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from CVO's Desk.....

My best wishes to the RINL collective and their family members for a happy and prosperous New Year.

RINL observed Vigilance Awareness Week during November, 2008 and thrust was laid on increasing the awareness about the Whistle Blowers Resolution. This resolution is intended to encourage citizens to expose corruption in public life without fear and become partners in attaining the goal of a corruption-free society.

We are passing through difficult times due to the deepening world economic crisis and its impact on our country. RINL is faced with a situation of high input costs and falling demands for its products with adverse effect on the company's profitability. We should gear up to face this challenge with new strategies and innovative ideas. There is a need to build new work culture with hard work, discipline and honesty as core values to sail through this phase. I am confident, RINL collective will once again demonstrate their willpower and determination to overcome this crisis.

In this issue, emphasis has been laid on the tender stage deficiencies. I hope, this will serve as a useful guide to all concerned while processing the tenders.

I wish the RINL collective and their families a very happy Sankranti.

(K. Vidyasagar, IAS)

VIGILANCE AWARENESS WEEK 2008 IN RINL

Vigilance Awareness Week 2008 was observed with the active involvement of employees, vendors, customers, contractors, women and school children.

On the first day of the week, pledge was taken by all the employees to continuously strive to bring about integrity and transparency in all spheres of activities and to work unstintingly for eradication of corruption in all spheres of life. Interaction sessions were organized during the week with customers, vendors and contractors of RINL.

During the sessions, awareness was brought about the Company's policies, procedures and complaint handling system. Power point presentations were made. Realizing the importance of the role of women in shaping opinion in the family and society on various social issues, it had been decided to involve them and enlist their support in the Vigilance Awareness activities.



Shri PK Bishnoi, Chairman cum Managing Director, RINL addressing the employees collective



A talk by Sri JM Lyngdoh, Former Chief Election Commissioner on "Ethics in Public Life"

Accordingly, slogan (Theme: Honesty in Public Life) and elocution competitions (on the topic "Role of Women in building a corruption - free society") were conducted, for the first time, among the ladies and the response was very encouraging.

A talk was organized on the Role of Women in Socio-economic transformation and in fighting corruption for the women of the Steel Township, and the lady employees of VSP. Prizes were distributed to the winners of the competitions conducted.

A talk on "Ethics in public life" was delivered by Sri JM Lyngdoh, former Chief Election Commissioner, Government of India and Magsaysay Award winner, to the senior officers of the Company.

"The goal of mankind is knowledge. Now this knowledge is inherent in man. No knowledge comes from outside; it is all inside. What we say a man 'knows', should, in strict psychological language, be what he 'discovers' or 'unveils'; what man 'learns' is really what he discovers by taking the cover off his own soul, which is a mine of infinite knowledge."

-Swami Vivekananda



He gave an exposition on the corruption scenario in India and stressed the need for ethics in public life to eradicate corruption. Sri G. Nageswara Rao, IPS, SP-CBI, Visakhapatnam, has given a power point presentation on the subject of Corruption to senior officers of the company. This was followed by an interaction session which was very fruitful. Painting competition for children studying in schools in and around Steel Plant was held. Large number of students participated in the competition held under two groups covering classes 5th to 7th (Theme: Honesty pays) and 8th to 10th (Theme: Together we can stop corruption). Elocution Competition on the topic "Why should we eradicate corruption" was held in three languages i.e. English, Hindi and Telugu for the school children.



A talk on Corruption by Sri G. Nageswara Rao, SP, CBI, Visakhapatnam



For the first time, we have gone beyond the schools of the Steel Township and conducted Essay-writing competition in Telugu among the school children of Zilla Parishad Schools which are located in the periphery of the Steel Plant.

A brochure highlighting the provisions of the Public Interest Disclosure and Protection of Informers' Resolution (PIDPR), important features of Whistle Blowers' Resolution, CVC's Complaint Handling Policy, RINL's Complaint Handling Policy was brought out on the occasion and distributed among the participants. The same was also placed in the Vigilance Portal of RINL's Intranet.

During the Valedictory function held at Training & Development Centre Auditorium, prizes and certificates of appreciation were distributed to the winners of Slogan writing, Elocution, Essay writing and Painting Competitions. The 1st prize winners in elocution in three languages for school children have delivered their presentations before the audience which were very much appreciated.



Smt B. Srikrishnaveni, RTO, Anakapalli delivering a lecture on "Role of Women in Socio-economic Transformation"

For the first time, before the week began, written communication was sent soliciting suggestions from the contractors/vendors/customers of RINL on different aspects of their business dealings with RINL which would help RINL to make the systems and procedures more customer friendly

and bring in greater transparency, equity and fairness.

The response received against the above and also during the interactions with different groups are being examined.

The successful conduct of the different activities during the Vigilance Awareness Week, and the spontaneous and enthusiastic support they drew, served to demonstrate that the purpose of the Vigilance Awareness Week with its focus on increasing the awareness of the Public Interest Disclosure and Protection of Informers' Resolution was met.



Mrs Anita Bishnoi, President, Visteel Mahila Samithi, Ukkunagaram, lighting the lamp

PREVENTIVE VIGILANCE IN PUBLIC PROCUREMENT - II

[The Chief Technical Examiner's Organisation of Central Vigilance Commission has released a book on "Preventive Vigilance in Public Procurement" during 2007. First part of the same was published for information of our readers in Volume-2 Issue-3 of Spandana]

TENDER STAGE:

Tender stage in public procurement can be sub-divided under four headings viz. (i). Preparation of tender documents; (ii). Inviting and opening of tenders; (iii). Pre-qualification and (iv). Evaluation of bids and award of work. In the present issue, (i) & (ii) above are covered.

Preparation of tender documents: The tender after acceptance and signing becomes 'the contract' – a legal document. An ambiguous agreement leads to poor contract performance and litigations. It also gives an opportunity to a contractor to make profit out of ambiguous conditions. It has been observed that the tender documents are prepared in a hurried manner without checking the conformity among the schedule of items, drawings, specifications, contract conditions etc. This generally happens due to the reason that different parts of the tender document such as schedule of quantities, specifications, drawings and general conditions prepared by different people are compiled without correlating them. Sometimes they are copied from old tenders without giving a thought to the applicability of the conditions to the present work.

A few examples highlighting some deficiencies in the preparation of tender documents are discussed below-

Case 1 (VR1) For a Power Package, the scope included design, engineering, supply, installation etc. as per the general requirement of a Power Sector PSU. As per the tender requirements, bidders were required to furnish their detailed design and engineering proposal to suit the requirements of the PSU. The PSU while being aware of the above fact, still invited offers in a single bid format, i.e. only techno-financial bids were invited in a single envelope. When the scope of work includes design, engineering etc., it is always desirable and advisable to invite offers in a two-bid format or two envelopes, i.e. technical and financial so as to properly evaluate the various options and design philosophy proposed by the various bidders and the price bids of only such bidders whose design and other technical proposals are as per tender requirements should be opened.

Case 2 (VR2) In one case, the tender notice envisaged design, manufacture, supply, erection, testing and commission (DMSETC) of the proposed package. This clearly indicates that the prospective bidders were expected to have the experience in DMSETC. But, one of the foreign bidders, a trading company, purchased the PQ documents and after finding that DMSETC is an essential requirement to participate in the PQ bid, represented to the organisation to waive this requirement so as to allow participation of trading firms also. Based on this representation, the organisation modified the PQ requirements and allowed participation by the trading firms with due authorization from such firms who were represented by these trading firms and who had experience in design and manufacturing of such E&M equipments. However it was noticed that the organization, i.e. the PSU had intimated this amendment only to those limited set of firms who had bought the tender documents against the initial advertisement. The amended PQ criteria was not published in the newspapers/web-site. This resulted in inadequate publicity.

Inviting & Opening of Tenders: The award of Public Contract through open tender is to ensure - transparency in public procurement, to maximize economy and efficiency in public procurement, to promote healthy competition among tenderers, to provide for fair and equal treatment to all the tenderers and to eliminate irregularities, interference and corrupt practices by authorities concerned. This is also required by the Article 14 of the Constitution of India.

Normally three modes of tendering are adopted. Viz. i. Open Tenders; ii. Limited Tenders & iii. Single Tender/Nomination basis

In an open tender, bids are invited giving wide and adequate publicity. This is the most preferred mode of tendering. In the case of small value works, urgent works and in case only a few bidders are available in the market, limited tenders from such bidders who have been empanelled are invited. In case of Limited Tenders the empanelment should be done in a transparent way and updated periodically. Award of contracts on nomination basis, which is also called a single tender is to be resorted to only under exceptional circumstances such as natural calamities and emergencies or there were no bids to repeated tenders or where only one supplier has been licensed (proprietary item) in respect of goods sought to be procured.

In one of the recent judgments of the Hon'ble Supreme Court in case of Nagar Nigam, Meerut Vs Al Faheem Meat Exports Pvt. Ltd. it has been emphasized that all the public tenders should be in an open and transparent manner with adequate publicity. In this judgment, Hon'ble Supreme Court has stressed that award of contract on nomination basis should be resorted to in rare and exceptional cases only.

The Commission vide its Circular No. 06-03-02-CTE-34 dt. 20.10.2003 and Circular No. 15/5/06 issued vide letter no. 005/CRD/19 dt. 9th May 2006 has emphasized upon open tendering as the most preferred mode of tendering and insisted on transparency in the preparation of panel in case of limited tenders. During intensive examination of various contracts awarded by many organizations, it is observed that they do not have a clear-cut policy for inviting tenders through various modes as discussed above.

Publicity: Widest possible publicity through well-circulated national and local newspapers is essential for greater transparency in open tenders. In addition to the existing rules and practices regarding publicity through newspapers, trade journals, the Commission vide their circular no. 98/ORD/1 dt. 18.12.2003 has instructed for up loading the Notice Inviting Tender and also tender documents in a down loadable form on the web site. The web site publicity is to be given even in the case of limited tenders.

Receipt of tenders: 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.

Opening of Tenders: 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.

Despite the reiteration from the Commission regarding maintaining transparency in inviting & opening of the tenders, a number of cases indicating lack of transparency, openness and fairness have come to light.

A few examples highlighting the deficiencies in the tender stage are given below-

Case-1(04-WT-72) One construction PSU was awarded an offsite area work of a power plant costing Rs. 31 crores. While going in for a pretender tie up, they invited offers from two arbitrarily chosen firms, M/s A and M/s B. M/s B became the lowest. The PSU then re-invited the bids from these two firms after deleting two items i.e. structural steel and sheeting. This time the inter-se seniority changed and M/s A became the L-1. Again a revised bid for the third time was invited only from M/s A after adding 1 item of sheeting. M/s A in their revised bid not only quoted higher rates for sheeting, but also increased their rates for other items also. Thus the total pre-tender tie up was entered into in a non transparent, unfair manner resulting in undue benefit to only one contractor.

Case-6 (VR1) In one case, while inviting tenders, the publicity made for short-listing of bidders was stated to have been given in various newspapers and also through the website. But during CTE's inspection, a copy of only one newspaper cutting was made available. Organization was not sure if the same had appeared in all the newspapers envisaged. Also in the tender notice, no details of eligibility criteria, probable cost of work, etc. had been mentioned. Nowhere in the bid was evaluation document for short-listing, was the date of publicity in various newspapers mentioned/ certified by the Evaluation Committee. On examining the entire case, it was found that the extent of publicity given to this case as stated was not established.

(Deficiencies noticed during 'Tendering stage' (Pre-qualification, Evaluation of bids & award of work) and 'Execution stage' will be covered in subsequent issues)

STANDARDISATION OF SPECIFICATIONS FOR INCREASING COMPETITION IN THE TENDER

-A case study

During examination of files pertaining to procurement of Digital Photocopiers through Limited Tender enquiries, it was observed that the indenting departments have raised indents as per individual requirements, which are in deviation to the standardized specifications, approved by the competent authority. Thus, indents raised by the indenting departments became tailor made specifications and ultimately resulted in procurement of Plain Paper Copiers from only one supplier. Considering the same, Vigilance department has advised the concerned department responsible for deciding the specifications, to once again circulate to all the departments (with a copy to MM Department), the specifications approved for Photocopying machines for procurement/replacement for adherence to the same while raising indents. This will increase transparency, fairness and equity.

Vigilance Checks carried out during October - December 2008

Sl.No	Description	Total
1	Surveillance checks	69
2	Road re-weighments	20
3	Rake re-weighments	04
4	Quality checks	10
5	Stores checking	04
TOTAL:		107

LATEST CVC CIRCULAR

Subject	CVC Circular No. & Date
Time bound processing of procurement It is 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.	008/VGL/083 Dt. 06/11/2008

NEWS & EVENTS

The Surveillance Audit for the continuation of ISO certification of Vigilance Department, RINL was conducted on 03.10.2008 by M/s Integrated Quality Certification Pvt. Ltd., and they confirmed the certification of compliance to the requirements.

Spandana wishes RINL collective a very Happy New Year & Happy Sankranti

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Note: Spandana can be viewed at <http://www1.vpsite.org/vigilance/spandana/tabid/70/default.aspx>

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

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