the malpractices mentioned above, the Central Vigilance Commission, in exercise of the powers conferred on it under Section 8(1)(h) of the CVC Act, 2003, issues the following instructions for compliance by all Govt. departments/organisations/agencies over which the Commission has jurisdiction:-

- i) All Govt. organisations discharging regulatory/enforcement functions or service delivery of any kind, which cause interface with the general public/private businesses, etc., shall provide complete information on their websites regarding the laws, rules and procedures governing the issue of licenses, permissions, clearances, etc. An illustrative list is given in the annexure. Each Ministry should prepare an exhaustive list of such applications/matters and submit a copy of same to the Commission for record and web-monitoring.
- ii) All application forms/proformas should be made available on the websites in a downloadable form. If the organisation concerned wishes to charge for the application form downloaded from the computer, the same may be done at the time of the submission of the application forms.
- iii) All documents to be enclosed or information to be provided by the applicant should be clearly explained on the websites and should also form part of the application forms.

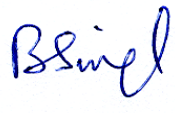
- iv) As far as possible, arrangements should be put in place so that immediately after the receipt of the application, the applicant is informed about the deficiencies, if any, in the documents/information submitted.
- v) Repeated queries in a piece-meal manner should be viewed as a misconduct having vigilance angle.
- vi) All organisations concerned should give adequate publicity about these facilities in the newspapers and such advertisements must give the website addresses of the organisations concerned.

3. **In the second stage, the status of individual applications/matters should be made available on the organisation's website and should be updated from time-to-time so that the applicants remain duly informed about the status of their applications.**

4. In addition to the manual receipt of applications, all organisations should examine the feasibility of online receipt of applications and, wherever feasible, a timeframe for introducing the facility should be worked out. As a large number of Govt. organisations are opting for e-governance, they may consider integrating the above mentioned measures into their business processes so that duplication is avoided.

5. Instructions at para-2 above shall take effect from 1st January, 2007, and instructions at para-3 shall become effective from 1st April, 2007. All Heads of Organisations/Deptts. are advised to get personally involved in the implementation of these important preventive vigilance measures. They should arrange close monitoring of the progress in order to ensure that the required information is placed on the website in a user-friendly manner before the expiry of the abovementioned deadlines. They should later ensure that the information is updated regularly.

6. This issues with the approval of the Commission.


(Balwinder Singh)
Addl. Secretary

To,

- 1. The Secretaries of all Ministries/Departments of Govt. of India.
- 2. The Chief Secretaries to all Union Territories.
- 3. The Comptroller & Auditor General of India.
- 4. The Chairman, Union Public Service Commission.
- 5. The Chief Executives of all PSEs/PSBs/Insurance Companies/Autonomous Organisations/Societies.
- 6. The Chief Vigilance Officers in the Ministries/Departments/PSEs/PSBs/Insurance Companies/Autonomous Organisations/Societies.
- 7. President's Secretariat/Vice President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO.

Illustrative list

1. Land & Building Related Issues

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

2. Contracts & Procurement.

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

3. Transport Sector

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

4. Environment & Pollution Related Matters

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

5. Food & Hotel Industry

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

6. Ministry of Labour/Ministry of Overseas Indian Affairs.

- (i) Applications by beneficiaries and employers in connection with EPFO; ESI etc.
- (ii) Applications by recruiting/placement agencies and individuals submitted to Protectorate General of Emigrants and the concerned Ministry.
- (iii) Other applications connected with regulatory/enforcement systems of Labour Ministry.

7. CBDT & Income Tax Deptt.

- (i) Application for PAN.
- (ii) Applications submitted by NGOs for exemption from Income Tax.
- (iii) Applications submitted for issue of certificates/income tax clearance for immigration/public contracts or any other purposes.
- (iv) Application for appointment of legal counsels/any other professionals.

8. Customs & Central Excise & DGFT
Applications/cases of Duty Drawback & other export incentives.
9. Telecom (BSNL & MTNL)
Applications for establishing STD booths, etc.
10. Petroleum Sector
Applications for allotment of petrol pumps/gas stations.
11. Ministry of External Affairs
 - (i) Applications for issue of passports.
 - (ii) Applications for issue of visas by Indian Embassies abroad.
12. Ministry of Home Affairs
 - (i) Applications submitted to FRRO.
 - (ii) Applications connected with FCRA.
13. Ministry of Health
Applications for recognition by Medical Council of India and similar other regulatory bodies.
14. Education
 - (i) Applications for accreditation handled by bodies like AICTE & others.
 - (ii) Applications for recognition of schools by Director of Education etc.
 - (iii) Grant of E.C. by Director of Education.
15. Agriculture, Dairying & Fisheries
 - (i) Various clearances/licenses, eg. clearance for operating fishing vessels.
 - (ii) Quarantine related applications.
16. Ministry of Social Justice/Tribal Affairs.
Applications for sanction of funds to NGOs.

No.98/ORD/1
CENTRAL VIGILANCE COMMISSION

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

Subject:- Improving Vigilance Administration: Increasing Transparency in Procurement/Sale etc.

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

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

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

Contd.....2/-

- (ii) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process.
- (iii) The concerned organization must give its web site address in the advertisement/NIT published in the newspapers.
- (iv) If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay the amount by draft/cheques etc. at the time of submission of the application form and bid documents.

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

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

Sd/-

(P. Shankar)

Central Vigilance Commissioner

To

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

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated the 9th February, 2004.

OFFICE ORDER NO. -9/2/04

To

All Chief Vigilance Officers

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

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

Sd/-
(Balwinder Singh)
Additional Secretary

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 11th February 2004

Office Order No. 10/2/04

To

All Chief Vigilance Officers

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

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

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

Sd/-
(Balwinder Singh)
Additional Secretary

No.98/ORD/1
CENTRAL VIGILANCE COMMISSION

Satarkta Bhavan, Block 'A'
G.P.O. Complex, INA,
New Delhi – 110 023
Dated the 2nd July, 2004

Office Order No.43/7/04

Subject:- Improving Vigilance Administration: Increasing Transparency in Procurement/ sale etc. – Use of website – regarding.

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

Issue 1 Size of Tender Documents

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

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

Issue 2 Issues connected with Data Security, Legality and Authenticity of Bid Documents.

Certain organizations have expressed apprehensions regarding security of data, hacking of websites etc. They have also pointed out that certain bidding parties may alter the downloaded documents and submit their bids in such altered tender documents which may lead to legal complications.

Clarification: This issue has been examined both from technical and legal angles. Technically a high level of data security can be provided in the websites. The provisions of digital signatures through Certifying Authority can be used to ensure that in case of any forgery or alteration in downloaded documents it is technically feasible to prove what the

original document was. There are sufficient legal provisions under IT Act to ensure that e-business can be conducted using the web-site. A copy of the remarks given by NIC on this issue are enclosed herewith.

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

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

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

Clarification: In many organizations goods, services and works which as per laid down norms are to be procured/executed through open tender system many times due to urgency are done through short term tenders without resorting to wide publicity in newspapers because of time constraint. In all such cases short term tenders (by whatever name it is called) etc. should also be put on the website of the dept. as it does not involve any additional time or cost.

Regarding applicability of these instructions to limited tenders where the number of suppliers/contractors is known to be small and as per the laid down norms limited tender system is to be resorted to through a system of approved/registered vendors/contractors, the clarifications are given below.

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

Clarification: The commission desires that in all such cases there should be wide publicity through the web site as well as through the other traditional channels at regular intervals for registration of contractors/suppliers. All the required proforma for registration, the pre-qualification criteria etc should be always available on the web-site of the organization and it should be possible to download the same and apply to the organization. There should not be any entry barriers or long gaps in the registration of suppliers/contractors. The intervals on which publicity is to be given through website and traditional means can be decided by each organization based on their own requirements and developments in the market conditions. It is expected that it should be done at least once in a year for upgrading the list of registered vendors/contractors.

The concerned organization should give web based publicity for limited tenders also except for items of minor value. If the organization desires to limit the access of the limited tender documents to only registered contractors/suppliers. But it should be ensured that password access is given to all the registered contractors/suppliers and not denied to any of the registered suppliers. Any denial of password to a registered

supplier/contractor will lead to presumption of malafide intention on the part of the tendering authority.

Sd/-
(Balwinder Singh)
Addl. Secretary

To

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

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

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

Office Order No.13/3/05

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

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

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

3. Subsequently, the website should give the details on the following:

- a) actual date of start of work
- b) actual date of completion
- c) reasons for delays if any

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

Sd/-
(Anjana Dube)
Deputy Secretary

To

All Chief Vigilance Officers

Statement showing the threshold limit for the contracts/purchases fix by the organisations in view of Commission's circular No.005/VGL/4 issued vide Office Order No.13/3/05 dated 16.3.2005

S. No.	Name of the Department/ Organisation	Threshold limit fixed	Remarks
1.	Vijaya Bank	10 lac and above	
2.	RBI	10 lac and above	
3.	MTNL	50 lac	
4.	Paradip Port Trust	1 crore – Civil works 15 lac – Elec. and Mech. 2 lac – Horticulture 2 crore- Stores/ Purchase	
5.	NALCO	1 crore – Civil works 30 lac – Elec. and Mech. 2 crore – Stores/ Purchase 2 lac – Horticulture 10 lac – Consultancy 2 crore – Sales contract	
6.	Dredging Corp. of India	5 lac	
7.	Cochin Shipyard Ltd.	10 lac	
8.	Power Finance Corp. Ltd.	1 lac	
9.	Bank of Baroda	5 lac – Civil works 10 lac – furnishing work 2 lac – other works	
10.	South Eastern Coalfields Ltd.	20 lac – Hort. 10 lac – Dev. Work 5 crore – Equipment & Spares 1 crore – Coal transport 1 lac – medicines	
11.	Visakhapatnam Port Trust	2 crore – Elect. and Mech. 1 crore – Stores 50 lac – Civil work 7 lac – Elec., Mech. & Air Condition 1 lac – Horticulture	
12.	Syndicate Bank	25 lac	
13.	IRCON International Ltd.	4 crore – Civil work 3 crore – other procurement	

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

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 28th July 2005

Office Order No.46/07/05

**Subject: Details on award of tenders/contracts publishing on Websites/
Bulletins - Reminder regarding.**

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

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


(Anjana Dube)
Deputy secretary

To

All Chief Vigilance Officers

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

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 20th September 2005

Office Order No.57/9/05

**Subject: Details on award of tenders/contracts publishing on Websites/
Bulletins- Reminder regarding.**

It has been observed that despite Commission's directions vide its circulars dated 16/3/05 and 28/7/05, a number of organisations are yet to give details of the tenders finalized on the website of their organisations. Some of the Organisations have informed that this is due to the delay in receipt of information from their Regional/Subordinate Offices.

2. In this regard it is clarified that placing of such information on the website will be a continuous process. The CVOs should ensure publishing of the details of the tenders awarded immediately with available information and subsequently update it. The threshold limits as proposed by the CVOs in consultation with CEOs can be taken as the starting point which could be revised subsequently to cover 60% of the transactions in a year and further 100% on stabilization.

Sd/-
(Mitter Sain)
Deputy Secretary

All Chief Vigilance Officers

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

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 1st September 2006


Circular No. 31/9/06

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

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

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

3. Please acknowledge receipt and ensure due compliance.



(V.Kannan)
Director

- (i) All Secretaries/CEOs/Head of Organisations.
- (ii) All Chief Vigilance Officers

No. 006/VGL/117
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-'A'
GPO Complex, INA,
New Delhi-110023:
Dated the,18th April 2007

CIRCULAR No. 13/4/07

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

Please refer to Commission's Circular no. 40/11/06 dated 22/11/2006 on the aforementioned subject & also Circular No. 13/3/05 dated 16/03/2005 & Circular No. 46/7/05 dated 28/7/2005 regarding details of award of tenders/contracts publishing on Websites/Bulletin.

2. The Commission vide circulars dated 16/3/05 & 28/7/05 had directed all organizations to post on their web-sites a summary, every month, of all the contracts/purchases made above the threshold value covering atleast 60% of the transactions every month. A compliance report in this regard was to be submitted to the Commission by the CVOs through their monthly report to the Commission. However, it is seen that some of the departments have neither intimated the Commission about the threshold value decided for posting the details of tenders awarded on the web-sites, nor a compliance report is being sent through the monthly reports.

3. Further, vide circular dated 22/11/06, the Commission while emphasizing the need to leverage technology, as an effective tool in vigilance administration, in discharge of regulatory, enforcement and other functions had directed the organizations to upload on their websites, information in respect of the rules and procedures governing the issue of licenses/permissions etc. and to make available all the application forms on the websites in a downloadable form besides, making available the status of individual application on the organization's website. The Commission had directed the organizations to implement its guidelines in two phases. The first phase relating to the posting of all application forms on the website was to be implemented by 1/1/2007 and the second phase, by 1/4/2007. Although, the date for implementation of second phase has passed by, the departments are yet to intimate the Commission about the status of implementation of the two phases.

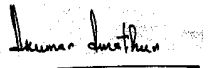
4. The Commission, therefore, while reiterating its aforementioned instructions directs the CVOs to convey to the Commission the following information latest by 30/4/07:-

- a) The threshold value decided by the organization for publishing on their web-site, details of award of tenders/contracts;

: -2- :

- b) The extent to which the details of awarded tenders are being posted on the web-site and whether the web-sites are being updated regularly or not;
- c) Whether first/second phase of the Commission's circular dated 22/11/06 has been implemented or not;
- d) If not, the reasons thereof: steps being taken by the organization to ensure implementation of the Commission's circular and the exact date by which both the phases as mentioned in the Commission's circular would be fully implemented;.

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



(Vineet Mathur)
Deputy Secretary

All Chief Vigilance Officers

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

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 14th July, 2009

CIRCULAR No. 17/7/09

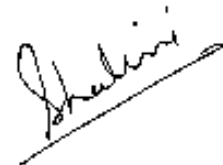
Subject: Posting of details on award of tenders/contracts on websites.

The Commission vide circulars dated 16.03.2005, 28.07.2005 and 18.04.2007 had directed all organisations to post on their web-sites a summary, every month, containing details of all the contracts/purchases made above a threshold value (to be fixed by the organisations) covering atleast 60% of the value of the transactions every month to start with on a continuous basis. CVOs were required to monitor the progress and ensure that the requisite details were posted regularly on respective websites, and also to incorporate compliance status in their monthly report to the Commission.

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

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

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



(Shalini Darbari)
Director

To

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

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated the 11th September 2003

OFFICE ORDER NO.46/9/03

To

All Chief Vigilance Officers

Subject: E-Procurement/Reverse Auction.

Sir/Madam,

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

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
Telefax-24651010

No.009/VGL/002
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A,
GPO Complex, INA,
New Delhi-110023.
Dated: 13/01/09

CIRCULAR NO. 01 | 0 1/09

Subject:- Implementation of e-tendering solutions.

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


13/1/09.
(Shalini Darbari)
Director

All Chief Vigilance Officers

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सं. / No. 009/VGL/002

भारत सरकार
केन्द्रीय सतर्कता आयोग
GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली 110023
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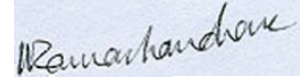
दिनांक / Dated
17th September, 2009

Circular No 29/9/09

Subject : - Implementation of e-tendering solutions.

Guidelines were prescribed in this office OM of even number, dated 13/01/2009, on the above-cited subject, advising organisations to follow a fair, transparent and open tendering procedure, to select the application service provider for implementing their e-tendering solutions.

2. It is clarified that while ensuring fair play, transparency and open tendering procedure for e-tendering solutions, the organisations must take due care to see that effective security provisions are made in the system to prevent any misuse. In this regard, the guidelines on security related issues in e-tendering systems are enclosed for information. Organisations concerned may follow these guidelines while implementing e-tendering solutions to contain the security related loop holes.



(V. Ramachandran)
Chief Technical Examiner

To

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

Guidelines on Security considerations for e-procurement System.

1.0 E-procurement Systems.

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

2. Security of e-Procurement system.

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

2.2 Security Infrastructure level:

Issues	Best Practices to achieve security considerations
Perimeter Defence. Authentication.	Deployment of routers, Firewalls, IPS/IDS, Remote Access and network segmentation. Network authentication through deployment of password policy for accessing the network resources. To minimize unauthorised access to the e-procurement system at system level.
Monitoring	Deployment of logging at OS/ network level and monitoring the same.
Secure configuration of network host.	The security of individual servers & workstations is a critical factor in the defence of any environment, especially when remote access is allowed. Workstations should have safeguards in place to resist common attacks.
System patching.	As the vulnerability of the system are discovered almost regularly and the system vendors are also releasing the patches. It is expected the host are patched with latest security updates released by the vendors.
Control of malware.	Suitable control like anti-virus, anti spyware ext. should be deployed on the host associated with e-procurement system. However, option for running the services at non-privileged user profile may be looked for. Otherwise,

Structured cabling.	<p>suitable operating system which is immune to virus, trojan and malware may be deployed.</p> <p>The availability of the network services is critically dependent on the quality of interconnection between the hosts through structured including termination and marking. It is expected the e-procurement system has implemented structured cabling and other controls related with network and interconnection.</p>
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2.3 Security at Application level.

2.3.1 Security during design.

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

When writing log data, the application should avoid writing sensitive data to log files.

2.3.2 Security during application deployment and use.

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

2.3.3 Security in Data storage and communication.

Issues	Best Practices to achieve security considerations
Encryption for data storage.	Sensitive data should be encrypted or hashed in the database and file system. The application should differentiate between data that is sensitive to disclosure and must be encrypted, data that is sensitive only to tampering and for which a keyed hash value (HMAC) must be generated, and data that can be irreversibly transformed(hashed) without loss of functionality (such as passwords). The application should store keys used for decryption separately from the encrypted data. Examples of widely accepted strong ciphers are 3DES, AES, RSA, RC4 and Blowfish. Use 128-bit keys(1024 bits for RSA) at a minimum.
Data transfer security.	Sensitive data should be encrypted prior to transmission to other components. Verify that intermediate components that handle the data in clear-text form, prior to transmission or subsequent to receipt, do not present an undue threat to the data. The application should take advantage of

	<p>authentication features available within the transport security mechanism.</p> <p>Specially, encryption methodology like SSL must be deployed while communicating with the payment gateway over public network.</p>
Access control.	<p>Applications should enforce an authorisation mechanism that provides access to sensitive data and functionality only to suitably permitted users or clients.</p> <p>Role-based access controls should be enforced at the database level as well as at the application interface. This will protect the database in the event that the client application is exploited.</p> <p>Authorisation checks should require prior successful authentication to have occurred.</p> <p>All attempts to obtain access, without proper authorisation should be logged.</p> <p>Conduct regular testing of key applications that process sensitive data and of the interfaces available to users from the Internet Include both “black box” informed” testing against the application. Determine if users can gain access to data from other accounts.</p>

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

3.1 Common unified platform for all department.

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

3.2 Public key Infrastructure (PKI) Implementation

This is one of the most critical security features that are required to be implemented in order to establish non-repudiation and to ensure the security of the online system. Under the system, participating contractors and suppliers, as

well as the departmental users, are issued a Digital Signature Certificate (DSC) by a licensed Certification Authority.

3.3 Third Party Audit.

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

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

Telegraphic Address :
"SATARKTA: New Delhi

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Website
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24651001 - 07

सं. / No.

No. 009/VGL/002

भारत सरकार
केन्द्रीय सतर्कता आयोग
GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION

2020
17/5/2010

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023

दिनांक / Date 26th April, 2010.....

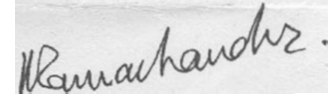
17/5/10

Circular No 18/04/2010

Subject: - Implementation of e-tendering solutions – check list.

Guidelines were prescribed in this office OM of even number, dated 17.09.2009, on the above-cited subject, advising organisations to take due care to see that effective security provisions are made in the system to prevent any misuse. It has been observed during security audit carried by CTEO that e-procurement solutions being used by some of the organisations lack security considerations as envisaged in the Commission's guidelines dated 17.09.2009. Some of the shortcomings / deficiencies are of repetitive nature.

A check list to achieve security considerations in e-Procurement solutions is enclosed for information. Organisations concerned may follow the same while implementing e-tendering solutions to address the security related concerns.



(V. Ramachandran)
Chief Technical Examiner

To

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

**CHECK POINTS TO ACHIEVE SECURITY CONSIDERATIONS
IN E-PROCUREMENT SOLUTIONS**

S.N.	SECURITY CONSIDERATIONS	Please Tick	
		Yes	No
1.	Whether the application is secure from making any temporary distortion in the electronic posting of tender notice, just to mislead certain vendors?	Yes	No
2.	If yes at 2 above, then whether any automatic systems alert is provided in the form of daily exception report in the application in this regard?	Yes	No
3.	Whether application ensures that the tender documents issued to / downloaded by bidders are complete in shape as per the approved tender documents including all its corrigendum?	Yes	No
4.	Is there any check available in the application to detect & alert about the missing pages to the tenderer, if any?	Yes	No
5.	Whether application ensures that all the corrigendum issued by the Competent Authority are being fully communicated in proper fashion to all bidders including those who had already purchased / downloaded the bid documents well ahead of the due date & before uploading the corrigendum?	Yes	No
6.	Whether system is safe from sending discriminatory communication to different bidders about the same e-tendering process?	Yes	No
7.	Whether e-procurement solution has also been customised to process all type of tenders viz Limited / Open / Global Tenders?	Yes	No
8.	Whether online Public Tender opening events feature are available in the application?	Yes	No
9.	Whether facilities for evaluation / loading of bids, strictly in terms of criteria laid down in bid documents are available in the application?	Yes	No
10.	Whether sufficient safeguards have been provided in the application to deal with failed attempt blocking?	Yes	No
11.	Whether application is safe from submission of fake bids?	Yes	No
12.	Whether encryptions of bids are done at clients end?	Yes	No
13.	Whether safety against tampering and stealing information of submitted bid, during storage before its opening, is ensured?	Yes	No
14.	Whether application is safe from siphoning off and decrypting the clandestine copy of a bid encrypted with Public key of tender opening officer?	Yes	No
15.	Whether application is safe from mutilation / sabotage or otherwise rendering the encrypted bid in the e-tender box during storage, to make it unreadable / invalid in any form, before opening of the bids?	Yes	No

16.	Whether introduction of special characters / executable files etc by users are restricted in the application?	Yes	No
17.	Whether validity check of DSC is being done at server end?	Yes	No
18.	Whether system supports the feature that even though if a published tender is being deleted from the application, system does not allow permanent deletion of the published tender from the Database?	Yes	No
19.	Whether sufficient security features are provided in the application for authentication procedure of the system administrator like ID, password, digital signature, biometric etc?	Yes	No
20.	Whether audit trails are being captured in the application on media not prone to tampering, such as optical write once?	Yes	No
21.	Whether log shipping feature is available, where a separate dedicated server receives the logs from the application over a web service in real time?	Yes	No
22.	Whether integrity and non-tampering is ensured in maintaining the server clock synchronisation & time stamping?	Yes	No
23.	Whether application generates any exception report / system alerts etc to indicate the resetting of the clock, in case the application for time stamping is killed at the server level and time is manipulated?	Yes	No
24.	Whether application ensures that the quotes from various bidders with their name are not being displayed to any one including to the Organisation during carrying out of the e-reverse auctioning process?	Yes	No
25.	Whether application is fit for usage complying with the requirements of tender processing viz Authenticity of tenderer, non-repudiation and secrecy of information till the actual opening of tenders.	Yes	No
26.	Whether any comprehensive third party audit [as per statutory requirement and also as per the requirements of e-tender processing (compliance to IT Act 2000)] was got conducted before first putting it to public use?	Yes	No.
27.	Whether application complies with the Commission's Guidelines dated 17.09.2009 on Security considerations for e-procurement Systems.	Yes	No

No.010/VGL/035
Central Vigilance Commission

Satarkta Bhawan, GPO Complex
INA, New Delhi
Dated 23 June, 2010.

Circular No. 23/06/010

Sub: Leveraging of Technology for improving vigilance administration in the National E-Governance Plan.

The Commission observes that e-procurement software, security and implementation is a new area and needs improvement. E-procurement provides a platform for the collaborative procurement of goods, works and services using electronic methods at every stage of the procurement process. The e-procurement platform transacts confidential procurement data and is exposed to several security threats. Department of Information Technology could be best placed to address issues relating to e-procurement. In order to ensure proper security of the e-procurement system all Departments/Organizations are advised to get their system certified by Department of Information Technology.


(Shalini Darbari)
Director

To,

All Secretaries of Deptts / Ministries.
All CMDs / Chief Executives of CPSUs / Banks / Insurance Companies etc.
All Chief Vigilance Officers

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सत्यमेव जयते



केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023

सं./No. 010/VGL/035/161731

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/instructions) 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

No.005/CRD/19
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 9th May 2006

CIRCULAR No.15/5/06

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

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

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

- (i) All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for scrutiny and vetting post facto.
- (ii) The reports relating to such awards will be submitted to the Board every quarter.
- (iii) The audit committee may be required to check at least 10% of such cases.

3. This may be noted for strict compliance.

(V. Kannan)
Director

All Chief Vigilance Officers

Copy to:

- (i) All Secretaries of Govt. of India
- (ii) All CEOs/Head of the organisation

No.005/CRD/19
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 5th July 2007

Office Order No.23/7/07

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

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

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

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

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


"The law is well-settled that contracts by the State, its corporations, instrumentalities and agencies must be normally granted through public auction/public tender by inviting tenders from eligible persons and the notifications of the public-auction or inviting tenders should be advertised in well known dailies having wide circulation in the locality with all relevant details such as date, time and place of auction, subject matter of auction, technical specifications, estimated cost, earnest money deposit, etc. The award of Government contracts through public-auction/public tender is to ensure transparency in the public procurement, to maximize economy and efficiency in Government procurement, to promote healthy competition among the tenderers, to provide for fair and equitable treatment of all tenderers, and to eliminate irregularities, interference and corrupt practices by the authorities concerned. This is required by Article 14 of the Constitution. However, in rare and exceptional cases, for instance, during natural

calamities and emergencies declared by the Government; where the procurement is possible from a single source only; where the supplier or contractor has exclusive rights in respect of the goods or services and no reasonable alternative or substitute exists; where the auction was held on several dates but there were no bidders or the bids offered were too low, etc., this normal rule may be departed from and such contracts may be awarded through 'private negotiations'."

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

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

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



(Rajiv Verma)
Under Secretary

To

All Chief Vigilance Officers

No.005/CRD/19(part)
Government of India
Central Vigilance Commission

Satarkata Bhawan, GPO Complex,
INA, New Delhi,
Dated 19th May, 2010

OFFICE ORDER No.19/05/10

Sub: Transparency in Works/Purchase/Consultancy contracts awarded on Nomination basis.


Commission vide Circular No.15/5/06 dated 09/05/2006 had prescribed certain measures to be followed on works/purchase/consultancy contracts awarded on nomination basis by PSUs. These instructions have since been reviewed in the Commission and the Commission is of the view that the Board of the PSU is not required to scrutinize or post facto vet the actions of the operational managers and their decisions to award work on nomination basis.

2. Therefore, the following amendment is being made in sub-para (i) of Para 2 of Commission's above circular:-

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

Read as

" All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for information".


(Vineet Mathur)
Director

All Chief Vigilance Officers of CPSUs.

Copy to:

- (i) All Secretaries of Govt. of India
- (ii) All CEOs/Heads of Organizations

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023
005/CRD/19-386121
सं./No.....

दिनांक / Dated 11.07.2018

Circular No.06/07/18


Subject: Transparency in Works/Purchases/Consultancy contracts awarded on nomination basis – reg.

- Reference:** (i) Commission's Circular No.15/5/06 dated 09.05.2006
(ii) Commission's Office Order No.23/7/07 dated 05.07.2007
(iii) Commission's Office Order No.19/05/10 dated 19.05.2010

Reference is invited to Commission's Circulars cited above wherein the need for award of contracts in a transparent and open manner has been emphasized. The Commission is still receiving representations reporting instances of award of contracts and procurements in a non-transparent manner on nomination basis by several Departments/CPSUs.

2. The award of contracts/procurements/projects on nomination basis without adequate justification amounts to a restrictive practice eliminating competition, fairness and equity. The Commission would reiterate its earlier instructions, that award of contracts on nomination basis can be resorted to only in exceptional circumstances as laid down in Commission's Office Order No.23/7/07 dated 05.07.2007.

3. All Ministries/Departments/CPSUs are therefore advised to apprise the aforementioned guidelines to the concerned officers for strict compliance.


(J. Vinod Kumar)
Director

To

- (i) The Secretaries of all Ministries/Departments of Govt.
(ii) All Chief Executives of CPSUs.
(iii) All CVOs of Ministries/Depts/CPSUs.

IMMEDIATE

**NO.3(V)/99/9
CENTRAL VIGILANCE COMMISSION**

**Satarkta Bhavan, Block "A"
GPO Complex, I.N.A.
New Delhi-110023**

Dated the 1st October, 1999

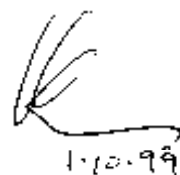
Subject:- Applicability of CVC's instruction No.8(1)(h)/98(1) dated 18/11/98 on post- tender negotiations to Projects of the World Bank & other international funding agencies.

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

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

Page 1 of 2

3. All CVOs may ensure strict compliance of this instruction.
4. This instruction is also available on CVC's Website at <http://cvc.nic.in>



(N.VITTAL)

CENTRAL VIGILANCE COMMISSIONER

To

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

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 3rd August 2001

To

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

Subject: Improving Vigilance Administration - Tenders.

Sir,

Please refer to the instructions issued by the Commission vide its communication No. 8(1)(h)/98(1) dated 18.11.1998, banning post-tender negotiations except with L-1.

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

Yours faithfully,

Sd/-
(K.L. Ahuja)
Officer on Special Duty

Satarkta Bhawan, Block-A,
GPO Complex, I.N.A,
New Delhi-110 023.
Dated : 25/10/2005

Office order No.68/10/05

Sub:- Tendering Process – Negotiation with L-1.

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

- (i) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. **Counter offers tantamount to negotiations and should be treated at par with negotiation.**
 - (ii) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.
2. Further, it has been observed by the Commission that at times the Competent Authority takes unduly long time to exercise the power of accepting the tender or negotiate or re-tender. **Accordingly, the model time frame for according such approval to completion of the entire process of Award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of the tender/contract.**
3. In case of L-1 backing out there should be re-tendering as per extant instructions.
4. The above instructions may be circulated to all concerned for compliance.


(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers.

No.005/CRD/12
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 3rd October, 2006


Circular No. 37/10/06

Subject: Tendering process – negotiation with L1.

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

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

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



(V. Kannan)
Director

All Chief Vigilance Officers

No.005/CRD/012
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 3rd March, 2007

Circular No. 4/3/07

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

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

- (i) As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
- (ii) In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process.
- (iii) Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.

2/3

- (iv) As regards the splitting of quantities, some organisations have expressed apprehension that pre-disclosing the distribution of quantities in the bid document may not be feasible, as the capacity of the L 1 firm may not be known in advance. It may be stated that if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable. It is essentially in cases where the organisations decide in advance to have more than one source of supply (due to critical or vital nature of the item) that the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself. This must be followed scrupulously.
- (v) Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation.

2. It is reiterated that in case L-1 backs out, there should be a re-tender.
3. These instructions issue with the approval of the Commission and may please be noted for immediate compliance.



(Vineet Mathur)
Deputy Secretary

All Chief Vigilance Officers

— 3/3 —

भारत सरकार
केन्द्रीय सतर्कता आयोग
GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION

[Handwritten signature]
Dy. Secy

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
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Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023

दिनांक / Dated
20th January, 2010

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

CIRCULAR No.01/01/10

Attention is invited to the Commission's circular No. 4/3/07 dated 3.3.07 on the issue of "Tendering Process – Negotiations with L1".

In the said circular it has, among other things, been stated "As post tender negotiations could often be a source of corruption, it is directed that there should be no post tender negotiations with L1, except in certain exceptional situations". It has come to Commission's notice that this has been interpreted to mean that there is a ban on post tender negotiations with L-1 only and there could be post tender negotiations with other than L1 i.e. L2, L3 etc. This is not correct.

It is clarified to all concerned that - there should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances, then it can be with L1 (Lowest tenderer) only if the tender pertains to the award of work/supply orders etc. where the Government or the Government company has to make payment. However, if the tender is for sale of material by the Government or the Govt. company, the post tender negotiations are not to be held except with H1 (i.e. Highest tenderer) if required.

2. All other instructions as contained in the circular of 3.3.2007 remain unchanged.

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

[Handwritten signature]
(V. Ramachandran)
Chief Technical Examiner

No.005/CRD/012
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 3rd March, 2007

Circular No. 4/3/07

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

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

- (i) As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
- (ii) In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process.
- (iii) Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are⁸⁸ invariably finalised within their validity period.

- (iv) As regards the splitting of quantities, some organisations have expressed apprehension that pre-disclosing the distribution of quantities in the bid document may not be feasible, as the capacity of the L-1 firm may not be known in advance. It may be stated that if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable. It is essentially in cases where the organisations decide in advance to have more than one source of supply (due to critical or vital nature of the item) that the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself. This must be followed scrupulously.
- (v) Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation.

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

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



(Vineet Mathur)
Deputy Secretary

All Chief Vigilance Officers

No.005/CRD/12
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
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New Delhi- 110 023
Dated the 3rd October, 2006


Circular No. 37/10/06

Subject: Tendering process – negotiation with L1.

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

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

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



(V. Kannan)
Director

All Chief Vigilance Officers

No.005/CRD/12
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A,
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New Delhi-110 023.
Dated : 25/10/2005

Office order No.68/10/05

Sub:- Tendering Process – Negotiation with L-1.

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

- (i) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. **Counter offers tantamount to negotiations and should be treated at par with negotiation.**
 - (ii) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.
2. Further, it has been observed by the Commission that at times the Competent Authority takes unduly long time to exercise the power of accepting the tender or negotiate or re-tender. **Accordingly, the model time frame for according such approval to completion of the entire process of Award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of the tender/contract.**
3. In case of L-1 backing out there should be re-tendering as per extant instructions.
4. The above instructions may be circulated to all concerned for compliance.



(Anjana Dube)
Deputy Secretary

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भारत सरकार
केन्द्रीय सतर्कता आयोग
GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION

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Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi 110023
28th October, 2011

दिनांक / Dated.....

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 if 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

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



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सं. / No. 98/ORD/001

दिनांक / Dated 06.04.2018

Circular No.01/04/18

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

Ref: Commission's Circular No. 8(1)(h)/98(1) dated 18.11.1998, 3(V)/99/9 dated 01.10.1999 and 98/ORD/001 dated 28.10.2011

References have been received seeking clarifications on the applicability of Commission's guidelines to projects funded by the World Bank and other international funding agencies like IMF, ADB, etc.

2. The Commission vide its Circular No. 3(V)/99/9 dated 01.10.1999 has prescribed the following:

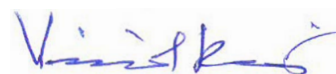
The Commission's instruction dated 18.11.1998 (on post tender negotiations) would not be applicable to the World Bank Projects and other international funding agencies, such as IMF, ADB, etc. However, the instructions of Central Vigilance Commission would be binding on purchases / sales made by the department within the country. The Central Vigilance Commission's instructions dated 18.11.1998 would however, apply if purchase/sales are within the budget provisions and normal operations of the department/organisation even though the purchases / sales are made from sources outside the country.

3. Subsequently, a clarification issued vide Circular No. 98/ORD/001 dated 28.10.2011 provided the following:

"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. The matter has been examined in the light of Commission's circulars No. 8(1)(h)/98(1) dated 18.11.1998, 3(v)/99/9 dated 01.10.1999 and 98/ORD/001 dated 28.10.2011. Apparently, funds from International Agencies like World Bank, IMF, ADB or other multilateral agencies are available by way of grants-in-aids or as loans. In the former category of funding, there is no liability on the Govt of India to repay such funded amounts. In the latter category of funds received by way of loans, with or without interest, ultimately the Government of India as the receiving agency has to repay the loans so received. Thus, there is a need to distinguish between these two categories of funding options. If any of the International Agencies while granting aid prescribes certain terms and conditions which are contrary to the existing guidelines of the Government (GFR) or of the Commission relating to the process of procurement/tendering to be adopted, determination of the qualifications, negotiations, other terms and conditions, etc., where the funding is by way of grants-in-aid with no obligation to repay such amounts, the agency receiving the fund may accept such conditions as the International Agency may lay down. However, where such funding is by way of a loan with or without interest and there is a liability on the Government and/or the recipient agency to repay the money in due course, it is essential that prudent norms on making the procurements at best possible rates in a transparent, competitive environment providing opportunity to all eligible and willing bidders, the guidelines/instructions of the Central Vigilance Commission in regard to qualification, criteria, terms and conditions of procurement, negotiations, etc. will have to be followed keeping in view the best interest of transparency, accountability and efficiency.

5. It is clarified that any project funding originating from the Consolidated Fund of India, wholly or partially, must be subject to the Government of India's and Commission's guidelines for expenditure of public money and the same condition may be stipulated while negotiating terms with external funding agencies. Furthermore, any project funding involving future outflows of public money may also be subject to the same guidelines.



(J Vinod Kumar)
Director

To

- (i) The Secretaries of all Ministries / Departments of Govt
- (ii) All Chief Executives of CPSUs / Public Sector Banks / Public Sector Insurance Companies / Autonomous Bodies, etc.
- (iii) All Chief Vigilance Officers

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



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98/ORD/001

सं./No.....-392683

28.08.2018

दिनांक / Dated.....

Circular No.10/08/18

Sub: Applicability of Commission's guidelines on post tender negotiations with regard to projects funded by World Bank and other International Funding Agencies like, IMF, ADB, etc.

Ref: Commission's Circulars Nos.8(1)(h)/98(1) dated 18.11.1998, 3(V)/99/9 dated 01.10.1999 and 98/ORD/001 dated 28.10.2011.

The Commission on receiving references seeking clarifications on the applicability of Commission's guidelines to projects funded by the World Bank and other International Funding Agencies like IMF, ADB., etc., had last issued a Circular No.01/04/18 dated 06.04.2018. On a review of the said instruction and all previous circulars on the subject, the Commission would clarify as under:

The Commission's instructions dated 18.11.1998 (on post tender negotiations) and other guidelines relating to procurement / sales, etc., would not be applicable to projects funded by World Bank and other International Funding Agencies, as such external aid / loans, etc., received are covered under the applicable policies / legal agreement executed, as permitted under Rule 264 of General Financial Rules, 2017 (GFR), Manual for Procurement of Goods of 2017, Manual for Procurement of Consultancy and other Services, 2017 issued by the D/o Expenditure, M/o Finance, etc.

2. All Ministries / Departments / Organisations may note for information / guidance.

(J. Vinod Kumar)
Director

To

- (i) The Secretaries of all Ministries / Departments of Govt.
- (ii) All Chief Executives of CPSUs / Public Sector Banks / Public Sector Insurance Companies / Autonomous Bodies, etc.
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सत्यमेव जयते

केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



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सं./No.....12-02-6-CTE/SPI(I)-2-16/730

दिनांक / Dated.....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.

No.UU/POL/19
Government of India
Central Vigilance Commission

Bikaner House, 1st Floor,
New Delhi, 8 Oct., 1997

OFFICE MEMORANDUM

To

All Chief Vigilance Officers/PSUs

Sub: Grant of interest free mobilization advance.

Sir,

It has come to the notice of this Commission that PSUs are stipulating payment of interest free mobilization advance in their tenders. Many times mobilization advance is allowed after acceptance of tender also. The amount of mobilization advance thus paid to the contractor is prone to be used by him for building his own capital or for the purpose other than the one for which it is disbursed. For big projects mobilization advance of 5 to 10% stipulated in the contract works out to a huge amount and the contractor is likely to be benefited with interest free amount to a very big extent. Normally while preparing justification, elements of gain in terms of interest on capital investment by way of mobilization advance is also not considered and thus the contractor gets higher rates than that may be justified. In case there is a delay in commencement of work the contractor is likely to get undue benefit by way of retention of huge money.

2. It is, therefore, desired that adequate steps may be taken to ensure stipulation of mobilization advance only for selected works and advance should be interest bearing so that contractor does not draw undue benefit. Timely execution/completion of all projects is an essential requirement and the contractor would like to draw interest bearing mobilization advance only when he needs to maintain his cash flow.

Sd/-
(P.K.Gopinath)
Director

No.4CC-1-CTE-2
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block –A,
4th Floor, GPO Complex,
INA, NEW DELHI-110 023.

10 APR 2007
OFFICE MEMORANDUM/ CIRCULAR No.10/4/07

Sub: Mobilisation Advance

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

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

1. Provision of mobilization advance should essentially be need-based. Decision to provide such advance should rest at the level of Board(with concurrence of Finance) in the organization.
2. Though the Commission does not encourage interest free mobilization advance, but, if the Management feels its necessity in specific cases, then it should be clearly stipulated in the tender document and its recovery should be time-based and not linked with progress of work. This would ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence and scope for misuse of such advance could be reduced.
3. Part 'Bank Guarantees' (BGs) against the mobilization advance should be taken in as many numbers as the proposed recovery instalments and should be equivalent to the amount of each instalment. This would ensure that at any point of time even if the contractor's money on account of work done is not available with the organization, recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time.
4. There should be a clear stipulation of interest to be charged on delayed recoveries either due to the late submission of bill by the contractor or any other reason besides the reason giving rise to the encashment of BG, as stated above.

5. The amount of mobilisation advance; interest to be charged, if any; its recovery schedule and any other relevant detail should be explicitly stipulated in the tendered document upfront.
6. Relevant format for BG should be provided in the tender document, which should be enforced strictly and authenticity of such BGs should also be invariably verified from the issuing bank, confidentially and independently by the organization.

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

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



(P. VARMA)
Chief Technical Examiner

Copy to :-

All CVOs : Ministries / Departments / PSUs / Banks / Uts.

No.4CC-1-CTE-2
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 5th February 2008


Corrigendum

Circular No.5/2/08

Subject: Mobilisation Advance.

The Commission has reviewed the existing guidelines on 'Mobilisation Advance' circular No.10/4/07 (issued vide OM No. 4CC-1-CTE-2 dated 10.4.2007). Para 1 of the above circular may be read as under-

"Decision to stipulate interest free mobilization advance in the tender document should rest at the level of Board (with concurrence of finance) in the organizations. However, in case of interest bearing mobilization advance, organizations may delegate powers at appropriate levels such as the CMD or Functional Directors."


5/2/2008 (Vineet Mathur)
Deputy Secretary

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 17th Feb, 2011

Circular No. 02/02/11

Sub: Mobilization Advance

Commission had earlier issued guidelines on granting of 'Mobilisation Advance' vide OM No. UU/POL/18 dated 08.12.1997, OM No. 4CC-1-CTE-2 dated 08.06.2004 and OM No. 4CC-1-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 advances 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 NIT)* to be compounded quarterly.


(Anil Singhal)
Chief Technical Examiner

To

All Chief Vigilance Officers

Immediate

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated 24th August, 2000

To

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

Subject: Improving Vigilance Administration-Tenders.

.....

Sir,

Please refer to the instructions issued by Commission vide its communication No. 8 (1) (h)/98(1) dated 18.11.98, banning post tender negotiations except with L-1.

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

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

4. The Commission has also been getting references for its advice on the procedures being followed in individual cases of tenders. The Commission would not involve itself in the decision making process of individual organisations. It, however, would

expects the organisations to implement its instructions dated 18.11.98, in its spirit and to ensure that the decisions of administrative authorities are transparent.

Yours faithfully,

Sd/-
(K.L.Ahuja)
Officer on Special Duty

No. 02-07-01-CTE-30
Government of India
Central Vigilance Commission

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

OFFICE MEMORANDUM

Circular No. 01/01/08

31 DEC 2007

Sub. : Acceptance of Bank Guarantees.

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

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

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

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

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

4. Therefore, all organizations are advised to evolve the procedure for acceptance of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India. The steps to be ensured should include-

- i) Copy of proper prescribed format on which BGs are accepted from the contractors should be enclosed with the tender document and it should be verified verbatim on receipt with original document.
- ii) It should be insisted upon the contractors, suppliers etc. that BGs to be submitted by them should be sent to the organization directly by the issuing bank under Registered Post (A.D.).
- iii) In exceptional cases, where the BGs are received through the contractors, suppliers etc., the issuing branch should be requested to immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the organisation with a covering letter to compare with the original BGs and confirm that it is in order.
- iv) As an additional measure of abundant precaution, all BGs should be independently verified by the organizations.
- v) In the organisation/unit, one officer should be specifically designated with responsibility for verification, timely renewal and timely encashment of BGs.

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

6. Receipt of the above guidelines should be acknowledged.



(Smt. Padamaja Varma)
Chief Technical Examiner

To

All Chief Vigilance Officers¹⁰⁵

No. 02-07-1-CTE-30/309204
Central Vigilance Commission
Chief Technical Examiner's Organization

Satarkta Bhavan, Block-A
GPO Complex, INA, New Delhi
Dated, the 04.03.2016

Circular No. 04/03/2016

OFFICE MEMORANDUM

Sub: Acceptance of Bank Guarantee (BG) – Reg.

Reference is invited to the Commission's Circular No. 01/01/08 dated 31.12.2007 (issued vide OM No. 02-07-1-CTE-30 dated 09.05.2006), wherein necessity for ensuring verification of genuineness of Bank Guarantee prior to its acceptance was emphasized and steps were suggested.

2. It is, however, observed that the practice of paper based verification of BGs followed by the organizations is not only time consuming causing delay in acceptance/award of works or advance related payments but also its trustworthiness cannot always be ensured due to human intervention in it.

3. In this background, organizations are advised to follow IT enabled confirmation system which is swift and secured in addition to their existing paper based confirmation system. The following methods for verification may be considered by the organizations:-

- a) Getting confirmation through digitally signed secured e-mails from issuing Banks;
- b) Online verification of Company portal with user ID and password followed by 2nd stage authentication system generated One Time Password (OTP) on portal for reconfirmation;
- c) E-mail confirmation followed by 2nd stage authentication by system generated SMS through registered mobile and reconfirmation through SMS to the verifying officer.

4. Keeping above in view, organizations may evolve their own procedure adopting any one or more of the above methods for ensuring genuineness of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India.

R. Chandra
(Ramesh Chandra)
Chief Technical Examiner
4/3/2016

To

All Chief Vigilance Officers

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



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सं./No. PVC/18/01

दिनांक / Dated 03/05/2018

CIRCULAR NO. 02/04/18

Sub: Timely payments to the contractors/suppliers/service providers-Preventive Measures -reg.

The Commission has been receiving complaints regarding inordinate delay in payments non-settlement of bills of contractors/suppliers/service-providers by some of the Central Public Sector Enterprises (CPSE). It is observed that there is substantial delay in settling running/final bills; and in several cases, bills (both running as well as final) have remained pending for 5 - 6 years, though these are required to be cleared within a few days. Such inordinate delay in the settlement of bills is an unhealthy practice, affording scope for corruption. The Commission is of the view that delay could, in some cases, be motivated.

Some of the major CPSEs have reported that their Bill Watch/ Online Bill Tracking Systems red flags such delays in payment of bills. However, it is important that monitoring of cases of delay non-settlement is done at higher levels to achieve efficiency and to reduce delay. The Commission would, therefore, advise the CVOs to examine from vigilance angle all cases of inordinate delay (with respect to prescribed time if any, or cases of delay exceeding 15 days for running bills and 30 days for final bills) from date of receipt of bill. A Report in cases of delay in the last three years, elaborating the reasons for delay, may be submitted to the Commission within three months.

3. As a preventive vigilance measure, the Commission would also advise the CVOs to study the existing systems for receipt and processing of bills and prescribed timelines for release of payments to the contractors/suppliers/service providers. If required, the matter may be taken up with the Management to further streamline the system keeping in view the following aspects:-

i) Stipulation in all tender documents/Contracts/POs regarding the number of days (from the date of submission of clear and admissible bill) within which payment will be released. Officials should be designated to ensure compliance of timelines for release of such payments.

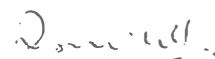
ii) Any clarification from the contractors/suppliers/service providers on the bill submitted by the contractor should be sought within a specified number of days provided in the contract itself and except in exceptional circumstances, these clarification should be sought in one go. Similarly, the contractor should be required to submit the clarification sought within a specified number of days.

iii) In case of any disagreement between the Organization and the contractor on any part of the bill, such part may be severed from the rest. Payment against agreed and admissible part can be processed as per laid down procedure, while the disputed part can be dealt as per contract provisions viz. conciliation, dispute resolution, arbitration. etc.

iv) Online Bill Tracking System should be put in place with provision for alerting higher level of management to enable monitoring, review/intervention in cases of delay.

4. All CVOs while preparing the report as at para 2 above, should also inform the Commission of status of action taken on the preventive aspects as at point (i) to (iv) above.

5. The CVOs may report on the implementation of the guidelines, aberrations detected and action taken in the annual reports.



(Sonali Singh)
Additional Secretary

To,

All Chief Vigilance Officers of CPSEs

ANNEXURE-II

**No. 3L – IRC 1
Government of India
Central Vigilance Commission**

**No. 3, Dr. Rajendera Prasad Road,
New Delhi, dt. 10-1-1983**

To,

**All Chief Vigilance Officers of all Public
Enterprises/National Banks.**

Sub: APPOINTMENT OF CONSULTANT.

Guidelines in connection with the selection of consultants by Public Sector Enterprises for preparation of project reports have been laid down by Bureau of Public Enterprises vide letter No. BPE/GL-025/78/Prodn./PCR/2/77/BPE/Prodn. dt. 15th July, 1978.

In brief the guidelines laid down are: -

- A. For any new projects, expansions, modernization/modification of the existing projects involving an expenditure of Rs.5 crores and above these guidelines are applicable.*
- B. The pre-qualifications public notice should be issued to enlist names of suitable consultants.*
- C. The pre-qualification bid should be screened by a scrutinising committee.*
- D. The final selection and commissioning of the consultant should be done with the approval of the board of public sector enterprises.*
- E. Based on the above guidelines each enterprise should prepare their own instructions and procedure duly approved by the board for the appointment of consultants to ensure that the selection is made with maximum attention to the suitability, competence and proven track record.*

The Chief Technical Engineer Organisation under the control of the Commission has had occasion to examine and comment upon works undertaken by public

sector undertakings. Common irregularities/lapses noticed in the construction works undertaken by the public sector undertakings/banks have already been

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brought to your notice vide engineering works, it was observed that consultants were appointed on ad-hoc basis without going through proper formalities as suggested by B.P.E. and/or the consultant was chosen from an old panel thereby restricting competition. In most of the cases public sector enterprises have not framed their own instructions and procedures duly approved by the Board.

Even though individually such works are less than Rs.5 crores, it is necessary that the appointment of consultant should not be made arbitrary or ad-hoc.

It is, therefore, necessary that urgent action is taken to formulate a rational policy for employment of consultants based on the broad outlines given by B.P.E.

This may be given priority and progress made in formulation of rules and procedure may be reported by 31-3-1983.

*Sd/-
(D.C. Gupta)
Director*

No..OFF 1 CTE 1
Government of India
Central Vigilance Commission
(CTE's Organization)

Satkarkta Bhawan, Block A,
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New Delhi-110023
Dt. the 25TH November 2002

OFFICE MEMORANDUM

Subject: Appointment of Consultants

While highlighting the common lapses/irregularities observed in the Construction works undertaken by the PSUs/Banks, under the guidance of Consultants, the Commission had issued certain guidelines vide letter No. 3L PRC 1 dated 12.11.1982 [copy enclosed-Annexure-1] so as to avoid recurrence of such lapses. These were further emphasized vide letter No. 3L-IRC-1 dated 10.1.1983 [copy enclosed-Annexure-II], inter-alia, bringing out the guidelines circulated by the Bureau of Public Enterprises in their letter no. DPE/GL-025/78/Prodn./PCR/2/77/BPE/Prodn. dated 15.07.1978 and it was reiterated that the appointment of Consultants should be made in a transparent manner.

2. However, it has been observed during intensive examination of various works/contracts by the CTEO that these instructions are not being followed by a large number of organizations. The consultants are still appointed in an ad-hoc and arbitrary manner without inviting tenders and without collecting adequate data about their performance, capability and experience. In some cases, the consultants were appointed after holding direct discussions with only one firm without clearly indicating the job-content and consultation fee payable to them. Often the scope of work entrusted to the consultants is either not defined properly or the consultants are given a free hand to handle the case due to which they experiment with impractical, fanciful and exotic ideas resulting in unwarranted costs. The organizations display an over-dependence on consultants and invariably abdicate their responsibility completely to the latter. The officials do not over see the working of the consultants resulting in the latter exploiting the circumstances and at times, in collusion with the contractors, give biased recommendations in favour of a particular firm. It has also been noticed that the consultants recommend acceptance of inferior items/equipments / payment for inadmissible items and also give

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undue benefit to the contractors like non-recovery of penalties for the delayed completion. The position in respect of projects with multiple consultants is still worse as the self-interest of so many outside agencies takes precedence over the loyalty towards the organization. These agencies tend to collude or collide with each other, and both the situations are detrimental to the smooth implementation of the project.

3. Some of the common irregularities/lapses observed during the last four years or so in this regard are highlighted as under:-

- i) One organization engaged architect from a very old panel, prepared about 15 years back.
- ii) An organization invited and short-listed 5 consultants but awarded the contract to the highest bidder on the plea that the bidder had done a very good job in some other project with the organization. Extra amount of account of travel expenses, boarding and lodging was also sanctioned beyond contractual terms.
- iii) A bank for construction of its Head Office in Mumbai, short-listed three firms after a thorough scrutiny of offers submitted by a large number of bidders. The price bids of these firms were opened , but in a surprising manner, the work of consultancy was awarded to an L-2 firm thus compromising all ethics of tendering.
- iv) The payment terms to the contractors are often allowed quite liberally. In one case, the consultant's fee was paid on quarterly basis without linking the same with the progress of the project. Full payments had been authorized even before the completion of the project. In another work, the consultants were paid substantial amount at an early stage of the project though they had submitted only preliminary drawings. Subsequently, the consultants failed to complete the job and the department took no action against them. In yet another case, the consultant was allowed extra payment for additional documents that he had to generate due to re-tendering of the case. However, the reasons for re-tendering were found attributable to the consultants and instead of penalizing, they were rewarded with extra payment.

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- v) The consultants tend to increase the cost of the work for more fees as generally the fee of the consultants is fixed at a certain percentage of the final cost of project. In an office building work, tender was accepted for Rs.10.00 crores but during execution, specifications were changed and actual cost on completion was twice the tendered cost. Thus, the consultant was unduly benefited as there was no maximum limit fixed for the consultant's fee.
- vi) In the consultancy agreement generally the nature of repetitive type of work is not defined. In one work, 4 similar blocks comprising of 100 hostel rooms each were constructed. The consultants were paid same standard fees for each block. Due to this, the organization suffered loss at the cost of the consultant.
- vii) There is no check on consultant's planning, design and execution. In one work, pile foundation for a workshop building was designed with the capacity of the piles, capable of carrying twice the required load. In the same project, high capacity piles (450 mm dia, 20 m deep) were provided for a single-storeyed ordinary office building, which did not require pile foundation at all.
- viii) In another case, the project was for a design and construction of a training institute on a big plot of land in a very posh and expensive area. The whole construction was two storyed with no scope for future expansion. Ironically all other buildings in the vicinity are multi-storeyed highlighting the fact that space utilization here was very poor. Further, the walls in the reception area and on the outside of the auditorium were provided with acoustic insulation with no rationale. For air-conditioning of the library instead of providing a single AHU of suitable capacity with ducting, etc. 20 plus AHUs had been provided in the room. Such fanciful ideas along with poor planning and supervision resulted in the project suffering heavy cost and time overruns.
- ix) In one of the works for a bank in Mumbai, the substation equipment has been installed in the basement area, jeopardizing the safety aspect, as Mumbai gets its fair share of heavy rains and the area is also in close proximity to the sea.

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- x) In many cases, the consultants charge exorbitant traveling expenses. For a work in Punjab, Mumbai based Architects were appointed. The fee payable to them was Rs.6.00 lakhs, but the actual traveling expenses ultimately paid to them were to the tune of Rs.7.5 lakhs.
- xi) Sometimes the consultants pass on their responsibility to the contractor . In one work, the consultant was supposed to give design ad drawing as per the consultancy agreement. While preparing the tender document for construction work, the responsibility for the preparation of drawings and structural design was entrusted with the construction contractor by adding a condition to that effect. The contractors loaded the quoted rates for the above work and the consultant was benefited at the cost of the organization.
- xii) In case of road projects, it was observed that consultants under different categories like general consultants, planning & design consultants and construction management consultants were appointed for almost all the activities of the projects without competitive bidding. The work done by the consultants is not checked by the departmental engineers who feel their job is mainly to issue cheques to the consultants/contractors.

4. The above list is only illustrative and not exhaustive. The Commission would like to reiterate the instructions regarding appointment of consultants. The appointment of consultants should be absolutely need based and for specialized jobs only. The selection of consultants should be made in a transparent manner through competitive bidding. The scope of work and role of consultants should be clearly defined and the contract should incorporate clauses having adequate provisions for penalizing the consultants in case of defaults by them at any stage of the project including delays attributable to the consultants. As far as possible a Project Implementation Schedule indicating maximum permissible time for each activity should be prepared with a view to arrest time overruns of the projects. There should be no major deviation in the scope of work after the contract is awarded and the consultant should be penalized for poor planning and supervision if the deviations result in excessive cost overruns. Further, the consultant's fee should be pegged based on the original contract value. The role of the consultants should be advisory and recommendatory and final authority and responsibility should be with the departmental officers only.

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It is suggested that these instructions may be circulated amongst the concerned officials of your organization for guidance in appointment/working of consultants in the engineering works/contracts. These instructions are also available on CVC's web site, <http://cvc.nic.in>

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

Encl: As above

To

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

No.98/DSP/3
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
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New Delhi-110 023
Dated the 24th December, 2004

Office Order No.75/12/04

Sub: Participation of consultants in tender – guidelines regarding.

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

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

Consultants:-A firm which has been engaged by the PSU to provide goods or works for a project and any of its affiliates will be disqualified from providing consulting services for the same project. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and any of its affiliates, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project.

Consultants or any or their affiliates will not be hired for any assignment, which by its nature, may be in conflict with another assignment of the consultants.

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

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

Sd/-
(Anjana Dube)
Deputy Secretary

To
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सं./No.....

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.

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 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 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 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

To

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.



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सं./No. 011/VGL/063-334701

दिनांक / Dated 23rd January, 2017

Circular No. 01/01/17

Subject :- Systemic Improvement Guidelines - Engagement of Consultants – regarding.

Attention is invited to Commission's Circular No.08/06/11 dated 24th June, 2011 (**copy enclosed**) regarding selection and employment of consultants. The Commission, taking into account the practices and procedures, being followed by various organisations, would advise following measures while finalising the contracts for engaging consultants:

- (a) **Framework of Instructions of GOI / Guidelines of CVC / others** : Departments / Organisations (employer / client), engaging a consultant, should draw attention of the consultant to the relevant and extant instructions of Government of India, GFR issued by Ministry of Finance, guidelines of CVC and provisions of the Procurement Manual / relevant instructions of the respective organisation, as applicable to the subject matter of the advice / service to be rendered by the consultant and required to be complied with.
- (b) **Accountability of the employer / client and the consultant**: A consultant engaged by the employer has to have a certain degree of accountability, on its part, for any advice and / or for any service rendered to the employer, keeping in view norms of ethical business, professionalism and the fact that such advice / service is being rendered for a consideration, as per the terms of the contract. At the same time, the employer also has to have its share of accountability, for accepting the advice and services, provided by the consultant.

To ensure adequate accountability, suitable tender terms and conditions for apportioning accountability, between the employer and the consultant, need to be incorporated. Also, there should be suitable provisions to enforce such accountability, in case of improper discharge of contractual obligations / deviant conduct by / of any of the parties to the contract.

- (c) **Conflict of Interest:** The consultant shall avoid any conflict of interest while discharging contractual obligations and bring, before-hand, any possible instance of conflict of interest to the knowledge of the employer / client, while rendering any advice or service.

The consultant must act, at all times, in the interest of the employer / client and render any advice / service with professional integrity. A consultant is expected to undertake an assignment / project, only in areas of its expertise and where it has capability to deliver efficient and effective advice / services to the employer.

- (d) **Maximum Possible Use of In-house Expertise:** Before arriving at a decision to engage consultant and in matters of accepting advice / service rendered by the consultant, all organisations should, in the first instance, explore the possibility of using in-house expertise. Proof checking / peer review, in case of advice rendered by a consultant, especially in high value projects, may be advantageous.

2. Apart from above, following few measures may be considered for better and efficient execution of consultancy contracts:

- (a) Suitably incorporating Integrity Pact in the consultancy contracts.
- (b) An advisory to the consultant, in suitable format, to keep in view transparency, competitiveness, economy, efficiency and equal opportunity to all prospective tenderers / bidders, while rendering any advice / service to the employer / client, in regard with matters related to selection of technology and determination of design and specifications of the subject matter, bid eligibility criteria and bid evaluation criteria, mode of tendering, tender notification, etc.
- (c) Normally, pre-bid conference and timely addressing of objections / queries, in appropriate manner, from prospective tenderers / bidders should be in place.
- (d) Suitably incorporating a provision making the consultant to cooperate fully with any legitimately provided / constituted investigative body, conducting inquiry into processing or execution of the consultancy contract / any other matter related with discharge of contractual obligations by the consultant.

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



(J. Vinod Kumar)
Director

To

- (i) The Secretaries of all Ministries / Departments of GOI
- (ii) All Chief Executives of CPSUs / Public Sector Banks / Public Sector Insurance Companies / Autonomous Bodies etc.
- (iii) All CVOs of Ministries / Departments of GOI / CPSUs / Public Sector Banks / Public Sector Insurance Companies / Autonomous Bodies etc.
- (iv) Website of CVC

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सं./No.....

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.

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 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 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 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

To

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.06-03-02-CTE-34
Government of India
Central Vigilance Commission
(CTE's Organisation)

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated - 20.10. 2003.

OFFICE MEMORANDUM

Subject: Back to back tie up by PSUs - instructions regarding.

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

2. Some of the common irregularities/lapses observed during the examination of works were as under:-
 - a) No transparency in selection of contractor for the back to back tie up which is the main source of corruption.
 - b) Collusion among the contractors was observed where more than one contractors were involved at various stages.
 - c) Ineligible contractor obtains the contract through the PSUs.
 - d) Purchase preference misused by the PSUs.
 - e) PSUs sublet the complete work to a private contractor without obtaining permission from the client which invariably put a condition insisting such permission since the client is generally not interested in such back to back sublet of the work.
 - f) Infructuous work (to the exchequer) due to the involvement of intermediary PSUs and cost of project goes up ultimately.
 - g) No supervision by the PSU as they put the staff mainly for coordination work.
 - h) Quality ultimately suffers due to lack of supervision by the PSUs.
3. Commission is of the view that the practice of award of works to PSUs on nomination basis by Govt. of India/PSUs needs to be reviewed forthwith.

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

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

To
All CVOs of Ministries/ Departments/ PSUs etc.

No.000/VGL/161
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi – 110 023
Dated the 24th March, 2005.

Office Order No.18/3/05

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

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

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

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

No. 009/VGL/055
Government of India
Central Vigilance Commission


Satarkta Bhawan, Block-A
GPO Complex, INA,
New Delhi-110023
Dated, the 09th Nov., 2009

Circular No.- 31 /10/09

Sub:- Review of Purchase Preference Policy for Products and Services of Central Public Sector Enterprises(CPSEs) in view of the judgement of the Supreme Court of India in the matter of M/s Caterpillar India Pvt. Ltd. v/s Western Coalfields Ltd. and Ors dated 18.5.2007.

The Department of Public Enterprises has issued guidelines vide O.M. No. DPE/13(15)/2007-Fin. Dated 21.11.2007 on the subject cited above which reiterates DPE's earlier guidelines dated 18.07.2005 to the effect that the Purchase Preference Policy would stand terminated w.e.f. 31.03.2008. Further, it also provides that Preferential Policy framed for the specific sectors by the concerned Ministry/Department within relevant Act of Parliament or otherwise don't come within the purview of these guidelines. However, the DPE OM. Dated 21/11/2007, lays down that the concerned Ministry/Department may independently evolve/review preferential policies for the sectors of their concern as per their requirement. A copy of DPE's O.M dated 21/11/2007 is enclosed for reference.

2. The Commission has desired that if any Ministry/Department has evolved a Purchase Preference Policy pursuant to the DPE Guidelines, the same may be brought to the notice of the Commission.



(Shalini Darbari)
Director

Encl: As above.

All CVO's of Ministries/Departments

CHAPTER VI

PRICE/PURCHASE PREFERENCE

12. DPE/Guidelines/VI/12

Review of Purchase Preference Policy for Products and Services of Central Public Sector Enterprises (CPSEs) in view of the judgement of the Supreme Court of India in the matter of M/s Caterpillar India Pvt. Ltd. v/s Western Coalfields Limited and Ors dated 18.5.2007.

The undersigned is directed to refer to this Department's O.M. no. DPE.13(12)/2003-Fin. Vol. II dated 18.7.2005 regarding extension of Purchase Preference Policy for Products and Services of CPSEs for a further period of three years beyond 31.3.2005 with certain modifications.

2. The Supreme Court of India in its judgement in the transferred Civil Petitions of 2004 from the different High Courts in the matter of M/s Caterpillar India Pvt. Limited v/s Western Coalfields Limited and Ors. Observed that imposing a condition like purchase preference no option is left and a monopoly is being created. Any increase in the effectiveness of PSEs cannot be done on a uniform basis without examination as to whether such protection is necessary for a particular PSE. Further, it has to be examined on a case to case basis as to whether any differential treatment is called for. There may not be any competition left if 10% margin is allowed. It was also contended that the preference should be given PSE specific and the margin to be allowed should be examined rationally. Because of the substitution of the word 'may' by 'will' there is essentially a reversal of the policy. While giving its judgement, the Supreme Court also expressed its views which inter-alia includes the following:

- (a) Industry-wise assessment to be done by the concerned Ministries and in case of cost effectiveness is achieved by any PSEs there may not be any need for extending preference to such PSEs. Such examination should be done on the line as to whether any preference is at all called for and the extent of margin of preference to be allowed, which would also ensure level playing field for others. Further, while splitting the tenders, the minimum quantity/amount should be so fixed as to ensure that it is rational and there is no element of uncertainty. In other words, there should not be any rigid / inflexible purchase preference policy without examination as to whether such protection is necessary for a particular PSE;
- (b) Present practice of allowing uniform margin of 10% over the L-1 bidder, as purchase preference to CPSEs, has to be reviewed and margin should be fixed PSE specific by the concerned Ministry on a rational basis;
- (c) The overall impact of such preference to be allowed on foreign direct investment has also to be assessed/considered.

The Supreme Court through its judgement dated 18.5.2007 inter alia directed that the exercise, as noted above shall be undertaken by the concerned Ministry of the Central Government within a period of 4 months from the date of the judgement.

3. In view of the above mentioned judgement of the Supreme Court of India, the Government again reviewed the Purchase Preference Policy for Products and services of Central Public sector Enterprises on 25.10.2007 and decided to reiterate its decision dated 30.6.2005 that the purchase preference policy will be terminated with effect from 31.3.2008. The Government also decided that the preferential purchase policies framed for the specific sectors by the concerned Ministries/ Departments within relevant Act of Parliament or otherwise do not come within the purview of this decision. The concerned Ministry/Department may independently evolve/review preferential policies for the sectors of their

concern, as per their requirement.

4. All the administrative Ministries/Departments are requested to take note of the above mentioned decision of the Government and also bring it to the notice of the CPSEs under their administrative control for information and necessary compliance.

(DPE OM No. DPE/13(15)/2007-Fin dated 21st November 2007)

005/VGL/66
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 9/12/2005

Office Order No. 71/12/05

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

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

2. CVOs should bring this to the notice of all concerned.

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

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

Satarkta Bhawan, Block-A
GPO Complex, INA
New Delhi – 110023
Dated the 12th 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.

Sd/-

(Anil Singhal)
Chief Technical Examiner

To
All Chief Vigilance Officers/Heads of organisations

F.No.006/VGL/29
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi-110 023
Dated, the 1st May, 2006

Circular No.21/05/06

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

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

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

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

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

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

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

7. This may please be noted for strict compliance.


(V.Kannan)
Director

All Chief Vigilance Officers.

Check list for examination of Procurement (**Works/ Purchases/ Services**) Contracts by CVOs

I. Pre-Award Stage

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

B. Post-award stage
(a) General

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

(b) Payments to contractors

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

(c) Site Records

1. Proper system of recording and compliance of the instructions issued to the contractors is maintained.
2. Proper record of hindrances is maintained for the purpose of timely removal of the hindrance and action for levy of liquidated damages.

3. Mandatory tests are carried out as per the frequency prescribed in the Agreement.

No.008 /CRD/008
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 24th July 2008


Circular No. 22/07/08

Sub: – Referring cases of Procurement to the Commission.

The Commission has noted a significant rise in the number of references made to it involving procurement at different stages. These relate to specific cases and are not generic in nature. Essentially they belong to the domain of managerial decision making and the matter needs to be decided at that level.

The Central Vigilance Commission and its Chief Vigilance Officers, as a matter of policy do not interfere in the process of decision making, which is a management function of the respective organization.

The Commission has issued various circulars/guidelines /instructions in order to promote transparency, improve competition and ensure equity among participants. However, if any organization faces difficulty in the application of any of the circulars/guidelines/instructions issued by the Commission, then it may approach the Commission bringing out the difficulties along with a proposed generic solution listing out the ingredients of the special circumstances for examination and review by the Commission. References of a general nature having elements of managerial decision making and concerning a particular procurement should be avoided.


(V. Ramachandran)
Chief Technical Examiner
Central Vigilance Commission

All Chief Vigilance Officers in the Ministries/Departments/PSEs/ Public Sector Banks/Insurance Companies/ Autonomous Organisations/Societies



**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**

PART – III

NMPT INSTRUCTIONS ON SYSTEMIC IMPROVEMENT

A small leak can sink a great ship

- Benjamin Franklin

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO

Date: 25.07.2017

OFFICE MEMORANDUM

Sub: Procurement of materials without finalizing technical specifications - Reg.

During an investigation carried out by vigilance recently, it was noticed that the security gadgets including electronic boom barriers were procured without finalizing the technical specifications and without estimating the cost of the security gadgets properly.

If the technical specifications are not finalized properly before starting the process of the procurement, it will not be possible to assess whether the equipments being offered by the participating tenderers are meeting the requirement of the user department. Further, if technical specifications are not clearly specified in the tender document, different vendors/suppliers may quote prices for different types/models of equipments that are being supplied by them. All types (high end/low end) may be meeting the requirement but their prices will be different. High end equipments will be costlier. Price comparison can be fair and objective only if we compare the prices of only required type/model of equipments.

Similarly cost estimate plays crucial role in assessing the fairness of the lowest (L1) price. Hence, cost estimate also should be readily available before initiating the procurement process.

Procurement manual was approved by the NMPT board recently. Mechanical Engineering department, which is the nodal agency for procurement shall make sure that the procurement process will be started only after receiving all the required details from the indenting authority/user department as prescribed in the procurement manual.

Sd/-
Chairman

To
All HoDs
Copy to the Dy. Chairman

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO

Date: 25.07.2017

OFFICE MEMORANDUM

Sub: Delay in clearance of sludge from slop reception facilities - Reg.

During the investigation carried out by vigilance recently, it was found that the semi-solid sludge settled at the bottom of the 5000KL, 500KL and 10KL tanks of slop reception facility was not cleared since the commissioning of the system. Action to clear the sludge was taken only 11 years after the commissioning of the system and that too after it was insisted by KSPCB. As the sludge was not cleared for very long time, it got solidified and the measuring guage pot got stuck in the sludge. Even the dip rod method did not work due to thickened sludge. The manhole doors provided at the lower level of the tanks for inspection also could not be opened to assess the quantity of sludge settled at the bottom of tanks, as the level of sludge accumulated went above the level of these doors.

The slop received in the tanks is being processed and filtered periodically and the oil separated from the slop is being auctioned periodically. However, there is no standard operating procedure (SOP) to clear and dispose the sludge periodically from the tanks.

Due to the above reasons, the Mechanical Department was not able to assess correctly the quantity of the sludge settled at the bottom of the tanks. There was also a delay in deciding the way in which the sludge has to be disposed i.e. either through recyclers or incinerators. This has led to the protracted tendering process to get the sludge cleared through open tenders.

To avoid the lapses of incorrect assessment of quantity of the sludge in the tanks leading to protracted and irregular tendering process in future, the following actions shall be taken on priority.

- (i) The amount of sludge settled at the bottom of the tank shall be assessed periodically through the manhole doors.

- (ii) Do not allow the sludge to accumulate to a level above the manhole doors as it will be impossible to look through the manhole doors to assess the quantity of sludge.
- (iii) The sludge settled at the bottom of the tank may be disposed/cleared periodically as per norms prescribed by KSPCB under its rules.
- (iv) Formulate a Standard Operating Procedure (SOP) by including the details like periodicity with which the slop has to be cleared from the tanks and the way in which the sludge has to be disposed either through recyclers or incinerators by proper assessment of oil content in the sludge.
- (v) Make sure that the SOP formulated above will be in line with the norms prescribed by KSPCB under its prevailing rules.

Sd/-

Chairman

To
CME

Copy to the Dy. Chairman

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO

Date: 25.07.2017

OFFICE MEMORANDUM

Sub: Terms of reference to engage consultants - Reg.

During an investigation carried out by vigilance recently, it was noticed that due to a mistake committed by the consultant in estimating the cost of the firefighting systems to be procured, the tender has to be discharged and this has led to considerable delay in procurement. The consultant failed to include the relevant taxes and price escalation in the estimated cost. The NMPT authorities also could not assess the correctness of the estimate submitted by the consultant as they have not invited budgetary offers simultaneously.

In this regard please find enclosed herewith a copy of the circular issued by CVC vide No. 01/01/17 dated 23/01/2017 explaining about the accountability of the consultant and the employer. The following is an extract of this circular.

“A consultant engaged by the employer has to have a certain degree of accountability, on its part, for any advice and / or for any service rendered to the employer, keeping in view norms of ethical business, professionalism and the fact that such advice / service is being rendered for a consideration, as per the terms of the contract. At the same time, the employer also has to have its share of accountability, for accepting the advice and services, provided by the consultant.

To ensure adequate accountability, suitable tender terms and conditions for apportioning accountability, between the employer and the consultant need to be incorporated. Also, there should be suitable provisions to enforce such accountability, in case of improper discharge of contractual obligations / deviant conduct by / of any of the parties to the contract”.

Further, the CVC guidelines also mentions that “Proof checking/peer review, in case of advice rendered by a consultant especially in high value projects, maybe advantageous.”

In order to ensure proper accountability of the consultant, all concerned shall ensure that appropriate clauses are included in terms of reference used for engagement of consultants in accordance with the above mentioned CVC guidelines.

Sd/-

Chairman

Encl: as above

To

All HoDs

Copy to the Dy. Chairman

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO/9

Date: 19.06.2018

OFFICE MEMORANDUM

Sub: Operation & Maintenance of any facility - Reg.

During the investigation carried out by vigilance recently, it was noticed that the contract of Operation & Maintenance of firefighting facilities was awarded on nomination basis to OEM (Original Equipment Manufacturer) for a period of almost eight years. The main work involved in this O & M contract is only deployment of skilled manpower and hence it has no justification to award this work on nomination basis to OEM. After eight years, this contract was awarded to a tenderer finalized through open tendering process.

Central Vigilance Commission has taken a serious view of following such irregular procedure of awarding O & M contract on nomination basis to OEM.

In view of the above, all concerned are hereby directed to ensure that all Operation & Maintenance contracts of any facility are finalized and awarded only through open tendering process and shall not be awarded on nomination basis to any OEMs.

Sd/-

Chairman (i/c), NMPT

To
All HoDs

Copy to : PS to Chairman for information

PS to Dy. Chairman for information

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO/7

Date: 19.06.2018

OFFICE MEMORANDUM

Sub: Re-considering discharged tender - Reg.

During the investigation carried out by vigilance recently, it was noticed that one of the tenders was discharged as the price quoted by L-1 was 31.7% higher than the estimated cost. The proposal to discharge the tender and to go for revised estimate and fresh tenders was approved by the board also. Subsequently, when the revised estimate was found to be quite higher than the L-1 price in the discharged tender, legal opinion was obtained and the case was put up to the board for appropriate decision. The board felt that the L-1 price may go up if fresh tenders are invited based on the revised estimate. Hence, the board reviewed its earlier decision and decided to accept the L-1 offer in the discharged tender.

It is inappropriate to consider and approve the L-1 in the bids which were invited for the discharged tender. Central Vigilance Commission has taken a serious view of this irregular procedure of considering a discharged tender.

In view of the above, all concerned are hereby directed strictly not to follow/recommend such an inappropriate procedure of re-considering a discharged tender.

Sd/-

Chairman (i/c), NMPT

To

All HoDs

Copy to : PS to Chairman for information

PS to Dy. Chairman for information

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO/6

Date: 19.06.2018

OFFICE MEMORANDUM

Sub: Re-inviting the price bids - Reg.

During the investigation carried out by vigilance recently, it was noticed that while finalizing one of the tenders, the price bids alone were discharged due to ambiguity regarding inclusion of various taxes in the prices quoted by different participating bidders. In this case, the price bids alone were re-invited from all the technically qualified bidders and the tender was finalized based on the re-invited price bids.

While rendering the advise in this case, Central Vigilance Commission opined that "Only calling revised price bids and that too after opening of the original price bids, may not be appropriate as it may result in syndicate formation among those whose price bids have been opened."

Hence, all HoDs and tender committee members are hereby directed strictly not to follow/recommend such an inappropriate procedure of discharging only price bids and re-inviting the price bids alone after opening of the original price bids. If the original price bids cannot be considered due to some unavoidable recorded reasons then discharge the tender and go for re-tendering only.

Sd/-

Chairman (i/c), NMPT

To
All HoDs

Copy to : PS to Chairman for information

PS to Dy. Chairman for information

**NEW MANGALORE PORT TRUST
PANAMBUR, MANGALORE – 10.**



No. 5/IRW/SY-IMP/2017/CVO/8

Date: 19.06.2018

OFFICE MEMORANDUM

Sub: Long term planning of capital intensive facilities/projects - Reg.

During the investigation carried out by vigilance recently, it was noticed that the augmentation of firefighting facilities was proposed within few months of commissioning of firefighting facilities at a particular newly constructed berth. This only indicates that all the future requirements are not taken into consideration while planning the firefighting facilities at this particular berth. Such an improper and short term planning of capital intensive facilities/projects like construction of berth along with firefighting facilities etc. may lead to avoidable wasteful expenditure.

Central Vigilance Commission has taken a serious view of adopting such short term planning for capital intensive facilities/projects causing extravagance expenses first on developing original facility and then for their augmentation within few months.

Hence, all HoDs are hereby directed to adopt long term planning by taking all future requirements into consideration while planning any capital intensive facility so that repeat expenses on the same work can be avoided and also there will be no need to go for any immediate augmentation/expansion within few months of commissioning of the new facility/project. The concerned department preparing the feasibility report and detailed project report of the capital intensive facility/project shall coordinate scrupulously with all the other departments associated with the facility/project and incorporate all their requirements in these reports.

Sd/-

Chairman (i/c), NMPT

To

All HoDs

Copy to : PS to Chairman for information

PS to Dy. Chairman for information



NEW MANGALORE PORT TRUST

CIVIL ENGINEERING DEPARTMENT

Office of the Executive Engineer (Civil)

Phone : 0824 – 2887306

Panambur,

Fax : 0824 – 2407493

Mangalore – 575 010.

No. 10/158/EE(C)/MISC/2017-18

Date: 12-06-2018

OFFICE MEMORANDUM

Sub: Revision of rate of EMD (bid security) and cost of tender document for works contracts and consultancy contract – Reg

Ref : Resolution No. 08/2018-19 dtd. 07-06-2018 of the Board meeting held on 25-05-2018

The Port Trust Board has resolved to accord approval to the revised rate of EMD and cost of tender document for works contract and consultancy contract as follows :-

A. Rate of Earnest Money Deposit

1. Works contract

Sl. No.	Estimated cost of works	Rate of EMD
1	For works costing up to Rs. 10 Crores	2% of the estimated cost.
2	For works costing more than Rs. 10 Crores	Rs. 20 Lakhs plus 1% of the estimated cost in excess of Rs. 10 Crores.
3	Petty works costing Rs. 5,000 or less	Executive Engineer at his discretion, dispense with the conditions for calling for earnest money.

2. Consultancy contract

“Bid security @ Rs. 25,000 (Rupees twenty five thousand only) for every Rs. 100 crore (Rupees one hundred crore only) of the indicative cost of the project, subject to a minimum of Rs. 25,000 (Rupees twenty five thousand only) and a maximum of Rs. 2,00,000 (Rupees two lakh only)”

B. Cost of tender document

1. Works contract :

Sl. No.	Estimated cost of works	Charges of tender document.
1	Works costing up to Rs. 1 Lakh	Rs. 150/-
2	Works costing between Rs. 1 Lakh and Rs. 50 Lakhs	Rs. 500/-.

3	Works costing more than Rs. 50 Lakhs and up to Rs. 2 Crores	Rs. 1,000/-
4	Works costing above Rs. 2 Crores	Rs. 1,500/-

2. Consultancy contract : Rs. 1,000 (Rupees One thousand only)

(Copy of the Board meeting resolution enclosed)

The approval of the Port Trust Board is hereby communicated for implementation with immediate effect.

Thanking you,

Yours faithfully,

-sd-

Chief Engineer (Civil)

To,

The Secretary,
The Traffic Manager
The FA&CAO,
The Chief Mechanical Engineer,
The Dy. Traffic Manager,
The Chief Medical Officer

Copy submitted to PS to Chairman for Kind information

Copy submitted to PS to Dy. Chairman for kind information

Copy submitted to CVO / RAO for kind information

Copy submitted to Dy.CE(C) / SE(CI)/ SE(CII) for kind information

Copy to EE(Mtc-I) / EE(Mtc-II) / EE(MW) / AEM Gr. I for information and necessary action.

No. FIN/Works/EMD/2018

Finance Department,
New Mangalore Port Trust,
Panambur, Mangalore-10,
Dated: 14.06.2018

C I R C U L A R

Sub: Refund of EMD submitted by the parties – Regarding.
Ref: Circular No. 22 dated 10.01.2008.

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On introduction of E-tender, the tender paper cost & EMD are being remitted by the Bidders through RTGS/NEFT. As per Rule 170 of GFR, the EMD of unsuccessful bidders is to be returned immediately on or before 30th day of award of contract.

Hence, the following procedure shall be followed by all the Departments for release of EMD/SD/BG in respect of all future tenders;

1. Department shall ensure the accounting of EMD/Tender cost in respect of all tenderers before forwarding the files to Finance Department for Technical evaluation.
2. Departments shall refund EMD of unsuccessful bidders immediately on conclusion of the tendering process including evaluation of price bids by preferring HR and Invoices without routing such files to Finance Department subject to fulfilling the tender conditions.
3. EMD of successful tenderer after submitting the required Bank Guarantee shall be refunded after routing the file to Finance Department and obtaining Finance concurrence.
4. Performance Guarantee/BG of successful tenders shall also be returned after routing the file to Finance Department and obtaining the Finance concurrence.

The above procedure shall be implemented with immediate effect. This is in supersession of the above referred Circular.

-sd-
(C. Ramani)
Financial Adviser & Chief A/cs Officer

To
All the HODs/HOOs,
Copy to All A.Os/AAOs.

OFFICE MEMORANDUM

Sub: NMPT - Mechl. Engg. Department - SOP for disposal of Slop Oil and Sludge from Slop Tanks - Reg.

With respect to the subject matter, it is informed that Standard Operating Procedure(SOP) for disposal of Slop Oil and Sludge from Slop Tanks has been approved by the Chairman i/c. vide notings dated 28/12/2017 at page No. 18 of Part N/F No. 20/119/2017-18/CME-TS and is as follows:

SOP for disposal of Slop Oil and Sludge from Slop Tanks

- 1) Open the roof top Inspection covers of 5000 KL & 500 KL Slop Tanks once in a month for elimination of gas generated inside the tank and record the date & time with remarks, if any.
- 2) Measure the sludge, water & slop oil level & quantity in 5000 KL & 500 KL Slop Tanks once in a month by inserting dip stick applied with water finding paste, through 8" Dip Pit opening provided on the roof top of the tanks and record the level & quantity. Cross verify the above level, with the level gauge provided on the tank and record the same.
- 3) Disposal of Slop Oil:
Separate the water from the dirty ballast received in 5000 KL Slop Tank, within one month and store in 500 KL Slop Tank. Dispose the slop oil from 500 KL Slop Tank to KSPCB registered authorized re-processors as per the authorization issued by KSPCB, within 90 days from the date of separation through Central Stores through E auction, complying the following norms prescribed by KSPCB as per Hazardous and Other Waste (Management, Handling & Transboundary Movement) Rules, 2016
 - i) Before disposal action of Slop/Waste oil, the same to be tested in the authorized lab accredited by NABL for analysis of parameters indicated in Schedule V Part B of the HWM rules and disposed/hand over to the KSPCB registered authorized re-processors, provided the Slop/Waste oil meets the standards as per Schedule V Part B of the HWM rules.
 - ii) Verify the authorization issued by KSPCB to re-processors and the validity of authorization.
 - iii) Pass Book of the receiver (re-processor) to be verified for authorized quantity and duly enter the quantity of slop oil issued with signature/seal of sender **(NMPT)** and maintain the copy of the same.
 - iv) Check the authorisation issued by the KSPCB for Hazardous Waste transport vehicle and its validity before loading of slop oil to vehicle. The transportation shall have to be carried out only through registered/authorized vehicles meant for transportation of hazardous waste and **having GPS monitoring unit so that movement of vehicle can be monitored for its disposal point.** Also check the other details such as emission test certificate of vehicle, DL of driver etc.
 - v) Manifest system (Movement Document) for hazardous and other waste. The sender **(here NMPT)** of the waste shall prepare seven copies of the manifest in **Form 10** comprising of colour code indicated below and all seven copies shall be signed by the sender**(NMPT)**. The copy No.3 to 7 to be handed over to transporter alongwith slop oil:

Copy number with colour code	Purpose
Copy 1 (White)	To be forwarded by the sender to the State Pollution Control Board after signing all the seven copies.
Copy 2 (Yellow)	To be retained by the sender after taking signature on it from the transporter and the rest of the five signed copies to be carried by the transporter.
Copy 3 (Pink)	To be retained by the receiver (actual user or treatment storage and disposal facility operator) after receiving the waste and the remaining four copies are to be duly signed by the receiver.
Copy 4 (Orange)	To be handed over to the transporter by the receiver after accepting waste.
Copy 5 (Green)	To be sent by the receiver to the State Pollution Control Board.
Copy 6 (Blue)	To be sent by the receiver to the sender.
Copy 7 (Grey)	To be sent by the receiver to the State Pollution Control Board of the sender in case the sender is in another State.

- vi) Form 3 to be maintained at NMPT site and shall submit the Annual Return in Form 4 before 30th June of every year for the period from April to March.
- 4) i) Open the shell manhole covers of 5000 & 500 KL Slop Tanks once in a month, if the slop/oily water level is below the manhole bottom level. Observe and ensure that the sludge is not accumulated up to the manhole bottom level and record the same.
- ii) If the slop/oily water level is above the manhole bottom level, open the shell manhole covers of 5000 & 500 KL Slop Tanks immediately after the slop/oily water is discharged and slop/oily water level comes down below the manhole bottom level. Observe and ensure that the sludge is not accumulated up to the manhole bottom level and record the same.
- 5) Disposal of Sludge:
- i) Dispose the recyclable semi solid sludge from 5000 KL, 500 KL & 10 KL Slop Tanks to KSPCB authorized recyclers/co-processing in cement kiln as per the authorization issued by KSPCB and complying the norms prescribed by KSPCB as per HWM rules indicted at Sl. No. 3(i) to (vi) above, once in a ten(10) years **or** whenever the sludge level reaches just below the bottom level of shell manhole of any of 5000 KL or 500KL Slop Tank, whichever is earlier, through Central Stores through E auction.
- ii) Dispose the incenerable solid sludge from 5000 KL, 500 KL & 10 KL Slop Tanks to KSPCB authorized recyclers having incinerators facility, complying the norms prescribed by KSPCB as per HWM rules indicted at Sl. No. 3(ii) to (vi) above, once in a ten (10) years **or** whenever the sludge level reaches just below the bottom level of shell manhole of any of 5000 KL or 500 KL Slop Tank, whichever is earlier, by inviting competitive quotations.

Note: The approximate quantity of Slop/Sludge collection below the shell manhole doors of 5000 KL & 500 KL Slop Tanks, is 205KL & 32KL respectively.

Approved checklist for monitoring of sludge/water/slop oil level in 5000KL and 500KL Slop Tanks, is enclosed herewith.

Encl: As above

Sd/-
Dy. Chief Mechanical Engineer

To,
The Executive Engineer(M) II/ Asst. Exe. Engineer(M)I alongwith enclosure for information & necessary action with immediate effect.

Copy to the Deputy Conservator i/c., NMPT alongwith enclosure for information & necessary action.

Copy to the Dy. MM(TC) alongwith enclosure for information and necessary action to incorporate in ISO/EMS manual.

Checklist for monitoring of Sludge/Water/Slop Oil level in 5000 KL and 500 KL Slop Tanks:

1) 5000 KL Slop Tank

Sl. No.	Month & year with date & time	Opening of roof top Inspection Cover(IC)		Sludge/oily water level in cm & quantity in KL measured through dip rod method			Sludge/oily water level in cm measured through Level Gauge	Opening of Shell Man Hole	Whether sludge accumulated upto the bottom of manhole	Remarks
		IC 1	IC 2	Sludge	Water	Slop Oil	Total			
1)	Jan., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
2)	Feb., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
3)	Mar., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
4)	Apr., 2018...	Yes/No	Yes/No					Yes/No	Yes/No	

2) 500 KL Slop Tank

Sl. No.	Month & year with date & time	Opening of roof top Inspection Cover(IC)		Sludge/oily water level in cm & quantity in KL measured through dip rod method			Sludge/oily water level in cm measured through Level Gauge	Opening of Shell Man Hole	Whether sludge accumulated upto the bottom of manhole	Remarks
		IC 1	IC 2	Sludge	Water	Slop Oil	Total			
1)	Jan., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
2)	Feb., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
3)	Mar., 2018	Yes/No	Yes/No					Yes/No	Yes/No	
4)	Apr., 2018...	Yes/No	Yes/No					Yes/No	Yes/No	

Disclaimer:

The objective of publishing this reference book is to sensitize our colleagues to the prevailing CVC circulars/guidelines regarding procurement, works and contracts. The relevant CVC circulars / instructions/ directives / guidelines can also be downloaded from

<http://www.cvc.nic.in/guidelines/tender-guidelines> and

<http://newmangaloreport.gov.in:8080/#!/tendersprocurement>.

This reference book by no means claims to be so exhaustive that it does not leave out any relevant information, orders etc.



A Glimpse of Stake holder's meet at NMPT



Integrity pledge by Employees of NMPT



Distribution of prizes by Chief Guest.

ನಾಗರಿಕರ ಸಮಗ್ರತೆಯ ಪ್ರತಿಜ್ಞೆ

ಭ್ರಷ್ಟಾಚಾರ ನಮ್ಮ ದೇಶದ ಆರ್ಥಿಕ, ರಾಜಕೀಯ ಮತ್ತು ಸಾಮಾಜಿಕ ಪ್ರಗತಿಗೆ ಪ್ರಮುಖ ಅಡ್ಡಿಗಳಲ್ಲಿ ಒಂದಾಗಿದೆ ಎಂದು ನಾನು ನಂಬಿದ್ದೇನೆ. ಭ್ರಷ್ಟಾಚಾರವನ್ನು ನಿರ್ಮೂಲನೆ ಮಾಡಲು ಎಲ್ಲ ಬಾಧ್ಯಸ್ಥರು ಅಂದರೆ ಸರ್ಕಾರ, ನಾಗರಿಕರು ಮತ್ತು ಖಾಸಗಿ ವಲಯ ಒಗ್ಗೂಡಿ ಶ್ರಮಿಸಬೇಕು ಎಂದು ನಾನು ಭಾವಿಸುತ್ತೇನೆ.

ಪ್ರತಿಯೊಬ್ಬ ನಾಗರಿಕನೂ ಜಾಗೃತನಾಗಿ ಮತ್ತು ಎಲ್ಲ ಕಾಲದಲ್ಲೂ ಅತ್ಯುನ್ನತ ದರ್ಜೆಯ ಪ್ರಾಮಾಣಿಕತೆ ಮತ್ತು ಸಮಗ್ರತೆಗೆ ಬದ್ಧರಾಗಿ, ಭ್ರಷ್ಟಾಚಾರದ ವಿರುದ್ಧದ ಹೋರಾಟಕ್ಕೆ ಬೆಂಬಲ ನೀಡಬೇಕು ಎಂಬುದನ್ನು ನಾನು ಅರಿತಿದ್ದೇನೆ.

ಹೀಗಾಗಿ ನಾನು ಈ ಕೆಳಕಂಡ ಪ್ರತಿಜ್ಞೆ ಮಾಡುತ್ತೇನೆ:

- ಜೀವನದ ಎಲ್ಲಾ ಹಂತಗಳಲ್ಲಿ ಪ್ರಾಮಾಣಿಕತೆ ಮತ್ತು ಕಾನೂನು ಪಾಲಿಸುತ್ತೇನೆ;
- ನಾನು ಲಂಚ ಕೊಡುವುದೂ ಇಲ್ಲ ಪಡೆಯುವುದೂ ಇಲ್ಲ;
- ನಾನು ಎಲ್ಲ ಕಾರ್ಯವನ್ನೂ ಪ್ರಾಮಾಣಿಕತೆ ಮತ್ತು ಪಾರದರ್ಶಕವಾಗಿ ಮಾಡುತ್ತೇನೆ;
- ಸಾರ್ವಜನಿಕ ಹಿತಕ್ಕೆ ಅನುಗುಣವಾಗಿ ವರ್ತಿಸುತ್ತೇನೆ;
- ವೈಯಕ್ತಿಕ ವರ್ತನೆಯಲ್ಲಿ ಮಾದರಿಯಾಗಿ ಸಮಗ್ರತೆಯನ್ನು ಪ್ರದರ್ಶಿಸುತ್ತೇನೆ;
- ಯಾವುದೇ ಭ್ರಷ್ಟಾಚಾರದ ಪ್ರಕರಣವನ್ನು ಸೂಕ್ತ ಸಂಸ್ಥೆಗೆ ವರದಿ ಮಾಡುತ್ತೇನೆ.

Integrity Pledge for Citizen

I believe that corruption has been one of the major obstacles to economic, political and social progress of our country. I believe that all stakeholders such as Government, citizens and private sector need to work together to eradicate corruption.

I realise that every citizen should be vigilant and commit to highest standards of honesty and integrity at all times and support the fight against corruption.

I, therefore, pledge:

- To follow probity and rule of law in all walks of life;
- To neither take nor offer bribe;
- To perform all tasks in an honest and transparent manner;
- To act in public interest;
- To lead by example exhibiting integrity in personal behaviour;
- To report any incident of corruption to the appropriate agency.