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Business circles always perceive Visakhapatnam Steel Plant as a proactive, performing organization. The one word formula or philosophy practiced at VSP is "DESPITE".....

..... despite Hud Hud,

..... despite stiff and growing competition,

..... despite changing environment of business.

Sustaining Awareness, Enhancing Reputation and Dissemination of Information are the key components of a strong and vigilant business organization. Vigilance is the fulcrum of any organization to express prevalence of ethics in an atmosphere of Openness, Equity and Transparency.

The Corporate Vigilance Excellence Award bestowed on VSP in the recently concluded Conclave of Vigilance Officers by IPE, Hyderabad is yet another indication that more successes can be achieved by everyone with an attitude to excel. I take this opportunity to compliment the Vigilance Officers who have been bestowed with Vigilance Excellence Awards in individual category.

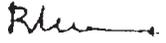
Systemic improvements are the sure way of achieving Preventive Vigilance and also accrue savings for the Company

.... By evoking fairness,

.... By invoking faith,

..... By cherishing the IDEALS (I: Initiative; D: Decisiveness; E: Ethics; A: Accountability; L: Leadership; S: Speed) of the organization as they are the Core Values for VISION 2025.

With best wishes,


(B Siddhartha Kumar)

RINL VIGILANCE BAGS CORPORATE VIGILANCE EXCELLENCE AWARD FROM INSTITUTE OF PUBLIC ENTERPRISES, HYDERABAD FOR THE YEAR 2014-15

RINL, the corporate entity of Visakhapatnam Steel Plant was bestowed with the prestigious "Corporate Vigilance Excellence Award" for promoting transparency in its procedures and bringing awareness in combating corruption in the organisation. It is noteworthy to mention that VSP has bagged the award for the 2nd time in a row. Sri B Siddharatha Kumar, IFS, CVO, RINL received the "Corporate Vigilance Excellence Award" from the Chief Guest Sri P Madhusudan, CMD, RINL on 12th March 2015.



Toll free number for lodging complaints with Vigilance Department

1800 425 8878

(available from 09.00 -17.30 on all working days)



राष्ट्रीय इस्पात निगम लिमिटेड
Rashtriya Ispat Nigam Limited



CHECK POINTS FOR VARIOUS STAGES OF PUBLIC PROCUREMENT

Chief Technical Examiner's organisation of Central Vigilance Commission (CTE of CVC) had published guidelines on "Illustrative Check Points for Various Stages of Public Procurement" in the Circulars page of CVC Website. It is being reproduced for information and guidance of our readers. This is the Second part of the of the booklet.

9.0 Inviting & Opening of Tenders

9.6 In the various booklets issued by the CTE Organization of the Commission, the need to maintain transparency in receipt and opening of 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 needs to be ensured. The Commission vide their Circular No. 05-04-1-CTE-8 dt.8.6.2004 has further instructed that in case of bulky tender documents the provision for submission of bids to designated officials by hand should be made in the tender document itself. To maintain transparency in the opening of tenders, the Commission in its circular dated 8.6.04 has instructed to open the bids in the presence of bidders.

9.7 Following check-points are suggested:

- i. Whether proper publicity has been given to the tender as per the guidelines of the organization?
- ii. Whether the guidelines of the organization for publicity of the tender are adequate?
- iii. Whether NIT has been posted on the organization's website?
- iv. Whether place of tender receipt as notified in the NIT is conspicuous?
- v. Whether the committee to open the tenders has been duly notified by the Competent Authority?
- vi. Whether the tenders are opened in presence of the bidders or their

authorized representatives?

- vii. Whether cutting/overwriting / insertions are accounted for on each page of the price bid?
- viii. Whether the members of the Tender Opening Committee have signed on each page of the price bid?

10.0 Tender Evaluation and Award of Work

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

- Evaluation of tenders needs to be done as per pre-notified criteria.
- Timely decision within validity period.
- Complying with commission's circular regarding negotiations.
- Ensuring that conditions / specifications are not relaxed in favour of contractor to whom the work is being awarded.
- Ensuring that L1 is not ignored on flimsy grounds.
- Compliance with the purchase preference policy of the govt.
- Ensuring that work order / supply order is placed within justified rates.

10.2 CVC guidelines in this regard have been issued vide following circulars:

- Circular No. 8(1)(H)/98(1) dated 18.11.98,
- Circular No. 98/ORD/1 dated 24.8.2000 / 15.3.99,
- CVC'S Office Order No. 13/3/05 (005/VGL/4) dated 16.3.2005,

- Circular No. 06-03-02-CTE-34 dated 20.10.03
- Circular No. 004/DSP/11-6594 dated 24-2-2005
- Circular No.005/CRD/012 dated 3.03.2007 13 10.3 Following check-points are suggested:
 - i. Whether the Tender Evaluation Committee has been duly notified by the Competent Authority?
 - ii. Whether members of the Tender Evaluation Committee are competent enough to deal with the subject matter?
 - iii. Whether the bids are evaluated as per the terms of the tender document or not?
 - iv. Whether the tender evaluation committee has commented upon the aspect of the bid being unbalanced or front-loaded?
 - v. Whether ambiguity clause has been properly applied to deal with any inconsistency in the bid during evaluation?
 - vi. Whether there has been any inordinate delay in processing the tender for award of the work?

11.0 Contract Agreement

11.1 During course of technical examination of various contracts by CTE's Organisation, it was observed that officials, who are otherwise expert in their own technical domain, do not go through the complete contract document. During performance of the contract, their main focus could be on BOQ/specifications for various items. In other words, at times, the officials are more concerned with the technical aspects of the contract and as such, other important contract provisions,

which are also essential for smooth operation of contract, get ignored. The contractors/vendors tend to take advantage of the ignorance of the officials for their benefit. Many a times, major financial irregularities occur during the performance of the contract because of the officials not being thorough with the contract conditions/provisions. Besides quality, timely completion of the work is also the essence of the contract. While examining the correspondence files of some power projects, it was observed that many projects get unduly delayed due to contractor's fault such as non de-ployment of adequate plant & machinery, technical staff, material, labour etc. Officials have been found wanting in their action against the contractors/suppliers. Such actions in many cases lead to recoveries from the contractors/suppliers. In some projects, it was further observed that 'Extension of Time' was granted without claiming compensation i.e. 'Liquidated Damages', ignoring correspondence that could pin the delay to the account of contractor.

11.2 Following check-points are suggested:

- i. Whether proper agreement between the organization and the contractor / supplier has been entered into within the prescribed period or not?
- ii. Whether the contract agreement containing all the relevant papers has been properly sealed or not?
- iii. Whether irrelevant documents/papers have been made part of the agreement?
- iv. Whether various contract provisions such as labour laws, insurances, guarantees etc. are being compiled by the contractor or not?
- v. Whether action has been taken against the contractor for non-compliance of the contract conditions?
- vi. Whether the payment is being made to the contractor strictly as per the contract?
- vii. Whether any overpayment/inadmissible payment?
- viii. Whether Bank Guarantees submitted by the contractor/supplier have been duly verified for their genuineness from the issuing bank?
- ix. Whether action has been taken/proposed against the contractor/supplier for delay?
- x. Whether the work is being carried out as per the detailed procedure/protocol for quality of the material/product provided in the contract and in case of any deviation, whether approval of Competent Authority highlighting the financial implication has been obtained?
- xi. In case of the contractor being a Joint Venture of two or more firms, whether representatives are being shared by each of the partner as per their disclosure at the time of bidding?
- xii. Whether sub-contracting of the work is allowed in the contract and if so to what extent? Proposal for sub-contracting should be scrutinised scrupulously to assess the competence of the sub-contractor. Indiscriminate sub-contracting that too the inexperienced / incompetent sub-contractors may lead to serious quality compromises besides delay in execution of the work?

12.0 Payment to the Contractors

12.1 Payment to the contractors/suppliers should be made strictly as per the terms of contract. Any payment outside the contact

agreement should have proper & specific approval of the Competent Authority highlighting the need/necessity for the same as well as rule position. Various types of advances such as Mobilization Advance, Plant & Machinery Advance, Advance on Materials (Secured Advance) etc. may have been provided in the contracts, which need to be paid and recovered as per the stipulation in the contract agreement. The basic purpose of Mobilization advance is to extend financial assistance within the terms of contract to the contractor to mobilize the man and material resources for timely and smooth take off of the project or procurement of equipment material or other services contract. There could be possibility of misuse of Mobilization Advance, especially the interest free advance, either due to absence of necessary safeguards or due to non-implementation of these safeguards provided in the contracts. The Mobilization Advance so paid could be misused by the contractors either in building their own capital or for the purpose other than the one for which it was disbursed, rendering to be counter-productive. In view of the susceptibility of its misuse, Commission vide its Circular No. NU/POL/19 dated 8th December 1997, banned the provision of interest free Mobilization. However, in view of representations from various organization, Commission has re-viewed the earlier instructions and allowed the organizations to stipulate interest free advance with elaborate mechanism for safeguards against its misuse vide circular No.10/4/07 issued vide letter No.4CC-1-CTE-2.

.... to be continued

DO YOU KNOW ?**A short 'QUIZ' on various facets of Vigilance, Anti-Corruption & Ethics :**

- 1 Which pharmaceutical firm has announced that it will stop paying doctors to promote its products?
- 2 Which day has been observed annually as International Anti-Corruption Day ?
- 3 Owning moral responsibility for a railway accident at Ariyalur in Tamil Nadu in 1956, who resigned from the Union Cabinet ?
- 4 Who said "A clear conscience is the softest pillow?"
- 5 What is the collective name for Samyak Darshana (right vision), Samyak Gyana (right knowledge) and Samyak Charitra (right conduct)?

----> Answers on page 8

CVC CIRCULARS**Circulars issued by CVC during the period 1.01.2015 to 31.03.2015**

S.No	Subject	Circular No. & Date
01	Procedure for dealing with complaints	98 / DSP / 09 of 23 rd January 2015
02	Directive under Section 8(1)(b) of CVC Act, 2003 – Mechanism for exercising superintendence over the functioning of CBI	010 / VGL / 055 / 273824 of 29 th January 2015
03	Adoption of Integrity Pact in Public Sector Banks/ Insurance Companies/Financial Institutions	015 / VGL / 012-276469 of 25.02.2015
04	Referring matters of alleged commission of criminal offences and frauds etc., in CPSEs to CBI – Special Chapter for Vigilance Management in CPSEs	014 / VGL / 066 of 19 th March 2015

For complete text of the Circulars, please visit www.cvc.nic.in**SYSTEM / CASE STUDIES****Uploading of data relevant to service contracts of different zones on the Intranet Portal of VSP**

Based on examination of a contract, which is centrally operated for providing service to several customers spread across various Departments/Sections of the Company, Projects, Works & Personnel Divisions were requested to explore the possibility of uploading the relevant terms & conditions pertaining to scope of work/related aspects of the service contracts like Consultancy Services, Transport Services, PCs maintenance, Mobile Phones Service, Canteen Services etc. on the intranet portal of VSP, for the benefit of end users, for availing optimum services from the agency concerned.

System to develop for tracking life of critical equipment/spares

Based on a complaint alleging supply of inferior quality products by a certain agency, Works Division was requested to explore the possibility of tracking life of critical equipment/spares by maintaining proper records at LMMM Department.

Examination of Contract awarded on Nomination basis

Detailed study of contract awarded for “Running and Maintenance of Canteens in the expansion area” revealed that the value of Performance Guarantee submitted by the agency is inadequate. The same was brought to the notice of Department concerned for necessary action. Based on the above, Department has initiated corrective action.

Examination of Tender Documents

Verification of tender documents in connection with PQC of the Canteen Contract revealed that one of the successful bidders submitted false turnover certificate. The same was brought to the notice of Department concerned for suitable action as per the provisions of the contract. Based on the same, Department has initiated action against the contractor.

Inspection of works for checking compliance with contract provisions

The inspection revealed that considerable number of uprooted trees were not cleared in the Zone-1 area of the contract for “Grant of License for taking away wood from Zone-1 Agro Forestry area” within the stipulated time. The same was brought to the notice of Department concerned and appropriate recoveries were made from the bills of the contractor by the Department.

Why Corruption is Bad?

(By Sri Asit Gopal, IFS, Director, CVC, as published in Vigeye Vani, December 2014)

Is it worth having an elaborate vigilance set up in our country to fight corruption? The answer is resounding yes if public sentiment against corruption is the criterion. Besides public sentiment, there are sound social and economic reasons for fighting corruption.

Corruption impacts upon the poorest hardest. It is the moral duty of every government to fulfil the basic minimum need of its every citizen. The basic minimum needs are food and shelter, free or affordable healthcare and elementary education. The Government runs numerous social security and welfare programs for the poor and vulnerable. Unfortunately, people are not able to receive the intended benefits due to corruption. The meagre benefits meant for the most vulnerable are also siphoned off by the corrupt officials. Due to rampant corruption, the quality of healthcare in most of the government hospitals is bad and the poor are unable to afford the private healthcare. The poor lose their hard-earned money due to extortion by corrupt officials of the police and other enforcement agencies.

It is also the moral duty of the government to ensure equality of opportunity so that meri-tocracy prevails. Despite privatization and liberalization, the government and the public sector remains the largest employer. The poor remain deprived of government and public sector jobs due to corruption in recruitment and are unable to break the vicious cycle of poverty. Corruption at the stage of recruitment itself breeds corruption and inefficiency in every sphere of working of the organization.

Corruption is not only bad for the poor and vulnerable, it also adversely affects the overall

economic growth of a nation. According to the diminishing return theory, the return on investment in a developing country should be higher as compared to a developed country and therefore, the developing nations should eventually catch up with developed nations. Furthermore, poorer countries can replicate the production methods, technologies, and institutions of developed countries. Then why poor nations are not catching up with the rich nations? On the contrary, the gap between the poor and rich nations is widening. According to the theory of "conditional beta convergence", the poor economies should grow faster than rich ones but conditional on other variables being held constant. If poor nations are lagging behind in development then it implies that there are other variables which are holding them back. The economists almost unanimously believe that corruption is the "other variable" which is holding back the poor nation.

The amount of money lost in corruption activities is absolutely enormous. Corruption increases the cost of infrastructure and adversely impacts its quality. Corruption suppresses the potential of people and discourages genuine entrepreneurs. If the government cannot or does not guarantee the rule of law, then the very basics of trade and economy are under threat. The cost of business goes up not only due to the amount of bribe paid but also due to the delays caused by corrupt bureaucracy in order to extract bribe.

If a merchant cannot trust that a business partner who does not fulfill his obligations will be put to justice, then he has to take potential losses into account when making business. If a company cannot trust on laws and their implementation, then it cannot make long-term investments. The corrupt ruling elite use its power mainly to reinforce its own position resulting in distorted government policies and programmes. Developing nations need foreign investment for development because capital is scarce in developing nations. However, corruption discourages foreign investment. Tim Harford in his book 'The Undercover Economist' has stated that kleptocracy at the top stunts the growth of poor countries.

One may be tempted to think that 'lack of natural resources' is responsible for poor nations remaining poor. However, there is no correlation between natural resources and development. The poor nations do not lack natural resources. To prove the point that corruption is responsible for the lack of development, one simply needs to compare the level of corruption and the indices of development such as GDP per capita and Human Development Index (HDI). The following two tables would reveal a strong correlation between corruption and development.

The two tables (Table-1 and Table-2) reveal that the corrupt nations are in general poor and lagging behind in HDI and the least corrupt countries are developed with high HDI. Although correlation between two variables does not imply cause and effect relation, the two tables below reinforce the idea that corruption is a factor responsible for lack of development. Oil rich nations such as Iraq and Libya are low in HDI and GDP per Capita rank due to high level of corruption. Thus, it is the corruption and not the lack of resources which is responsible for their poor plight.

Table-1

S.No.	Country	Ranking of Most Corrupt Countries	GDP Per Capita	HDI Rank
1	Somalia	1	193	193
2	North Korea	2	167	NA
3	Afghanistan	3	162	175
4	Sudan	4	136	166
5	South Sudan	5	157	NA
6	Libya	6	56	55
7	Iraq	7	78	120
8	Uzbekistan	8	128	116
9	Turkmenistan	9	82	103
10	Syria	10	131	188

Table-2

S.No.	Country	Ranking of Least Corrupt Countries	GDP Per Capita	HDI Rank
1	Denmark	1	21	10
2	New Zealand	2	32	7
3	Finland	3	25	24
4	Sweden	4	18	12
5	Norway	5	6	1
6	Singapore	6	3	9
7	Switzerland	7	9	3
8	Netherland	8	13	4
9	Australia	9	14	2
10	Canada	10	20	8

(Source – Transparency International, World Bank and IMF, Year -2013)

In our country, we have been recently witnessing a disturbing trend of associating vigilance with negativity and lack of decision making. Some people go to the extent of associating strong vigilance system with lack of development initiatives and inefficiency. On the contrary, the fact is that a strong vigilance system which is able to eradicate corruption is the key for development. The points made above should motivate us to make our nation free from corruption so that we are able to prosper and the fruits of prosperity are shared by each and every citizen of our country.

SAVINGS ACCRUED DURING THE YEAR 2014-15

Vigilance activities during the year 2014-15 have resulted in a savings of **Rs. 8.11 Crores** to the Company, comprising of recoveries effected from parties and benefits accrued from system improvements suggested, in addition to benefits like improvement in transparency, improved competition in tenders and prevention of corruption. Further, the improvements suggested are expected to give substantial recurring benefits to the company in future also.

NEWS AND EVENTS

Vigilance Excellence Awards



'Vigilance Excellence Awards in individual category' were conferred on vigilance officers of RINL for their meritorious services and contribution, by IPE Hyderabad.

Clock-Wise from top left: Sri SVN Raju, AGM (Vigilance); Sri G Y Rama Mohana Rao, Sr.Mgr (Vigilance); Sri B Karuna Kumar, Manager (Vigilance) and Sri D Ramakrishna, Dy.Mgr (Vigilance) receiving the awards from Sri P Madhusudan, CMD, RINL in the presence of Sri B Siddhartha Kumar, CVO, RINL and others

Answers to QUIZ:

1) Glaxo Smith Kline ; 2) December 9 ; 3) Lal Bahadur Shastri ; 4) N R Narayanan Murthy ; 5) Triratna or ratnatraya of Jainism

CHECKS CARRIED OUT BY VIGILANCE DEPARTMENT DURING JANUARY - MARCH 2015

Activity	Numbers
1. Surveillance / checks	39
2. Road/Rail Re-Weighments	15
3. Quality checks	8
Total	62

Editorial Board: Raju Isaac, DGM(Vig) ; A Ashok, DGM(Vig); AGK Murthy, AGM (Vig) and GY Rama Mohana Rao, Sr. Mgr (Vig.)

Please visit <http://comatvsp.vpsite.org/vigilance/Spandana/tabid/70/Default.aspx> to read Spandana online.

Feedback for improvement is welcome and may be sent to spandana@vizagsteel.com