



**Transparency  
International India**  
the coalition against corruption

# **Implementation of Integrity Pact in India**

# Transparency International India

TI India is a not-for-profit, non-party NGO of voluntary workers formed in 1997 and registered in 1998 under the registration of Societies Act 1860 at New Delhi. It is accredited to the world body Transparency International, devoted solely to combat corruption both in international business transactions and at national levels and increase government accountability. TI India's prime objective is to promote transparent and ethical governance and to eradicate corruption.

## **Vision:**

To create a corruption-free India, so that the poor do not lose their voice to corruption.

## **Mission:**

To lead and support a committed effort to improve transparency and accountability by eradicating corruption through widening of knowledge and catalyzing action.

## **Priority Areas:**

Good governance, research, capacity building, communication and advocacy, participatory monitoring, engaging with Government, private sector and NGOs

**“ --- the Central Vigilance Commission has taken many initiatives in improving transparency in the procurement process in government and public sector undertakings, including introduction of an Integrity Pact for high value transactions.”**

***Extract from Prime Ministers address for CBI and State Anti-Corruption Bureaux on 26 August 2009 at Vigyan Bhawan***



## **Transparency International India**

Qr. No. 4, Lajpat Bhawan, Lajpat Nagar - IV, New Delhi - 110 024

Ph.: 011-2646 0826, 2038 2781 Fax: 011-2642 4552

Email: [info@transparencyindia.org](mailto:info@transparencyindia.org); [tiindia.newdelhi@gmail.com](mailto:tiindia.newdelhi@gmail.com)

Website: [www.transparencyindia.org](http://www.transparencyindia.org)



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Lajpat Nagar – IV, New Delhi - 110 024

Phone: +91-11-2646 0826; Fax: 011-2642 4552

Email : [info@transparencyindia.org](mailto:info@transparencyindia.org);

[tiindia.newdelhi@gmail.com](mailto:tiindia.newdelhi@gmail.com)

Website: [www.transparencyindia.org](http://www.transparencyindia.org)

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	<b>Abbreviations Used</b>	
CMD	: Chairman-cum-Managing Director	
CVC	: Central Vigilance Commission	
CVO	: Chief Vigilance Officer	
DP & T	: Department of Personnel & Training	
EMD	: Earnest Money Deposit	
FGD	: Focus Group Discussions	
IEM	: Independent External Monitor	
IOCL	: Indian Oil Corporation Limited	
IP	: Integrity Pact	
MoD	: Ministry of Defence	
ONGC	: Oil & Natural Gas Corporation	
PSU	: Public Sector Undertaking	
RTI	: Right to Information	
SCI	: Shipping Corporation of India	
SOP	: Standard Operating Procedure	

## Foreword

Transparency International everywhere in the world has tried to put in place systems which will contain corruption. TI-India, in conformity with that principle, has had a measure of success in promoting the Integrity Pact. It is an instrument which commits the buyer and the potential bidders to total transparency. Its implementation is assured by Independent External Monitors who are people of unimpeachable integrity. It has been observed world wide that Integrity Pact smoothenes the procurement process, avoids litigation and arbitration and in addition the corporation which uses the Integrity Pact improves its profitability by eight to ten per cent.

The largest amount of corruption which takes place in our country is in procurement of goods and services. Bofors, HDW submarines, etc. are examples of corruption in procurement. TI-India, with the total support of the Central Vigilance Commission, has been able to persuade 39 large Public Sector Undertakings to adopt the Integrity Pact.

In order to take stock of its effectiveness, a whole day workshop was held in India International Centre on 23<sup>rd</sup> January 2010. We were fortunate to have Shri A.K. Antony, the Defence Minister of India, inaugurate this workshop. In succeeding pages the deliberations of the workshop are given. This document without doubt will persuade those who may still have some doubts on the efficacy of the Integrity Pact to have a re-think and adopt it for the greater good of their organization.

TI-India has so far only propagated this with Central Public Sector Undertakings. The utility of the Integrity Pact in State Public Sector Undertakings, and Municipal Corporations, and other enterprises, which procure goods and services from markets, would be found to be extremely useful.

I commend the use of the Integrity Pact by all the upright citizens who are interested in the greater good of the enterprises which they are fortunate enough to lead and for the benefit in the long run of our great country – INDIA.

Jai Hind

Admiral (Retd.) R.H. Tahiliani  
Chairman TI India

## **Executive Summary**

In India, Integrity Pact (IP) is in a nascent stage. The concept has been adopted by many organizations but it is still premature to judge its effects.

### **IP's Advantages**

IP has come to be recognized as an important preventive anti-corruption measure in public procurement. It addresses not only bribery, but also other corrupt practices such as collusion and bid rigging for which the regulatory agencies have been unable to find a proper solution.

- It is a vital instrument in comforting both the parties – the Principal and the Vendors. Lot of comfort to vendors as insecurity looms regarding their suppression.
- Faster processing of contracts
- Improvement in the image and general perception of the company
- Reduced lawsuits
- ONGC reported that, after adopting IP, all frivolous interventions and false complaints have been stopped; competitive rates; no delay in payments; no bribing, etc. from vendors; improved vendor satisfaction ensuring overall efficiency and low cost of production.

### **Problems in IP's Implementation**

- At times, tremendous duplication: An aggrieved party complains to the Central Vigilance Commission (CVC) and simultaneously takes it to the court also. CVC wants the Independent External Monitor (IEM) to investigate the matter and, at the same time, also suggests that someone from the Corporation conduct a technical examination. Thus, the same issue is debated in three different fora. This leads to a lot of wastage of time, energy and resources.
- The concept of island of integrity is difficult to achieve: Public Sector Undertakings (PSUs) are all commercial organizations. They are judged by performance and their management is judged by their top and bottom lines. It is difficult to implement IP within a PSU as the incentives for employees are not very high. Requiring all employees of the PSU to sign IP will lead to inefficiency and delay in operation making the PSU uncompetitive.
- Difficulty in getting overseas suppliers to accept IP. Foreign companies have doubts about IP and questions about its adoption. Hence, negotiations with them take time.

- Double-edged sword: If IP is not signed, then Chairman-cum-Managing Director (CMD) has to face questions from the company. On the other hand, if the foreign company does not sign it, then the company loses its vendor.
- There is no level-playing field because it is an undue advantage to private companies. A government company is open to complete disclosure. A private company is not accountable to anyone.
- The IEMs are new to IP and do not have any experience how best to start their functions. In some companies with no case or history/experience, vendors do not know what complaint to make or whether the IEMs can be trusted or not.
- Concern amongst PSUs and vendors regarding commercial confidentiality: PSUs feel that too much disclosure could make them lose their edge in the bidding process whereas vendors are of the opinion that PSUs do not disclose all the information required, as per provisions of the Right to Information (RTI) Act.

### **Recommendations & Suggestions for IP's Effectiveness**

- All public and private enterprises should adopt IP.
- Need to educate the people about values and morals
- Need a level-playing field to check unfair advantage to private companies.
- Need to avoid duplication in grievance redressal, when an aggrieved party that seeks redressal in one fora, other authorities should refrain from attending the same matter. Taking the case to IEM is better than going to court where it is a lengthy and costly affair. IEM's process is a quick process giving the aggrieved the same opportunity that they seek in court.
- Emoluments of the public sector employees/bureaucrats should be so revised that these should be at par with the private sector.
- Many a times, the IEMs are located in different cities. To avoid delay, PSU's should go for teleconferencing.
- It needs to be examined whether (i) the role of IEMs needs to be complemented with technical supervision, and (ii) teams of experts are needed to support the process during monitoring.
- IEMs need to adopt a proactive strategy instead of waiting till a complaint has been received.
- The government and civil society should manage IEMs effective selection process.
- IEMs should mutually share their experiences about cases, circumstances etc. TI India should provide the forum for IEMs to meet and discuss such issues, exchange their experiences.

- Vendors' periodical meet should be organised by the CVC. It may include both successful and unsuccessful vendors.
- Any meeting between aggrieved vendors and IEMs should not include any PSU representative / employees. It should be kept confidential.
- IEMs should not only be monitoring the tenders and bids, but also monitor the execution of the works.
- The PSU representatives opined that IEMs should neither be allowed to go for site visits nor be involved in other programs.
- Number of vendors competing for tenders should be monitored by CVC, Chief Vigilance Officer (CVO) and TI India to examine whether cartelization is taking place among vendors.
- Vendors should receive access to site once tender has been given. Once work is executed, planning should be stopped.
- Sub-contractors should not be forced on main contractors
- PSUs should hold pre-bid conferences
- The complaints filed with the CVC should be addressed within 3 months

# Note on Strengthening Integrity Pact

## Background of the Integrity Pact (IP)

Corruption is a complex and intricate issue with wide scope. Numerous tools and resources have been created to assist companies in the effective implementation of anti-corruption policies for procurements and contracts.

The Integrity Pact (IP) is such a tool developed during the 1990s by Transparency International (TI) to help governments, businesses and civil society on fighting corruption in the public contracting. It consists of an agreement between a government /government agency and bidders participating for a contract.

The IP sets out rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, and that bidders will not collude with competitors or bribe representatives of the government/government agency to obtain the contract. Other obligations are: bidders would disclose all commissions and other payments made by them to anyone in connection with the contract. The IP further establishes a monitoring process for determining violations, which carry sanctions as a consequence.

IP in its present form has three players –

- (i) The **Principal** or the Company,
- (ii) The **Vendor**, and
- (iii) The **Independent External Monitor (IEM)**

The Principal signs an agreement with the participating vendor/vendors for any type of contract related to procurement of goods and services. Its obligations essentially include an undertaking by the Principal that its officials will not demand or accept any bribes, kickbacks, gifts, facilitation payment etc. The bidder gives an undertaking that it has not paid, and will neither offer nor pay any bribe, kickbacks, facilitation payments, gifts etc. in order to obtain or retain the contract. IEMs play a role only if the obligations in the IP are not fulfilled by the Principal and/or bidders/vendors. Thus, IP is both a legal document and a process. It is also adaptable to many legal settings.

## IP's Implementation in India

In a seminar held on May 10, 2005 at the Hindustan Aeronautics Ltd. in Bangalore, which was, *inter alia*, attended by the representatives of the major PSUs and the CVC, the then ONGC Chairman Shri Subir Raha declared to adopt IP in its major contracts and procurements. Meanwhile, the Ministry of Defence in its Defence Procurement Procedure Manual-2005 made IP mandatory for all of its deals of

over Rs 300 crores<sup>(1)</sup>. However, it got its boost when the Central Vigilance Commission (CVC) issued an Office Order on December 4, 2007, recommending ‘adoption and implementation of the Integrity Pact in respect of all major procurements of the Government organizations’. This Order was followed by other orders/circulars issued on 28th Dec. 2007, 19<sup>th</sup> May and 5<sup>th</sup> August 2008. Enclosing these Orders/circulars, CVC issued a comprehensive “Standard Operating Procedure”<sup>(2)</sup> on 18<sup>th</sup> May 2009 for adoption of IP in major government departments and organisations. It was followed by the DP & T Circular on June 16, 2009 addressed to Chief Secretaries of all States recommending adoption of IP for their PSUs.<sup>(3)</sup>

### **Exploring New Approaches**

The current Workshop aimed at taking stock of the state and status of IP implementation and how it could be strengthened in terms of enforcement mechanism. It also discussed the role of IEMs, their relationship with the Principal and the vendors, the level of independence they have in relation to different actors and their leverage when things are not going well. The role of civil society monitoring in the IP’s implementation for enhanced legitimacy and accountability of the process was another point that the Workshop aimed to address.

### **Format of the Workshop**

The day-long Workshop started with an inaugural session followed by three panel discussions. The Workshop was inaugurated by the Defence Minister and the Key Note Address was delivered by the Central Vigilance Commissioner. In the inaugural session, the conceptual underpinnings of the Workshop, its objectives and expected outcomes, and the future course of action were explained. This was followed by a session on the Implementation of Integrity Pact in PSUs. The second session dealt with the “Effective Review Mechanism” and role of TI India. The third session was on the strengthening of IP as a tool for promoting transparency and accountability in tendering and procurement process. At the end, there was a direct interaction between the panelists and the audience.

### **Outcomes:**

- Drawing lessons from the strengths and weaknesses of the Indian model of IP
- A more robust IP document and process in terms of its implementation

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<sup>(1)</sup> This threshold limit was reduced to Rs. 100 Crores in 2008. See Annex-III for details of Defence Procurement Procedure Manual 2008 and 2009.

<sup>(2)</sup> See Annex-I

<sup>(3)</sup> See Annex-II

- Accountability of monitors and enhanced role of TI India

**Future Course of Action:**

- Revising the current IP document to make it more effective
- Setting up of a Monitoring Cell within TI India

# Minutes of the National Workshop on Integrity Pact

## Opening Remarks - Adml. (Retd.) R.H. Tahiliani, Chairman, TI India

- After welcoming all, the Chairman said that the first organization in India that decided to adopt the Integrity Pact (IP) was ONGC in 2005. The second one was Vishakapathnam Steel Plant in March 2007. The CVC has worked hard in this regard. He wrote letters to the PSUs. So far, 39 PSUs have adopted IP.
- Since the IP addresses the problem of mega corruption in procurement, our aims for this Workshop are to fine-tune this IP, to find out if there are any glitches and how we can improve on it.



In India, a bigger problem is petty corruption. The aim of TI India is to counter it and put in place systems where we can persuade the people to demand under the RTI Act the service they are entitled to, without bribing and harassment.

- In our last survey, which was focused on rural poor and urban slum dwellers, 31% of BPL families/ individuals did not have BPL ration cards because they did not have the money to bribe the officials for the issue of BPL cards that they were entitled to. We have embarked on a new initiative called *Pahal*, where we are going to widen awareness about their entitlements by providing every BPL household with a Passbook of their Entitlements. The state spends thousands of crores rupees to provide services to the BPL. The BPLs are not even aware of it. We have a good RTI Act. Any citizen can file an application and demand that he be provided information on anything. We will empower the citizens of their entitlement and show them how they can get it.

We do not have the infrastructure at TI India so we are networking with a number of NGOs across the country where we are informing them about RTI, Social Audit, Citizens' Charters and the e-Governance. Our constant endeavor is to work with people in grassroots and NGOs.

- No organization like TI India can function without some support. We operate on a shoestring budget. I would like to mention that CVC has been a big support – sending out letters to 39 PSUs to adopt the IP. I would also like to acknowledge the assistance we received from the ONGC and the American Chamber of Commerce as well as from TI worldwide.

## Mr. Pratyush Sinha, Central Vigilance Commissioner

- Public procurement plays a big role since about 30 per cent of India's GDP gets converted to public procurement contracts. Departments like railways,

defence and telecom use 50% of their funds for procurement of goods and services

- As such procurement happens to be most prone to corruption. It has three-fold effects: it distorts the market mechanism, represents a high cost to the procurer and results in poor quality of goods and services.
- While corruption has to be understood from both demand and supply side, focus on anti-corruption in India has been on the demand side only. IP is the only instrument that tackles corruption both sides.
- However IP, as a preventive tool, cannot be successful unless the private sector also actively participates to root out corruption by creating a better environment for business.
- C.K. Prahlad has defined “Corruption is a mechanism for gaining privileged access to markets or resources”. Public servants use policies and procedures to control access. Privileged access is granted to one that pays the highest price or the B-1 vendor. People are made to believe that contracts are decided based on the most qualified or one with the lowest bid. The aim is to replace privileged access with equal access based on true competition
- Hence success depends on four factors -
  - ♦ Transparency in transaction
  - ♦ Clear processes so that selective interpretation is reduced
  - ♦ Absence of delay in the process of procurement
  - ♦ Trust in the system is the most crucial factor and the result of the first three factors.
- *How do we build trust for this?* It is necessary to understand concerns of the private sector. The major reason for corruption is that the vendor believes that every other vendor is engaging in illicit activities to secure the contract. I am sure companies would understand that they would all be better off if they do not pay bribes.
- IP has come to be recognized as an important preventive anti-corruption measure in public procurement. It addresses not only bribery but also other corrupt practices such as collusion and bid rigging for which the regulatory agencies have been unable to find a proper solution. The essence of the IP is transparency. Therefore, the real Monitors of this Pact are the citizens. The role of IEMs is performed by the public. The CVOs bring in necessary technical expertise to scrutinize the contract and the work done.
- In India, IP is in a nascent stage. The decision to promote this concept was taken by the CVC in December 2007 largely guided by a few successful experiments like ONGC. The Commission issued a Standard Operating

Procedure (SOP) in May 2009 to guide organizations in the implementation of the IP. The concept has been adopted by many organizations but it is still premature to judge its effects. Many of them still have doubts about IP. This Workshop is being conducted to address those concerns.

- CVC is monitoring IP and had two Focus Group Discussions (FGD) with IEMs. As per those FGDs, some of the items necessary for success of IP are as follows:
  - ♦ Each company should try to adopt the concept looking at its own internal situation.
  - ♦ Mutual trust is important and adequate assurance needs to be built in the system to assure the private players that their commercial interests are best protected through this instrument.
  - ♦ The IEM selection needs to be reviewed. They are required to have the necessary technical and domain knowledge of the field in which they are required to function.
  - ♦ We should not take a transaction or contract focused approach to IP and we should not measure its success from the contracts completed under IP. A system-focused approach is required because an ultimate aim of IP is to put in place a corruption free system in an organization and to reform public procurement environment in the country.
  - ♦ Another problematic area especially from the perspective of the IEMs is the interpretation of the procedures. In most of the organizations, many situations may call for managerial decisions, which are not in line with procurement procedures. The IEM has to ensure, in such cases, that selective interpretation of the procurement officials does not result in undue favour to any player

### **Mr. A.K. Antony, Defence Minister**

“I am pleased to be amongst you for the workshop of Transparency India International on Integrity Pact (IP). Corruption is a menace that threatens our polity, economy, society and denigrates the image of our nation. Corruption not only serves a body-blow to the indices of economic growth, but also adversely affects the poor sections of the population the most.



“It is a matter of great concern that Transparency International's Corruption Perception Index (CPI) 2009, ranks India 84<sup>th</sup> out of 180 countries. We cannot and must not allow such a perception to linger in popular perception. However,

despite our efforts, the continuing general perception among the public is that the government is either not serious, or not sufficiently concerned, about eradication of corruption. I take this opportunity to strongly emphasize that our Government remains firmly committed to the eradication of corruption. This commitment is reflected in the successful implementation of Right to Information and the way it has been received and is being used by the people. RTI has set into motion a process of 'opening up' which will gradually, but definitely lead to a change in old mindsets.

"Our Government is committed to ensure transparency into all defence deals and enforce a ban on middlemen and agents. Our Government has taken several steps to enhance the benchmarks for transparency, accountability and integrity. Our Defence Procurement Procedure (DPP) is now revised every year, whereas earlier, it was revised every two years. The focus of DPP is to encourage widest possible participation from various manufacturers in the defence industry and above all, to ensure transparency and integrity in defence procurements.

"Defence procurements have always been ridden with controversies. It is in this context that this initiative by Transparency International India to hold a workshop to discuss the Integrity Pact is welcome. The Pact includes an agreement between the buyer and the bidder to neither give nor accept bribe in any form. Integrity Pact is an essential tool to help government and civil society to combat corruption, particularly in the field of defence procurements and the system of public contracting. In fact in his address to CBI and police officers in August last year, the Prime Minister, Dr. Manmohan Singh also highlighted the introduction of Integrity Pact for high-value transactions. We must strengthen the institution of Independent External Monitors (IEMs) under the Integrity Pact to scrutinize complaints in case of a violation of the integrity Pact. The integrity of IEMs is of crucial importance. It is here that CVC has an important role to play in the selection of IEMs. The External Monitors must be experts in their respective fields and should be persons of unquestionable integrity.

"The Integrity Pact thus, establishes a monitoring process and is a legal document. At present, the integrity Pact has been adopted by 23 countries the world over. In India, 39 Public Sector companies have adopted IP. The Government and various anti-corruption organizations have to work in tandem to ensure that more and more players in the defence industry adopted the Integrity Pact.

"This Workshop must take a holistic view of the present status of the Integrity Pact and its implementation. It must also suggest ways and means to strengthen its enforcement and effectiveness. The Workshop must also dispassionately analyse the role of IEMs, their interdependent relationship with the Principal and Vendors. The role of civil society in monitoring and enhancing the progress, accountability

and legitimacy of Integrity Pact is equally important. However, laid down systems and procedures can function effectively, only if those in position of authority and responsibility do not shield the corrupt and take stern and quick action against the guilty without any favour, or fear. On its part, the Government will do its best to ensure that corruption in high places does not go unpunished and tools such as IP are effectively used to ensure the same.

“I look forward to the discussions and recommendations of the Workshop. I am sure that the deliberations will carefully factor in the strengths and weaknesses of the Indian model of the Integrity Pact. We must collectively aim to make the Pact far more potent and wholesome at the level of implementation. “With these words, I inaugurate the Workshop on Integrity Pact.”

### **Book Release :**

After the release of the book, titled “Education for Values, Character & Integrity for Students, Their Teachers & Parents”, by the Hon’able Defence Minister, Editor Shri S. D. Sharma thanked him and expressed the hope that the book just released will go to all the States of India, particularly those where the essence of education is not being looked after. The two aims of education are: to build character and to provide honest livelihood. He particularly urged the Defence Minister to introduce such education at least in schools under his control. The Defence Minister positively responded to Shri Sharma’s request.

## **Session I: IP as a tool for improving transparency and promoting accountability**

### **Moderator:**

#### **Mr. R.S. Sharma, Chairman, ONGC**

- A bold initiative by his predecessor in the year 2005 to implement IP for the first time by corporate in India.
- Agreement requires to stand by the highest standards of good governance, called for eliminating corruption from both sides.
- Initial apprehensions: tender processes would be delayed by many interventions; contractors would try to invoke the Pact and seek interventions.
- Vital instrument in comforting both the parties - amongst the executives of ONGC and the vendors.
- Integrity Pact procedures at ONGC -
  - ◆ The draft is uploaded on the website and comments invited from the vendors.

- ♦ A vendors' meet at the corporate level at least once a year involving, among others, the chairman, functional directors and CVO. Vendors are asked to air their grievances and doubts.
- ♦ Bids are priced taking all factors into consideration including uncertainties
- ♦ IPs are signed for all contracts worth over Rs. one crore.
- ♦ However, corrupt practices still exist within ONGC. But there is a commitment from the top. There is a non-disclosure, but the officials demanding money and favours have absolutely gone.
- Benefits of adopting IP at ONGC:
  - ♦ Processing of contracts is faster
  - ♦ Improvement in the image and general perception about the company
  - ♦ Reduced lawsuits
  - ♦ All frivolous interventions and false complaints have been stopped
  - ♦ Competitive rates – no delay in payments, no bribing etc. from vendors, improved vendor satisfaction ensuring overall efficiency and low cost of production.

#### **Work of IEMs:**

Three independent IEMs are appointed with CVC's consultation. They operate on a case-to-case basis. Out of 129 cases received till then, 104 were referred to IEMs. Rs. 1,49,498 crores have been overseen by IEMs. Response time to cases is quick and decisions are made soon.

#### **Suggestions:**

- Urges all public and private sector companies to adopt the IP
- IEMs should be of high caliber, eminence and integrity
- Need a level-playing field – accountability issues in the public sector are a deterrent compared to the efficiency in the private sector.

#### **Speakers:**

##### **Mr. S. Hajara, CMD, Shipping Corporation of India Ltd.**

- Adopted the procedures of other PSUs.
  - ♦ IEMs names are announced on the website to enable all to contact them.
  - ♦ Complaints are dealt seriously with by all the three IEMs.
  - ♦ Regular meetings with the IEMs so that the vendors are secured of transparency in operations.
  - ♦ There are certain commercial and confidential matters which are kept out of the purview of RTI
- Duplication in the system: An aggrieved party complains to CVC and

simultaneously takes it to court also. The CVC wants the IEM to investigate the matter and, at the same time, also suggests that someone from the Corporation conducts a technical examination. Thus, the same issue is debated at three different fora, resulting in wastage of time and energy. He suggested that duplication of effort be avoided and taking the case to IEM would be better than going to court where it is a lengthy and costly affair. This process gives the aggrieved the same opportunity that they seek in court.

### **Suggestions:**

- In case if any case is pending in court, then CVC should leave it to the court to decide. Since the court's verdict cannot be blocked by the CVC, other authorities should refrain from their involvement in the matter.
  - ♦ The concept of island of integrity: PSUs are all commercial organizations. They are judged by performance and their management is judged by their top and bottom lines. SCI implements IP for goods and products - not services because it is unprofitable for SCI to adopt IP in it. When handling vessels – loading and unloading, virtually nothing moves without speed money, T-money, etc. particularly the major ports and the terminals of the government. But if the stevedores are insisted to sign the IP, the net result will be SCI ships will have to stay in the port for five days and SCI will become uncompetitive. Thus, it is difficult for islands of integrity to function in such an environment. The situation is different in private terminals because their employees are given incentives and something upfront. So, the actual need for T-money, speed money, corruption money, etc. have come down.
  - ♦ Over the years, the difference in the bureaucrats' salary vis-à-vis other private sector salaries have widened. So, salary of government employees has to be increased.

### **Mr. K. Ranganath, CMD, Kudremukh Iron Ore Co. Ltd.**

- Integrity Pact has two aspects – provider and taker. In India, the taker is guiltier than the provider. If caught, punishment is a long delayed process. If there are no providers, then there can be no takers.
- Kudremukh Iron Ore Co. applies IP to all contracts over Rs. 50 lakhs. So far not a single complaint has been lodged with IEMs
- It has two IEMs – one is based in Bangalore and the other is in Mangalore.
- Procedure: Every information is on the website. Customers and suppliers have so far not reported any grievance.
- **Problem:** Overseas suppliers are hesitant to accept IP. They questioned about IP which is difficult to convince them. Hence, negotiations take time.

- **Double-edged sword:** If IP is not signed, then CMD has to face questions from the company. On the other hand, if the foreign company does not sign it, then the company loses its vendor.
- There is no level-playing field because it is an undue advantage to private companies. As a government company, it is open to complete disclosure. A private company is not accountable to anyone.
- **Suggestion:** Need to educate people about values and morals, and create a level-playing field between the organizations entering the IP.

**Mr. V.K. Shunglu (Former CAG of India), IEM for ONGC**

- The audit process cannot address the problems of procurement. It exposes cases much later.
- There was 'no guidance' of the IP process when it was started.
- When looked at ONGC procurement, it was found that exclusion of cases below Rs. One crore by value, 3 per cent is lost, but by numbers, 80-90 per cent is lost.
- So far, over 90 per cent of the cases covered by IEMs valuing at Rs. 149,000 crore. As a result, the number of cases in which vendors have gone to court after coming to IEMs has certainly remained static.
- **Suggestions:**
  - ♦ Action should be taken to reduce procurement period.
  - ♦ Many a times, the IEMs are situated in different cities. It can delay the procedures. PSUs may go for tele-conferencing as a quick resolution to such issues.

**Questions:**

- **Mr. Anil Sood** - Procurement is one of the functional parts of the organization. It is good that it is integrated with the other major part, i.e., Project Execution. It is a gray area of massive corruption. Professional ethics are missing. We are still working with the person-driven system instead of process driven. If we put in place the process driven systems, then the person has no other option but to perform. Mr. K. Ranganath has bought out a vital issue of payer and taker. The fact is that while executing the Projects, takers have fixed a percentage that payer has no option but to pay. There are cases where ONGC officers have invoked Bank Guarantees at the execution stage on flimsy grounds. Corruption like coffee is percolating from top to bottom. Can we check this? Mr Shunglu has given the right perspective of the role of IEM. The Integrity Pact, besides procurement, should also encompass other stages where massive corruption is involved.

- Ms. Amrita Joseph, Director of Business and Community Foundation, CVO – Why only 39 PSUs have signed up and not more? A lot more NGOs have signed Credibility Alliance. Is there some internal reflection that needs to be done by the TI India?

## **Session II: Effective review mechanism for working of IP**

### **Moderator:**

**Mrs. Nirmala Buch, IEM of South Eastern Coalfields Ltd.**

- There has to be regular meetings for learning and sharing knowledge and experiences between IEMs.
- Bidders should also know about IP and its functioning.
- Information should be open and bidders should be allowed to exercise their rights.
- Should avoid duplication of efforts.

### **Speakers:**

**Ms. Marcelo Roza, Programme Manager (Public Contracting), TI Secretariat**

- India has made a progressive and impressive step creating an active view of IEMs.
- In India, the main responsibility of the IEM is to ensure that IP is implemented and the obligations of both sides are complied with. In fulfillment of this role, there are different type of activities that the IEMs can play. Examples of such type of activities, from the different parts of the world:
  - ♦ Examining of all the documents worked on by the authority before public procurement process is undertaken to ensure that all the process is going smoothly and there is no chance of favoring any particular participant. Documents are reviewed and biases are removed or checked, wherever it is necessary. It facilitates, in some cases, the organization of the public hearing both with bidders and interested communities;
  - ♦ IEMs participation in meetings with potential bidders as well as the review process by the bidders
  - ♦ Organize and facilitate training sessions on the IP for the public, in general
  - ♦ Participate in the closing session of the bid so that all procedures are undertaken appropriately
  - ♦ Standards adopted in the bidding document
  - ♦ Review document for award decision

- ♦ In some cases, they even participate in monitoring of implementation of the contract
- ♦ They have an important role in keeping everybody informed – public, local communities benefiting from the project
- **Suggestions:**
  - ♦ Whether the role of IEMs in India needs to be complemented with technical supervision and whether teams of experts are needed to support the monitoring process.
  - ♦ Role of IEMs is a challenge in India: Need to adopt a proactive strategy. Reviewing at a very early stage as against waiting till a complaint has been made.
  - ♦ Selection of IEMs: The government and civil society should manage their selection.

**Ms. Navita Srikant from Ernst & Young -**

- There is a lot to be done. IP is still in the nascent stage of implementation.
- Any compliance program is designed to keep the company out of trouble. Need to look at it from a point of helping the business but, at the same time, making it more sustainable and helping people in society.
- **Suggestions:**
  - ♦ Share with IEMs the knowledge where things can go wrong; how these red flags can be seen in the bidding and the implementation process; and provide knowledge to IEMs about the monitoring process.
  - ♦ Since IEMs are sitting on useful knowledge: cases they come across, circumstances etc. they should share their experiences with each other. TI-India should provide the forum for IEMs to meet and discuss such issues.
  - ♦ Corporate compliance programs are rolled out in a reactionary way. Need to look at it from a proactive angle.
  - ♦ TI-India can play a role to have a workshop with PSUs about what can be the minimum base line – what are their experiences?
  - ♦ There should be a mechanism for effective selection process of IEMs, and conflict of interest policy?

**Mr. M.K. Kaw, IEM, Airports Authority of India (AAI)**

- Quiet Environment at AAI: There is not a single complaint that has been received by us. Something is lacking somewhere. This could be either because there is no publicity by the vendors of AAI, no trust, no integrity of the IEM or there is a high-powered secret pact between AAI and its vendors.

- IEMs meet with vendors : After a lot of effort, a IEMs' meet with vendors took place on the 15<sup>th</sup> of January 2010.
- **Outcomes of the meeting:** The problem lies that we are new to this concept and idea. Initially, there was a perception that our name and details should be kept confidential and secret. The following areas of dissatisfaction among the vendors came to our notice for the first time:
  - ♦ There has been no case, there is no history/experience which can be shared amongst the vendors and IEMs and so they do not know what complaint to make or whether the IEMs can be trusted or not. Due to lack of interaction with vendors, IEMs have not received any complaint.
  - ♦ There is a need of some mechanism for exchange of experiences like magazine/journal/write-up/article or any paper etc. giving the gist of their work for exchange of experience among the monitors.
- **Suggestions** (See Chapter 5 on Suggestions from IEMs)

#### Questions:

- Has there been a study on the effectiveness of IP? Any impact assessment?
- PSU representative: If IEM goes on site visits, then is it moving over to the work of the PSU? Should not be involved in a lot of programs

## Session III: Strengthening of IP - the Way Forward

### Mr. Michael Wiehen, TI Secretariat

Every country will have to develop its own process looking at the local circumstances.

### Mr. R. Narayanan, Executive Director (Corporate Affairs), IOCL

- When it comes to transparency, it is only the public sector that is being compelled to follow these regulations. It should be applicable to all the organizations in India, large enterprises should comply to RTI.
- IOCL have a monthly IEM meet. IP has been made mandatory for its vendors. However, vendors are classified in two categories – between Rs. 10 and 150 crore, and above Rs 150 crore.
- Problem: Certain PSUs have service providers (i.e., sub-contractors) whose main agent has not signed the IP. Thus, when the primary party has not signed the IP, then how the sub-vendor can be a part of it? How to handle them? Should they go ahead with the IP? What mechanism shall be adopted? Should we insist that the buyer only has the focal point?

- **Suggestions:**

- ♦ Request – World-wide data of all the organizations be made available.
- ♦ Hold pre-bid conferences

**Mrs. Monika Garg, Consultant Lawyer with the Knowledge Group**

- Problems faced by Vendors –Participating Vendors are not provided required clarifications and information under the pretext of ‘Commercial Confidentiality’.

- **Suggestions:**

- ♦ TI India and IEMs to ensure that guidelines for commercial confidentiality are laid down.
- ♦ Grievances should be addressed.
- ♦ TI India and IEMs should ensure pre-bid conferences in which every player should participate in the tender process.
- ♦ Regarding Coal: It is to be ensured that most of the coal procurers should follow Coal Purchase Manual and there should be more pro-active monitoring by TI India.
- ♦ There should be a procedure for removal of IEMs.
- ♦ The complaints filed with the CVC remain pending for more than six months, whereas on the website, they are supposed to be addressed within three months.

**Mr. Jitendra Kohli from TI India**

- The Key focus of TI India has been on ensuring transparency in Public Procurement, through introduction of appropriate systems and tools in the procurement process. A major initiative in this respect was the introduction of the Integrity Pact (IP).
- With time, things change. New Technologies, and methodologies emerge which sometimes necessitate corresponding changes in the regulatory frameworks and systems. A relevant development in this respect has been the emergence of e-tendering or e-procurement as the new method for doing Public Procurement using the internet. It is expected that all, or perhaps most Government tenders in future shall be processed using the e-procurement methodology.
- If properly implemented, e-procurement is expected to bring greater efficiency in the procurement process., wider reach and cost reductions.
- However, new technologies also have their own lacunae and pitfalls. It is, therefore, of utmost importance for the Government entity (which will be performing the task of the Buyer or Purchaser), to ensure that security and

transparency are not compromised in any way while adopting the new internet based procurement methodology. If this is not done, e-procurement can in fact become worse than the manual procurement process, as far as transparency and security are concerned.

- Examples:
  - ♦ Unless proper steps are taken, it should be possible to even make clandestine copies of bids, and decrypt these with malicious intentions before the Public Tender Opening Event
  - ♦ Similarly, without proper features built into the software – powers of senior officers can get abdicated by technical assistants of the service provider without proper accountability
  - ♦ It can make the task easier for even tender mafias.
- TI India become concerned with this situation and took up this issue with the Central Vigilance Commission (CVC). E-Procurement is undoubtedly the way forwarded, but proper precautions have to be taken. At the CVC's behest, Guidelines were prepared and presented for his consideration. Some of these recommendations were promptly addressed and thereby some mal-practices were stopped, or at least paused. Some recommendations are under consideration. Hopefully, comprehensive guidelines should emerge in the future. Once that happens, India will become a leader in this respect, and other countries could emulate India's example.
- In this context, one of the submissions made to the CVC is when a Government organization invites tenders for e-procurement software or services, it can include 'E-Procurement Integrity Matrix' as part of its tender documents.
- The Matrix lists out some important security and functionality concerns relating to e-procurement. Each bidder who is offering its software or services for e-procurement is expected to explain in its bid, how its solution addresses these concerns. Before selecting the e-procurement service provider or software vendor, the Purchaser is expected to check the veracity of these assertions made by the bidder, through demos and other due-diligence. An important aspect of the e-Procurement Integrity Matrix is its 'Neutrality'. As in case of other industrial applications, some of the processes in e-procurement can also be done by different methods. Each of these methods would have their own pros and cons. Without outright rejecting or accepting any particular method, the Integrity Matrix lists out the 'Concerns' when a particular method is used, and requests the bidder to explain how it addresses those concerns.
- Similarly, Eligibility Criteria or Qualification Criteria is one of the most misused sections of the specifications of Tender Documents. Biased Eligibility Criteria is often used by Purchaser to favour a vendor, or to eliminate other vendors.

- The Integrity Pact remains fully applicable, irrespective of whether the signatory organization is continuing with the manual method of procurement, or changing over to e-procurement. In case the organization is switching over to e-procurement, the e-Procurement Integrity Matrix would be a useful tool to ensure security and transparency in the process.

#### **Suggestions:**

- ♦ E-Procurement is undoubtedly the way forward and an important tool to ensure that proper precautions are taken

#### **Questions:**

- Commercial Confidentiality: PSUs feel that too much disclosure could make them lose their edge in the bidding process whereas vendors are of the opinion that PSUs do not disclose all the information required, as per provisions of the RTI Act.
- Query by Mr. Rajpal (of IOCL) - A PSU officer had powers to put any Eligibility Criteria/Qualification Criteria in tender documents
- In reply, Mr. Jitendra Kohli clarified that these powers have to be qualified keeping in view the guiding principles/rules of 'Fairness and Transparency' prescribed in the General Financial Rules (GFR) of the Finance Ministry, Govt. of India, and orders/memos issued by the Central Vigilance Commission (CVC). Furthermore, the concerned officer should be able to provide acceptable justification for the Eligibility Criteria he puts in tender documents."

## Roundtable Discussion on Strengthening Integrity Pact (IP)

17 February 2010

### Participants:

1.	Adml. R.H. Tahiliani	:	Chairman, TI India
2.	Dr. S.K. Agarwal	:	Vice Chairman, TI India
3.	Ms Anupama Jha	:	Exec. Dir., TI India
4.	Mr. Ashutosh Mishra	:	Director, TI India
5.	Mr. Mohd. Zahidul Islam	:	TI India
6.	Mr. B.B. Tandon	:	IEM, IOCL & BSNL
7.	Mr. K.N. Ardhanareeswaran	:	AAI
8.	Mr. James A. Neerackel	:	ONGC
9.	Mr. Arif Ahmed	:	ONGC
10.	Mr. Sagar Preeti Baburam	:	BHEL
11.	Shri A.K. Jain	:	BHEL
12.	Mr. Kul Bhushan	:	BHEL
13.	Mr. Surinder Raina	:	NTPC
14.	Mr. K.R.M. Rao	:	GAIL
15.	Mr. R. Shankar	:	IOCL
16.	Mr. H.S. Rajpal	:	IOCL

### Deliberations

#### 1. Whose Integrity Pact (IP) Program Is to be followed – Principal or Bidder?

According to the CVC guideline, individual organizations are permitted to decide the threshold value of tenders to be included under IP as per their respective requirements. While this allows certain amount of freedom in strategizing the IP program, it has been observed that different threshold limits create lack of uniformity and discrepancy in the actual implementation of IP program, more so, in tenders, wherein both the principal and the bidder are Public Sector Undertakings, both are signatories to IP with varying threshold limits. Such occasions necessitate the formulation of concrete guidelines as to whose threshold limit is to be adhered to while signing the Integrity Agreement - that of the PSU inviting the tender or of the participating bidder PSU.

#### TI India's Stand

- Each tender have different requirements, so every time a tender is floated, it must be substantiated by signing IP between the Principal and the Bidder.
- As Principal has the authority to float the Tender, so IP Program of Principal has to be adhered to.

- Any modification carried out in the model IP program developed & disseminated by TII, can be done only after obtaining approval from TII.

## **2. Exclusion of tenders on nomination basis from the ambit of IP:**

- ♦ Many PSUs believe that in case of tenders awarded on nomination basis or a single tender, it might not serve any useful purpose to insist on implementation of IP norms.

### **TI India's Stand:**

- There should be no blanket exemption. Even if it is needed (in certain cases), it should be examined on a case-to-case basis by PSU Management.

## **3. Clarifications on the Role of IEM(s)**

- ♦ IEM's role and responsibilities clearly specified in the Standing Operational Procedure (SOP);
- ♦ IEM cannot make site visit and cannot be part of the executive functions of the organization;
- ♦ Role of IEM starts with tendering process;
- ♦ Regarding complaints – IEM should not delay the tendering process;
- ♦ Individual meeting between Principal and Bidder with IEM is not required unless IEM is dissatisfied by the process and it should be on a case-to-case basis.

## **4. Role of TI India in IP Implementation:**

It may take more participatory role; It is considering to setup an IP cell to attend the IP related issues;

- ♦ It will act as a facilitator to organize various events and activities.

## **5. Extending of IP Sub-vendors & Sub-contractors of Bidders:**

- ♦ The Article 6 (1) of Integrity Pact Agreement on Equal Treatment of Bidders requires the bidder to sign similar agreements with their sub-vendors and sub-contractors. Many bidders have expressed their inability to meet the requirements of the said clause as they are not themselves signatory to IP. In such cases, discretion should be allowed to the Management of the respective PSUs, i.e., the Principals to allow participation of such bidders so as to ensure healthy competition.

### **TI India's stand:**

- For solving such type of issues we need to draft a model IP program, which has to be implemented in letter and spirit.

## Suggestions From IEMs

**Mr M.K. Kaw, IEM of Airport Authority of India Ltd.**

### **1. Publicity and procedure**

- 1 The scheme needs to be publicized in a big way, so that all the stakeholders, including the civil society, are made aware of it.
- 2 The names, addresses, phone and e-mail particulars of the IEMs should be widely publicized. The bio-data of each IEMs, explaining his educational qualifications, experience, area of expertise, etc should be fully brought out so as to bring out his suitability for the assignment. These should not only be blazoned forth in the journals and publications of the enterprise, but also be carried by the website of the Ministry and PSU concerned.
- 3 These particulars should also be carried as part of the tender documents.
- 4 The area of jurisdiction, the mode of bringing forth a complaint or grievance before them, the modus operandi to be used by the IEMs and the relief that can be granted by the IEMs should also be brought out. In case all IEMs are to look into every grievance as a single unified team, that needs to be specified. CVC may like to lay down the general rule that IEMs shall function only as a Bench. In particular, if the management holds forth the assurance that a unanimous verdict of the IEMs would be treated as final and not be appealed against in a court of law, that assurance should also be spelt out in legally valid terms.
- 5 In case the management is not going to take cognizance of a grievance unless the vendor has exhausted the remedy of approaching the IEMs, this should also be made amply clear. The vendors should give a legally valid assurance that they would not be entitled to approach any other authority like the CVO, CVC, the administrative Ministry or the courts until they have exhausted the remedy of approaching the IEMs, and this should be made a part of the Pact.
- 6 When a verdict is announced by a Bench of IEMs, the same should be widely publicized. This will publicize the effectiveness, impartiality and expeditiousness of the remedy.

### **2. Training**

- 1 IEMs should be given a short 3-day orientation programme, to acquaint them with the overall volume of business transacted, the portion that is being brought under the purview of the Integrity Pact procedure, the procedure being followed by the PSU to ensure utmost transparency, probity and impartiality in the processing of cases etc.

- 2 There should be provision for training programmes for senior, middle and lower level executives of the PSU. The faculty should consist of experts drawn from vigilance, audit, EIMs, officials of Transparency International, vendors and civil society activists.

### **3. Vendors' Meets**

- 1 There should be a programme of holding vendors' meets at regular intervals. Perhaps a periodicity of six months could be prescribed by the CVC.
- 2 All companies which participate in tenders, both the ones which have bagged the contracts and those which have failed, and also including those which downloaded the tender documents or purchased the tender documents but did not participate in the tenders should be invited.
- 3 The top executives of the PSU should share information about their work and procurement plans for the next five years. This will enable the vendors to also firm up their own plans. The PSU should also explain whether any changes in their procurement policy or procedures are being planned.
- 4 In a whole day meeting, half the time should be devoted to an in camera meeting between the vendors and the IEMs, with no representatives of the PSU being present.
- 5 The vendors should be encouraged to give their observations on all aspects of the tendering procedure. In particular, they may cover the following areas in detail:
  - Whether the specifications were laid down in broad terms in order to permit a large number of vendors to take part or these were couched in narrow terms so as to benefit only one or few of the suppliers
  - Whether the plans and drawings were finalized and frozen before the tenders were invited or these were changed for a long time thereafter, thus allowing the contractor to invoke the escalation clause and reap huge unwarranted benefits from the contract.

### **4. Jurisdiction of the IEMs**

- 1 EIMs should not consider their jurisdiction as limited to an examination of written grievances, if received. Corruption is so deep rooted in our system that in the normal course no private company would be foolish enough to spill the beans and make a written open complaint against the PSU with which their bread and butter is involved.
- 2 IEMs should make it clear in their interactions with the vendors that they are available for confidential, detailed verbal briefing by aggrieved parties, provided that specific matters are brought to their notice. The points raised should be such that they are apparent on the face of the record. For example,

if the specifications are made too strict or are tailor-made so that they are fulfilled by only one or a few of the suppliers and everybody else is technically disqualified, it should be apparent in the body of the notice inviting tenders. At the most, it may require the advice of a neutral consultant or expert as to whether the specifications are tailor-made for a particular party or set of parties.

- 3 IEMs should not confine themselves to examination of grievances if and when received. As a matter of routine, all notices inviting tenders should be made available to them. They should also ensure by their preventive action that wrongdoing is nipped in the bud.
- 4 IEMs have also jurisdiction over the execution of work contracts. They should be given detailed information about the various milestones in the execution of the contract and whether both the PSU as well as the contractor have maintained a fidelity to the work schedule and if not why not. They should go into time and cost overruns, quality of goods supplied and work executed etc. If necessary, they may pay site visits.
- 5 If there is a liquidated damages clause, it should be equally applicable to the PSU and the contractor.
- 6 Time taken to process the tenders should be prescribed. Contractors should be given immediate access to the site upon the execution of the contract. If the PSU is unable to give the site, the various timelines should be automatically extended and some damages also awarded.
- 7 Once the execution starts, the drawings should be frozen.
- 8 Sub-contractors should not be forced on the main contractors. Consultants should appoint a site coordinator and give prompt decisions on the site.

## **5. Coordination between Management and IEMs**

- 1 There should be day-to-day coordination between the top management and the EIMs. Meetings should be held once a month. This periodicity may be prescribed by the CVC.
- 2 When a complaint is received, it should be simultaneously referred to all the IEMs. In the ONGC, the IEMs have set up a record that they dispose of a complaint in an average period of 6.9 days. Similar expedition should be aimed at by other IEMs also. This will need tremendous backup by the PSU.
- 3 In the monthly meetings, the impact of Integrity Pact on the working of the PSU should be thoroughly analyzed from the following perspectives:
  - Increase in the average number of vendors and contractors per tender
  - Decrease in the cost of procurement
  - Decrease in litigation

- Quicker supply of goods and execution of contracts
  - Improvement in the quality of goods supplied
- 4 Managements should faithfully implement the provisions of the Right to Information Act. Access to information automatically leads to transparency.
  - 5 Top management should welcome the emergence of whistleblowers both in the ranks of their employees as well as among the vendors. Special protection should be given to them. Management should go out of its way to show that only have these intrepid individuals not been victimized, but that the protective hand of the management has always been extended for their help and protection.

## **6. Role of TI India**

- 1 TI India has a major role to play. It should act as a forum for exchange of experiences. This should take various forms:
  - A separate website for Integrity Pact
  - A separate Journal on Integrity Pact
  - Conferences and workshops, to which vendors and bidders, civil society activists etc should also be called
  - Training programmes for top executives, IEMs etc
  - Integrity Pact should be gradually extended to State PSUs and private companies.
- 2 TI India should act as a gadfly and a catalytic agent.
- 3 There are other organizations and institutions in the same field or cognate fields. TI India should form or be a part of a National Network of such organizations.

## **Mr. K.N. Ardhanareeswaran, IEM AAI**

- 1 The bio-data of IEMs need not be published.
- 2 Orientation programmes of one day duration for IEMs and PSU Executives .
- 3 Procurement plans for five years are difficult to finalise when the technology and requirements keep on changing very fast. What is good for one year may appear obsolete in the next year.
- 4 The jurisdiction of the IEM is already dealt with in full in the guidelines issued by the CVC and there is no need to go beyond. Any change in the guidelines will need the concurrence of the CVC.
- 5 There is no need for day-to-day coordination between the IEMs and the Management. Regular monthly meetings are enough. IEMs should not try to take over management functions.

- 6 There should be networking of all the agencies engaged in similar activities, so that transparency in public dealings becomes a way of life and civil society monitoring evolves over a period of time.

**Mr P. Shankar (Former CVC), IEM of SAIL, CPCL and MTNL**

- 1 TI India should communicate more deeply with PSUs which have signed IP MoUs with, for better understanding of the implementation of IP. The level of interaction should be with the company itself – be it the nodal officer, IEMs, vendors or the CMD.
- 2 Round table discussions could be organized by TI India in partnership with selected PSUs at regular interval to facilitate the process.
- 3 A study to see how IP is being implemented by some selected PSUs should be conducted.
- 4 TI India should ensure that vendor meetings are being organized at regular intervals.
- 5 A meeting could be arranged between Chief Technical Examiner (CTE) and IEMs, this will help IEMs (who don't have any technical exposure) to identify reflags, in the tendering process.
- 6 The Chief Technical Examiner's Organization works under administrative control of Central Vigilance Commission. It deals with technical matters, including technical examination of works undertaken by various organizations, Ministries, Departments and Public Sector Undertakings etc.

**Mr. S.K. Chatterjee, IEM of Mahanadi Coalfields limited (MCL)**

TII should try to find out precise role of IEMs in the context of e-Trading that are currently taking place across the country. How the office of IEM should be fitted into overall concept of procurement through e-Trading?

**Mr. D. Bandyopadhyay, IEM of Bharat Coking Coal Ltd. & Eastern Coalfields Ltd.**

TI India should undertake an independent assessment of the impact of the system of IEM in Coal India, ONGC or any other PSU. It may be outsourced to any research organization preferably those having experience in similar fields. On the basis of its findings, the system of IEM could be further fine tuned.

**Mr. N. Gopalaswami (Former CEC), IEM of Oil India**

TI India should prepare a general guidelines for the IEMs.

# **Integrity Pact : Frequently Asked Questions & Answers**

## **1. What is corruption?**

Transparency International defines corruption as “the abuse of entrusted power for private gain”.

## **2. Why does Integrity Pact needed in India?**

India is perceived to be one of the most corrupt nations scoring only 3.4 out of ten and ranks 84<sup>th</sup> among 180 countries in Transparency International’s Corruption Perception Index (CPI) 2009. Existing anti-corruption organizations have had limited success in fighting corruption in India. Corruption hurts the poorest most.

Most people believe that corruption in India is rising at an alarming rate and the Government is doing little to check it. IP program is a way to supplement existing methods. It enables companies to abstain from bribing by providing assurances to them that (a) their competitors will also refrain from bribing, and (b) government bidding system and procurement will be absolutely transparent. Hence, IP is found to be a more effective for ensuring transparency and fighting corruption in public contracting. It helps enhance public trust in government’s contracting and improving the credibility of its contracting procedures and administration in general.

## **3. What is an Integrity Pact (IP)?**

The Integrity Pact (IP) is an anti-corruption tool to help governments, businesses and civil society intent on fighting corruption in the field of public contracting and procurement. It consists of an agreement between a government or a government department (hereafter referred to as the Principal) and all bidders for a contract. The IP sets out their rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, and/or collude with competitors to obtain the contract, or while carrying it out.

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.

## **4. What are the essential ingredients of IP?**

- Promise on the part of the Principal not to seek or accept any illegal benefit;
- Principal to treat all bidders with equity and reason;
- Promise on the part of bidders not to offer any illegal benefit to the Principal’s employees;

- 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; and/or any transgressions with any other company that may impinge on the anti corruption principle.

### **5. Who are the players of IP?**

- a. The Company, i.e., Principal
- b. The vendors, i.e., Counter-party
- c. The Independent External Monitor (IEM)

### **6. What is procurement?**

Procurement is the acquisition of goods and/or services at the lowest possible cost, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit or use of corporations or individuals, generally *via* a contract.

### **7. About CVC**

The Central Vigilance Commission (CVC), set up by the Government of India in February, 1964, as an apex vigilance institution to advise and guide Central Government agencies in the field of vigilance. It is free of control from any executive authority, monitoring all vigilance activities and advising the Central Government's various authorities in planning, executing, reviewing and reforming their vigilance work.

Realizing the importance of IP as a vigilance tool in controlling corruption in public contracting and procurement, CVC has, through its Office Orders No. 41/12/07 dated 04.12.07 and 43/12/07 dated 28.12.07 and Circulars No. 18/05/08 dated 19.05.08 and 24.08.08 dated 05.08.2008, recommended adoption of Integrity Pact to all the Secretaries to the GoI, all CMDs of PSUs and PSB, and all CVOs, and provided basic guidelines for its implementation in respect of major procurements in the Government Organizations. On May 18, 2009, it issued Standard Operating Procedure spelling out all the details.

## **8. What is a PSU?**

PSU is a Public Sector Undertaking. These are both - the Central and the State-owned enterprise. Oil & Natural Gas Corporation of India (ONGC), Steel Authority of India Ltd. (SAIL), Indian Oil Corporation Ltd. (IOCL) and Coal India Ltd. (CIL) are some of the giant PSUs of the Government of India.

## **9. Why should a company sign IP?**

IP helps Government and companies to reduce high cost and maintain quality control. IP adoption creates public confidence and trust in decision making process, and also a more hospitable investment climate and public support in the country.

## **10. Is it mandatory to adopt IP for a PSU?**

Adoption of IP is voluntary, but once adopted, it should cover all tenders / procurements above a specified threshold value and follow the Integrity Pact in letter and spirit.

## **11. What is the duration of the IP between Principal and Bidders?**

The IP begins when both parties have legally signed it. It expires after 10 months of the last payment made under the contract. In a contract between Principal and Bidder, the Principal's IP is to be followed.

## **12. Whose threshold limit is to be followed?**

In case IP is being implemented by the Principal and the Counterparty, it is the threshold limit of the Principal to be followed.

## **13. Whose IP is to be followed?**

In a contract between Principal and Bidder, the Principal's IP is to be followed.

## **14. Whose threshold limit is to be followed?**

In case IP is being implemented by the Principal and the Counterparty, it is the threshold limit of the Principal to be followed.

## **15. Is it ok to exclude tenders from nomination basis from the ambit of IP?**

There should be no exemption, even if it is needed (in certain cases), it should be examined on a case-to-case basis by the concerned PSU Management.

## **16. Is there any specific threshold limit for the PSU?**

The threshold value for the contracts to be covered under IP should be decided after conducting proper ABC analysis. It should be fixed so as to cover 90-95% of the total procurements of the organization in monetary terms. Apart from all high value contracts, any contract involving complicated or serious issues could be brought within the ambit of IP by the management.

#### **17. Who will be the focal point for the implementation of IP?**

The Purchase/procurement wing of the organization would be the focal point for the implementation of IP. The Vigilance Department would be responsible for review, enforcement, and reporting on all related vigilance issues. 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.

#### **18. What is an IEM?**

Independent External Monitor (IEM) is the watchdog for smooth functioning of the IP program. IEM is responsible to ensure the credibility of the program.

#### **19. What is the role of IEM?**

An IEM can review independently and objectively whether and to what extent parties have complied with their obligations under the Pact. Accordingly, IEM would have access to all relevant documents, whenever required. Ideally, all IEMs of an organization should meet in two months to take stock of the ongoing tendering processes.

#### **20. Requirements to become IEM**

IEM should be an eminent personality of impeccable integrity and reputation. 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.

#### **21. What is the status of an IEM?**

The position of IEM is similar to an Independent Director of a PSU.

#### **22. Process of appointing IEM**

The CVC would approve the name of IEM out of the panel of names, recommended by the PSU concerned. While forwarding the panel, the PSU would enclose their detailed bio-data, including postings at least ten years prior to superannuation, special achievements, experience, etc., in Government sector. For PSUs having a large territorial spread or those having several subsidiaries, there could be more IEMs, but not more than two IEMs would be assigned to one subsidiary.

#### **23. Duration of an IEM and the process of his/her removal?**

The normal term of an IEM is three years. It could be renewed for another term with CVC's consultation. CVC is authorized to remove an IEM if it finds some fault in IEM's working.

#### **24. Can one person be appointed IEM for more than one PSU?**

A person can be appointed as an IEM at the most for two PSUs.

**25. Are the IEMs entitled for any remuneration?**

IEMs are entitled for remuneration equivalent to that admissible to an Independent Director in the organization concerned. This remuneration would be paid by the organization concerned.

**26. Is there any legal obligation to follow the advice of the IEMs?**

The recommendations of IEMs would be in the nature of advice and hence would not be legally binding. Finally, it is the Management's decision whether to accept the IEM's recommendation.

**27. Is the IEM a replacement of CVO?**

The role of the CVO shall remain unaffected by the presence of IEM. A matter being examined by the IEM 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 or directed to him by the Commission.

**28. Why is it important to sign a MoU with TI India?**

Integrity Pact (IP) is a tool developed by Transparency International. As such, TI India wants to sign a MoU to monitor IP's implementation regularly to ensure that it is implemented in letter and spirit.

**29. What is the pre-requisite for a PSU to implement IP?**

- i. Clear understanding about IP implementation process
- ii. Share the Code of Conduct policy
- iii. Commitment to implement IP should be made by the Board and be reflected in the words & deeds of the Principal
- iv. Principal should take steps to inform /communicate internal staff about IP's various aspects
- v. Appointment of a Nodal officer to deal with TI India on IP related issues
- vi. TI India should be consulted in case of changes /modifications proposed in the draft MoU & IP program
- vii. Approval of IEMs by CVC prior to MoU with TI India
- viii. Presence of Principal, Vendor and IEMs at the time of signing of MoU

**30. What is the drafting process of an Integrity Pact**

Drafts of the MoU and the Integrity Pact are to be prepared by the Principal as per CVC guidelines and approved by CVC and TI India. Thereafter, a MoU is to be signed between the Principal and TI India for obtaining a commitment from all senior officials of the Principal to implement the IP. In case there are subsidiaries of the Principal, they are also advised to follow their Principal's IP.

### **31. Is there a role for civil society?**

Civil society in the respective country expected to play a key role in overseeing and monitoring the correct and full implementation of the IP. The legitimate confidentiality of proprietary information to which civil society representatives would gain access, can be protected adequately through an appropriate contractual stipulation. TI India has included the term IEM to ensure the civil society's participation in IP's implementation.

### **32. What are the benefits of IP?**

#### **PSUs**

- Enhanced competition in bidding process – most efficient, best bidder wins bid
- Enhanced reputation and credibility
- Avoid time consuming lawsuits / blocking points after decision on supplier company
- Focus of business relationships on quality and reliability of goods and services

#### **Government**

- Incentives to be transparent
- Strengthened rule of law, increase credibility and political stability
- Higher investment levels from domestic and foreign investors
- Improve country's perception
- Better score in Corruption Perception Index (CPI)
- Effective governance mechanisms and more effective procurement.

#### **Bidding Companies**

- Better chance of fair selection as a supplier and enhanced access to markets
- Protection from legal penalties
- Saving of costs, formerly paid as bribes, and time in case of disputes
- Enhanced reputation
- Employees and competitors behave ethically and responsibly

#### **Civil Society / Non-governmental Organizations**

- Improved access to essential resources, such as health care, education and better social development if money is properly invested in the desired projects
- Social development

- Higher quality products and services, less risk of 'faulty' products and accidents
- Increased trust and confidence in business
- Consistent and fair enforcement of regulations
- Greater traction for their objective of more transparent environment and attention to combat corrupt practices

### **33. Why is an IP, if there are existing anti-corruption laws in place?**

Despite the existence of anti-corruption laws, the persistence of corruption related problems in public contracting shows the need to develop alternate mechanisms that increase effective compliance of law and make it harder to corrupt. In this sense, the IP does not replace the law, but enables its compliance by leveling the playing field, and assuring the contenders that all will behave under the same conditions. Besides, TII is setting up a group of Resource Persons who can provide the necessary expertise in response to calls for help from the organizations promoting the IP.

### **34. Who started this anti-corruption tool?**

The Integrity Pact (IP) was designed and launched by Transparency International in the 1990s.

### **35. Which are the other countries implementing IP?**

Many countries around the world implementing Integrity Pact. India, Pakistan, Nepal and Bangladesh are among the South Asian countries.

### **36. When did TI India start to work on IP?**

TI India Chairman Admiral (Retd.) R H Tahiliani, along with Mr Michael Wiehen from TI Sectt., made a presentation for the first time in August 2001 to the Minister of State for Defence Shri Arun Singh. However, the ONGC was the first to adopt IP in 2005

### **37. What is Sanction?**

Sanction is a process of taking action if anybody breaks the law. If any bidder breaks the commitment which he/she made at the time of submitting bidding documents, the concerned Principal can take action like black listing, forfeiture of deposit etc. against that bidder.

### **38. Is it mandatory for the bidders to sign the disclaimer before submitting bidding documents?**

Yes, it is a must for a bidder to sign the disclaimer at the time of submitting bidding documents.

**39. Who can give a complaint to IEM?**

Anybody can complaint related to the procurement/bidding process to IEM.

**40. If any complaint goes to CVO, IEM and court at the same time, who will deal it?**

Court's jurisdiction would be followed, unless it directs to IEM or CVO.

**41. Can a bidder complaint to the IEM directly if he found any irregularity?**

Yes, any bidder can complaint to the IEM directly.

**42. In case of receipt of complaints, is it necessary to keep on hold the processing of tenders?**

Advice of the IEMs should be followed at that time

**43. What role IEMs play on Tenders / Contracts on which no complaints are received?**

IEMs roles start when any complaint is received.

**44. What is the review system of IP?**

According to CVC's circular, an internal assessment of the impact of IP shall be carried out periodically by the CVOs of the organizations and reported to the CVC. Two additional reviews are envisaged for each organization in due course-

- (i) Financial impact review, which could be conducted through an independent agency like auditors;
- (ii) Physical review, which could be done through either an NGO or any specialised institution of tested credibility in the concerned field.

**45. Is IP applicable to private sector?**

Yes, IP can be adopted by the private sector. TI India is currently working on its effective application.

## **Annexures**

- I** CVC's Circular on IP's Standard Operating Procedure
- II** DP&T Circular of June 16, 2009 addressed to Chief Secretaries of all States
- III** Extracts from Defence Procurement Procedure Manual 2008 & 2009
- IV** List of PSUs which have signed MoUs

## **Annex - I**

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

Satarkta Bhawan, Block-A  
GPO Complex, INA  
New Delhi-110023  
Dated: 18/5/09

**Circular No. 10/5/09**

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

The Commission has formulated “Standard Operating Procedure” for adoption of Integrity Pact in major Govt. Department/organisations. A copy of the same is enclosed for information and necessary action.

Sd/-

(Shalini Darbari)  
Director

All Chief Vigilance Officers

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

### **1.0 Background**

**1.01** The Central Vigilance Commission has been promoting Integrity, transparency, equity and competitiveness in Government/PSU transactions and as a part of vigilance administration and superintendence. Public procurement is a major area of concern for the Central Vigilance Commission and various steps have been taken to put proper systems in place. Leveraging technology, especially wider use of the web sites for disseminating information on tenders, clearly 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 this context, Integrity Pact (IP), a vigilance tool conceptualized and promoted by the Transparency International, has been found to be useful. The Commission has, through its Office Orders No. 41/12/07 dated 04.12.07 and 43/12/07 dated 28.12.07 and Circulars No. 18/05/08 dated 19.05.08 and 24.08.08 dated 05.08.2008 (copies appended), recommended adoption of Integrity Pact and provided basic guidelines for its implementation in respect of major procurements in the Government Organizations.

### **2.0 Integrity Pact**

**2.01** 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.

2.02 Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids 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:**

3.01 Ad NIT)/pre-bid stage till the conclusion of the contract, i.e. the final payment or the duration of warranty/guarantee.

3.08 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.

3.09 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 Information relating to tenders in progress and under finalization would need to be shared with the IEMs on monthly basis.

### **4.0 Role /Functions of IEMs :**

4.01 IEM would have access to all Contract documents, whenever required. Ideally, all IEMs of an organization should meet in two months to take stock of the ongoing tendering processes.

4.02 It would be desirable to have structured meeting of the IEMs with the Chief Executive of the organization on a monthly basis to discuss/review the information on tenders awarded in the previous month.

4.03 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.

4.04 At least 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 examined by the

full panel of IEMs, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management

- 4.05 The recommendations of IEMs would be in the nature of advice and would not be legally binding. 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.
- 4.06 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 or directed to him by the Commission.

### **5.0 Appointment of IEMs**

- 5.01 The IEMs appointed should be eminent personalities of high integrity and reputation. The Commission would approve the names of IEMs out of the panel of names, initiated by the organization concerned, in association/consultation with the CVO.
- 5.02 While forwarding the panel, the organization would enclose detailed bio-data in respect of all names proposed. The details would include postings 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.
- 5.03 A maximum of three IEMs would be appointed for Navratna PSUs and up to two IEMs for others.
- 5.04 Organizations could propose a panel of more than three names for the consideration of the Commission.
- 5.05 Persons appointed as IEMs in two organizations would not be considered for a third organization.
- 5.06 For PSUs having a large territorial spread or those having several subsidiaries, there could be more IEMs, but not more than two IEMs would be assigned to one subsidiary.
- 5.07 Remuneration payable to the IEMs would be equivalent to that admissible to an Independent Director in the organization. This remuneration would be paid by the organization concerned.
- 5.08 The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. They could be communicated individually to the IEMs concerned.

5.09 The normal term of appointment for an IEM would be 3 years, and it would be subject to renewal by the Commission thereafter.

**6.0 Review System :**

6.01 An internal assessment of the impact of IP shall be carried out periodically by the CVOs of the organizations and reported to the Commission.

6.02 Two additional reviews are envisaged for each organization in due course.

(i) Financial impact review, which could be conducted through an independent agency like auditors, and

(ii) Physical review, which could be done through an NGO of tested credibility in the particular field.

6.03 It is proposed to include the progress in the implementation of IP in the Annual Report of the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their monthly reports or 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.

**Enclosures:**

All earlier guidelines, issued by the Central Vigilance Commission, on the subject.

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

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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](http://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.

Sd/-

(Vineet Mathur)

Deputy Secretary

All Secretaries to the Govt. of India

All CMDs of PSUs

All CMDs of PSBs

All CVOs

**Steel Authority of India Limited (SAIL) hereinafter referred to as  
“The Principal”.**

**And**

**.....hereinafter referred to as “The Bidder/  
Contractor”**

### **Preamble**

The Principal intends to award, under laid down organizational procedures, contract/s for .....The Principal values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness/transparency in its relations with its Bidder(s) and /or Contractor(s).

In order to achieve these goals, the Principal will appoint an Independent External Monitor (IEM), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

### **Section 1- Commitments of the Principal.**

1. The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-
  - a. No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - b. The Principal will during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/additional information through which the Bidder(s) could obtain an advantage in relation to the process or the contract execution.
  - c. The Principal will exclude from the process all known prejudiced persons.
2. If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

### **Section 2- Commitments of the Bidder(s) / Contractor(s)**

1. The Bidder(s)/Contractor(s) commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

- a. The Bidder(s)/contractor(s) will not, directly or through any other persons or firm, offer promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage or during the execution of the contract.
  - b. The Bidder(s)/Contractor(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
  - c. The Bidder(s)/Contractor(s) will not commit any offence under the relevant IPC/PC Act; further the Bidder(s) /Contractors will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
  - d. The Bidder(s)/Contractor(s) of foreign origin shall disclose the name and address of the Agents/representatives in India, if any. Similarly, the bidder(s)/contractor(s) of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidder(s)/Contractor(s). Further, as mentioned in the Guidelines all the payments made to the Indian agent/representative have to be in Indian Rupees only. Copy of the "Guidelines on Indian Agents of Foreign Suppliers" as annexed and marked as Annexure.
  - e. The Bidder(s)/Contractor(s) will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
2. The Bidder(s)/Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

### **Section 3: Disqualification from tender process and exclusion from future contracts**

If the Bidder(s)/Contractor(s), before award or during execution has committed a transgression through a violation of Section 2, above or in any other form such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s)/Contractor(s) from the tender process or take action as per the

procedure mentioned in the “Guidelines on Banning of business dealings”. Copy of the “Guidelines on Banning of business dealings” is annexed and marked as Annex-“B”.

#### **Section 4 : Compensation for Damages**

1. If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit/Bid Security.
2. If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminated the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the Contract value or the amount equivalent to Performance Bank Gurantee.

#### **Section 5 : Previous Transgression**

1. The Bidder declares that no previous transgressions occurred in the last three years with any other company in any country conforming to the anti corruption approach or with any other public sector enterprise in India that could justify his exclusion from the tender process.
2. If the bidder makes incorrect statement on this subject, he can be disqualified from the tender process for action can be taken as per the procedure mentioned in “Guidelines on Banning of business dealings”.

#### **Section 6: Equal treatment of all Bidders / Contractors/Subcontractors.**

1. The Bidder(s)/Contractor(s) undertake(s) to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
2. The Principal will enter into agreements with identical conditions as this one with all bidders, contractors and subcontractors.
3. The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

#### **Section 7: Criminal charges against violation Bidder(s) / Contractor(s) / Sub contractor(s).**

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

## **Section 8: Independent External Monitor / Monitors**

- (1) The Principal appoints competent and credible Independent External Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
- (2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Chairman, SAIL.
- (3) The Bidder(s)/Contractor(s) accepts that the Monitor has the right to access without restriction to all project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/Contractor(s)/Subcontractor(s) with confidentiality.
- (4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (6) The Monitor will submit a written report to the Chairman, SAIL within 8 to 10 weeks from the date of reference or intimation to him by the Principal and, should the occasion arise, submit proposals for correcting problematic situations.
- (7) Monitor shall be entitle to compensation on the same terms as being extended to / provided to Independent Directors on the SAIL Board.
- (8) If the Monitor has reported to the Chairman SAIL, a substantiated suspicion of an offence under relevant IPC/PC Act, and the Chairman SAIL has not, within the reasonable time taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.
- (9) The word 'Monitor' would include both singular and plural.

## Section 9 - Pact Duration

This pact begins when both parties have legally signed it. It expires for the Contractor 10 months after the last payment under the contract, and for all other Bidders & months — the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Chairman of SAIL.

## Section 10 - Other Provisions

- This agreement is subject to Indian Law, Place of performance and jurisdiction is the Registered Office of the Principal, i.e. New Delhi.
- Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

\_\_\_\_\_  
\_\_\_\_\_  
(For & on behalf of the Principal)

(Office Seal)

Place \_\_\_\_\_

Date \_\_\_\_\_

Witness 1 :

(Name & Address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Witness 2 :

(Name & Address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(For & On behalf of  
Bidder/Contractor)

(Office Seal)

No.007/VGL/033

**Government of India  
Central Vigilance Commission**

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Satarkta Bhawan, Block-A  
GPO Complex, INA,  
New Delhi-110023  
Dated the 28<sup>th</sup> 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.

2. 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.
3. 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.
4. Para 4 of the Commission's circular cited above stands amended to this extent.

Sd/-

(Vineet Mathur)  
Deputy Secretary

All Chief Vigilance officers

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

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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.

Sd/-  
(Rajiv Verma)  
Under Secretary

All Chief Vigilance Officers

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

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

Dated 05/8/08

Circular No.24/8/08

**Subject:- 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 Organisation.

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.

Sd/-  
(Rajiv Verma)  
Under Secretary

All CVOs

No. 372/13/2009-AVD-III  
Government of India  
Ministry of Personnel, Public Grievances & Pensions  
Department of Personnel & Training

North Block,  
New Delhi the 16<sup>th</sup> June, 2009.

To  
All Chief Secretaries of State Governments  
(by name)

Sir,

As you are aware, the Government of India is fully committed to implement its policy of "Zero Tolerance against Corruption". In the recent past several steps have been taken by the Government and the Central Vigilance Commission to combat corruption. The significant among these are the Right to Information Act, 2005; comprehensive instructions issued by the CVC on transparency in tendering and contracting process; and advising the 3 Central Government organizations to adopt integrity pact in major Government procurement activities.

2. Though the Government of India has not conducted any survey to ascertain the effectiveness of these steps, Transparency International India an Non-Governmental Organisation is of the view that adoption of Integrity Pact has resulted in substantial improvement in the systems and reduction in corruption in Public dealings.

3. The necessity of adopting Integrity Pact in major procurements has been emphasized by the Central Vigilance Commission vide the Commission's circulars dated 4/12/2007, 19/5/2008 and 5/8/2008 addressed to all the Secretaries to the Govt. of India and CMDs of PSUs & PSBs. These circulars are available on the website of the CVC - [www.cvc.nic.in](http://www.cvc.nic.in). The 2<sup>nd</sup> ARC in its 4<sup>th</sup> Report on "Ethics in Governance" has also recommended the adoption of Integrity Pact (IP).

4. Since the anti-corruption policy of the State Government is not different from that of the Central Government and the State Governments are also committed to eradicate corruption from all spheres of life, it is suggested that your State Government may consider adoption of Integrity Pact in respect of State Public Sector Enterprises in line with the procedure outlined by the CVC. A sample copy of the Integrity Pact adopted by SAIL is available on the CVC's web-site for guidance.

Yours faithfully,



(T. Venkatesh)

Joint Secretary to the Government of India

Copy to:-

- (i) Admiral (Retd) R H Tahiliani, Chairman, Transparency International India, Lajpat Bhavan, Lajpat Nagar-IV, N. Delhi-24.
- (ii) Shri BB Tandon, Ex. Chief Election Commissioner, J-238, 1st Floor, Saket, New Delhi.



(Teta Singh)

Under Secretary to the Govt. of India

## Annex - III

### Extracts from Government of India's Defence Procurement Procedure - 2008 (Capital Procurement)

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#### Integrity Pact

61. An Integrity Pact would be signed between government department and the bidders for all procurement schemes over Rs 100 Crores. The Integrity Pact would be a binding agreement between the government department and bidders for specific contracts in which the government promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. The Pre Contract Integrity Pact document is placed as Annexure I to the **Appendix .H. of Schedule I** (RFP format).

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- (h) Integrity Pact (if applicable). An integrity pact along with appropriate EMD is a mandatory requirement in the instant case (refer Annx I to Appx H of schedule I of Chapter I).

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- 16a. An Integrity Pact would be signed between MoD and the bidders for schemes exceeding Rs 100 Crs. In the subject RFP, the vendor is required to sign and submit pre contract integrity pact given at **Annexure I to Appendix H** and shall also deposit Rs \_\_\_\_\_ Crores as earnest money deposit through any of the instruments mentioned therein. This would be submitted in a separate envelope clearly marked as .IP and EMD. at the time of submission of technical and commercial offers. Vendors not submitting .IP and EMD due to lesser value of their commercial offer vis a vis applicable commercial limit for Integrity Pact as specified in DPP 2008, must submit a certificate to this effect in lieu of IP and EMD.

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38. Standard Clauses on Contract. The Government of India desires that all actions regarding procurement of any equipment are totally transparent and carried out as per established procedures. The supplier is required to accept our standard clauses regarding agents/agency commission, penalty for use of undue influence and Integrity Pact, access to books of accounts, arbitration and laws which would be incorporated in the contract. The text of these clauses is at **Appendix H**. The Standard Contract Document at Chapter V of DPP-

2008 ([www.mod.nic.in](http://www.mod.nic.in)) indicates the general conditions of contract that would be the guideline for all acquisitions. The draft contract would be prepared as per these guidelines.

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**Appendix H**  
(Refers to Para 38 of RFP)

## Standard Clauses in Contract

### Law

1. The present Contract shall be considered and made in accordance to the laws of Republic of India.

### Arbitration

2. All disputes or differences arising out of or in connection with the present Contract, including the ones connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.
3. Any dispute, disagreement or question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.
4. Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.
5. The third arbitrator, who shall not be a citizen or domicile or of the country either of the parties or of any other country unacceptable to any of the parties shall be nominated of the parties within (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provisions of the Indian Arbitration and Conciliation Act, 1996, or by arbitration or dispute resolution institutions, such as Indian Council of Arbitration, ICADR or by the President of International Chamber of Commerce, Paris, at request of either party but the said nomination would be after consultation with both the parties and shall preclude any citizen or domicile of any country as mentioned. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.

6. The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be mutually agreed to between the parties.
7. The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.
8. The decision of the majority of the arbitrators shall be final and binding on the parties to this contract.
9. Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the Seller and the Buyer.
10. In the event of a vacancy caused in the office of the arbitrators, the party which nominated such arbitrator, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.
11. In the event of one of the parties failing to nominate its arbitrator within 60 days as above or if any of the parties does not nominate another arbitrator within 60 days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least 30 days to request the President of the International Chamber of Commerce or dispute resolution institutions in India such as Indian Council of Arbitration, ICADR to nominate another arbitrator as above.
12. If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.
13. The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

#### **Force Majeure**

14. Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfillment or for the delayed fulfillment of any of its contractual obligations, if the affected party within (\_\_\_\_days) of its occurrence informs in a written form the other party.
15. Force majeure shall mean fires, floods, natural disasters or other acts such as war, turmoil, strikes, sabotage, explosions, quarantine restriction beyond the control of either party.

#### **Penalty For Use Of Undue Influence**

16. The Seller undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees brokerage or

inducement to any person in service of the Buyer or otherwise in procuring the Contracts or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Government. Any breach of the aforesaid undertaking by the seller or any one employed by him or acting on his behalf (whether with or without the knowledge of the seller) or the commission of any offers by the seller or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1947 or any other Act enacted for the prevention of corruption shall entitle the Buyer to cancel the contract and all or any other contracts with the seller and recover from the seller the amount of any loss arising from such cancellation. A decision of the buyer or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the Seller.

17. Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the seller towards any officer/employee of the buyer or to any other person in a position to influence any officer/employee of the Buyer for showing any favour in relation to this or any other contract, shall render the Seller to such liability/ penalty as the Buyer may deem proper, including but not limited to termination of the contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts paid by the Buyer.
18. **Integrity Pact.** Further signing of an Integrity Pact would be considered between government department and the bidder for schemes exceeding Rs. 100 Crs. The Integrity Pact is a binding agreement between the agency and bidders for specific contracts in which the agency promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. Under the IP, the bidders for specific services or contracts agree with the procurement agency or office to carry out the procurement in a specified manner. The essential elements of the IP are as follows: -
  - (a) A pact (contract) between the Government of India (Ministry of Defence) (the authority or the “principal”) and those companies submitting a tender for this specific activity (the “bidders”);
  - (b) An undertaking by the principal that its officials will not demand or accept any bribes, gifts, etc., with appropriate disciplinary or criminal sanctions in case of violation;
  - (c) A statement by each bidder that it has not paid, and will not pay, any bribes;
  - (d) An undertaking by each bidder to disclose all payments made in connection with the contract in question to anybody (including agents

and other middlemen as well as family members, etc., of officials); the disclosure would be made either at time of tender submission or upon demand of the principal, especially when a suspicion of a violation by that bidder emerges;

- (e) The explicit acceptance by each bidder that the no-bribery commitment and the disclosure obligation as well as the attendant sanctions remain in force for the winning bidder until the contract has been fully executed;
- (f) Undertakings on behalf of a bidding company will be made “in the name and on behalf of the company’s chief executive officer”;
- (g) The following set of sanctions shall be enforced for any violation by a bidder of its commitments or undertakings: -
  - (i) Denial or loss of contract;
  - (ii) Forfeiture of the bid security and performance bond;
  - (iii) Liability for damages to the principal and the competing bidders and
  - (iv) Debarment of the violator by the principal for an appropriate period of time.
- (h) Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.
- (j) The draft Pre-Contract Integrity Pact is attached as Annexure I to this Appendix. The vendors are required to sign them and submit separately along with the technical and commercial offers.
- (k) Every Bidder while submitting techno commercial bid shall also deposit \_\_\_\_ Crores as earnest Money / Security Deposit though any of the instruments mentioned at Para 8 of Annexure I. This would be submitted in a separate envelope clearly marked as Earnest Money Deposit along with technical and commercial proposals.

18.1 In respect of bids from DPSUs, while a DPSU is not required to sign an Integrity Pact with the Ministry of Defence, the concerned DPSU shall, however, enter in to a Pre-Contract Integrity Pact, on the same lines with their sub-vendors individually, in case the estimated value of each sub-contract(s) exceed Rs 20 crore, and such subcontract(s) are required to be entered in to by the DPSU with a view to enable DPSU to discharge the obligations arising out of their bid in question in response to this RFP.

### **Agents / Agency Commission**

19. The seller confirms and declares to the buyer that the seller is the original manufacturer of the stores referred to in this contract and has not engaged

any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way to recommend to the Government of India or any of its functionaries, whether officially or unofficially, to the award of the contract to the Seller; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such individual/firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable to refund that amount to the Buyer. The Seller will also be debarred from entering into any supply Contract with the Government of India for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR rate. The Buyer will also have the right to recover any such amount from any contracts concluded earlier with the Government of India.

#### **Access to the Books of Accounts**

20. In case it is found to the satisfaction of the Buyer that the Seller has engaged an Agent or paid commission or influenced any person to obtain the contract as described in clauses relating to Agents/Agency Commission and penalty for use of undue influence, the Seller, on a specific request of the Buyer shall provide necessary information/ inspection of the relevant financial documents/ information.

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#### **Annexure I to Appendix H**

(Refers to Para 18 (j))

#### **PRE-CONTRACT INTEGRITY PACT**

##### **General**

1. Whereas the PRESIDENT OF INDIA, represented by Joint Secretary & Acquisition Manager (Land/Air/Maritime Systems), Ministry of Defence, Government of India, hereinafter referred to as the Buyer and the first party, proposes to procure (Name of the Equipment), hereinafter referred to as Defence Stores, and M/s \_\_\_\_\_, represented by, \_\_\_\_\_ Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to

include its successors and its assignees), hereinafter referred to as the Bidder/ Seller and the second party, is willing to offer/has offered the stores.

2. Whereas the Bidder is a private company/public company/partnership/ registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Ministry of the Government of India performing its functions on behalf of the President of India.

### **Objectives**

3. Now, therefore, the Buyer and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence / unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:-
  - 3.1 Enabling the Buyer to obtain the desired defence stores at a competitive price in conformity with the defined specifications of the Services by avoiding the high cost and the distortionary impact of corruption on public procurement, and
  - 3.2 Enabling bidders to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Buyer will commit to prevent corruption, in any form, by their officials by following transparent procedures.

### **Commitments of the Buyer**

4. The Buyer Commits itself to the following:-
  - 4.1 The Buyer undertakes that no official of the Buyer, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the Bidder, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.
  - 4.2 The Buyer will, during the pre-contract stage, treat all Bidders alike, and will provide to all Bidders the same information and will not provide any such information to any particular Bidder which could afford an advantage to that particular Bidder in comparison to other Bidders.
  - 4.3 All the officials of the Buyer will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

5. In case of any such preceding misconduct on the part of such official(s) is reported by the Bidder to the Buyer with full and verifiable facts and the same is prima facie found to be correct by the Buyer, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Buyer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Buyer the proceedings under the contract would not be stalled.

#### **Commitments of Bidders**

6. The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:-
  - 6.1 The Bidder will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.
  - 6.2 The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Government.
  - 6.3 The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.
  - 6.4 The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.
  - 6.5 The Bidder further confirms and declares to the Buyer that the Bidder is the original manufacturer/integrator/authorised government sponsored export entity of the defence stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially to the award contract and the details of services agreed upon for such payments.

- 6.7 The Bidder shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Buyer as part of the business relationship, regarding plans, technical proposals and business details, including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.
- 6.8 The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.
- 6.9 The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

## **7. Previous Transgression**

- 7.1 The Bidder declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India, that could justify bidder's exclusion from the tender process.
- 7.2 If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

## **8. Earnest Money / Security Deposit**

- 8.1. Every bidder, while submitting commercial bid, shall deposit an amount\* \_\_\_\_\_ as Earnest Money/Security Deposit, with the buyer through any of the following instruments:-

- (i) Bank Draft or a Pay Order in favour of the PCDA, New Delhi,
- (ii) A confirmed guarantee by an Indian Nationalized Bank, promising payment of the guaranteed sum to the Ministry of Defence, Government of India, represented on behalf of the President of India, on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever.

The demand for payment by the Buyer shall be treated as conclusive proof for payment. A model Bank guarantee format is enclosed. (iii) Any other mode or through any other instrument (to be specified in the RFP).

\*At present, the amount of EMD/SD is Rs. 1 crore in cases where the cost as estimated by the Buyer is above Rs. 100 crore and up to Rs. 300 crore and Rs. 3 crore if above Rs. 300 crore.

- 8.2. The Earnest Money/Security Deposit shall be valid up to a period of five years or the complete conclusion of contractual obligations to complete satisfaction of both the bidder and the buyer, whichever is later. In case there are more than one bidder, the Earnest Money/Security Deposit shall be refunded by

the buyer to those bidder(s) whose bid(s) does/do not qualify for negotiation by the Commercial Negotiation Committee (CNC), as constituted by the Buyer, immediately after a recommendation is made by the CNC on the bid(s) after an evaluation.

- 8.3 In the case of successful bidder a clause would also be incorporated in the Article pertaining to Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of this pact.
- 8.4 The provisions regarding Sanctions for Violation in Integrity Pact include forfeiture of Performance Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.
- 8.5 No interest shall be payable by the Buyer to the Bidder(s) on Earnest Money/ Security Deposit for the period of its currency.

## **9. Company Code of Conduct**

- 9.1 Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

## **10. Sanctions for Violation**

- 10.1 Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on his behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Buyer to take all or any one of the following actions, wherever required:-
  - (i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder. However, the proceedings with the other Bidder(s) would continue.
  - (ii) The Earnest Money/Security Deposit/Performance Bond shall stand forfeited either fully or partially, as decided by the Buyer and the Buyer shall not be required to assign any reason therefore.
  - (iii) To immediately cancel the contract, if already signed, without giving any compensation to the Bidder.
  - (iv) To recover all sums already paid by the Buyer, and in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding

payment is due to the Bidder from the Buyer in connection with any other contract for any other defence stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.

- (v) To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the Bidder, in order to recover the payments, already made by the Buyer, along with interest.
- (vi) To cancel all or any other Contracts with the Bidder.
- (vii) To debar the Bidder from entering into any bid from the Government of India for a minimum period of five years, which may be further extended at the discretion of the Buyer.
- (viii) To recover all sums paid in violation of this Pact by Bidder(s) to any middleman or agent or broker with a view to securing the contract.
- (ix) If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the Buyer, or alternatively, if any close relative of an officer of the Buyer has financial interest/stake in the Bidder's firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Buyer to rescind the contract without payment of any compensation to the Bidder. The term close relative for this purpose would mean spouse whether residing with the Government servant or not, but not include a spouse separated from the Government servant by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Government servant, but does not include a child or step child who is no longer in any way dependent upon the Government servant or of whose custody the Government servant has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Government servant or to the Government servant's wife or husband and wholly dependant upon Government servant.
- (x) The Bidder shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Buyer, and if he does so, the Buyer shall be entitled forthwith to rescind the contract and all other contracts with the Bidder. The Bidder shall be liable to pay compensation for any loss or damage to the Buyer resulting from such rescission and the Buyer shall be entitled to deduct the amount so payable from the money(s) due to the Bidder.
- (xi) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the Buyer with the Bidder, the same shall not be opened.

10.2 The decision of the Buyer to the effect that a breach of the provisions of this Integrity Pact has been committed by the Bidder shall be final and binding

on the Bidder, however, the Bidder can approach the monitor(s) appointed for the purposes of this Pact.

## **11. Fall Clause**

- 11.1 The Bidder undertakes that he has not supplied/is not supplying the similar systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India and if it is found at any stage that the similar system or sub-system was supplied by the Bidder to any other Ministry/ Department of the Government of India at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the Bidder to the Buyer, if the contract has already been concluded.
- 11.2 The Bidder shall strive to accord the most favoured customer treatment to the Buyer in respect of all matters pertaining to the present case.

## **12. Independent Monitors**

- 12.1 The Buyer has appointed Independent Monitors for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors to be given)
- 12.2 As soon as the Monitor notices, or believes to notice, a violation of this Pact, he will so inform the Head of the Acquisition Wing of the Ministry of Defence, Government of India.

## **13. Examination of Books of Accounts**

In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Buyer or its agencies shall be entitled to examine the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose of such examination.

## **14. Law and Place of Jurisdiction**

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the Buyer i.e. New Delhi.

## **15. Other Legal Actions**

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

## **16. Validity**

- 16.1 The validity of this Integrity Pact shall be from date of its signing and extend

up to 5 years or the complete execution of the contract to the satisfaction of both the Buyer and the Bidder/ Seller, whichever is later.

16.2 Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

17. The Parties hereby sign this Integrity Pact at \_\_\_\_\_ on \_\_\_\_\_ .

**BUYER**

JS & AM (LS/Air/MS),  
MINISTRY OF DEFENCE,  
GOVERNMENT OF INDIA

**Witness**

1. \_\_\_\_\_  
2. \_\_\_\_\_

**BIDDER**

CHIEF EXECUTIVE OFFICER

**Witness**

1. \_\_\_\_\_  
2. \_\_\_\_\_

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(Refers to para 8.1(ii) of Pre-Contract Integrity Pact

**Form of Bank Guarantee towards Earnest Money**

**(BID BOND)**

In consideration of President of India (hereinafter called .the Government.) represented by Joint Secretary and Acquisition Manager, Ministry of Defence, on the first part and M/s \_\_\_\_\_ of \_\_\_\_\_ ( hereinafter referred to as .Bidder.) on the Second part, having agreed to accept the Earnest Money Deposit of Rs \_\_\_\_\_ (Rupees \_\_\_\_\_) in the form of Bank Guarantee for the Request for Proposal for procurement of \_\_\_\_\_ we \_\_\_\_\_ (Name of the Bank), (hereinafter referred to as the .Bank.), do hereby undertake to pay to the Government on demand within 3 (three) working days without any demur and without seeking any reasons whatsoever, an amount not exceeding \_\_\_\_\_ (Rupees) \_\_\_\_\_ and the guarantee will remain valid upto a period of 5 years or the complete conclusion of contractual obligations to the complete satisfaction of both the Bidder and the Government, whichever is later. It will, however, be open to the Government to return the Guarantee earlier than this period to the Bidder (s), in case the Bidder (s) does not/do not qualify for the

commercial negotiations by the Commercial Negotiations Committee (CNC) as constituted by the Government after a recommendation is made by the CNC on the bid(s) after an evaluation.

2. In the event of the Bidder withdrawing the tender before the completion of the stages prior to the Commercial negotiations or during the Commercial negotiations, as the case may be, the tender shall be cancelled and the Guarantee deposited by the Bidder stands forfeited to the Government. We also undertake not to revoke this guarantee during this period except with the previous consent of the Government in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the said tender and we shall be deemed to have agreed to any such variation.

No interest shall be payable by the Government to the Bidder (s) on the guarantee for the period of its currency.

Dated this \_\_\_\_\_ day of \_\_\_\_\_  
\_\_\_\_\_ 2008 For the Bank of \_\_\_\_\_  
(Agent/Manager)

## **Defence Procurement Procedure. 2008 (Amendment- 2009)**

1. After careful consideration and detailed discussion in DAC on 29 Sep 2009, the following amendments to DPP-2008 with respect of Integrity Pact have been finalised:-
  - (a) Introduction of new category for acquisition . .Buy & Make (Indian)
  - (b) Sharing of information with Indian Industry.
  - (c) Enhancing role of Independent Monitors.
  - (d) Removal of ambiguity regarding EMD in signing the Integrity Pact.

**Existing Para 16a of Schedule I to Chapter I of DPP-2008 to be replaced by a new Para 16a as follows:-**

- 16a. An *Integrity Pact* would be signed between MoD and the bidders for schemes exceeding Rs 100 Crs, irrespective of the value of the commercial bids submitted by bidders. In the subject RFP, the vendor is required to sign and submit pre-contract Integrity Pact (IP) given at **Annexure I** to **Appendix H** and shall also deposit Rs\_\_\_\_\_ Crores as Earnest Money Deposit (EMD) through any of the instruments mentioned therein. This would be submitted in a separate envelope clearly marked as .IP and EMD. at the time of submission of technical and commercial offers.

**The Existing Para 12 of Annexure I to Appendix H to Schedule I of DPP-2008 to be Replaced by a New Para 12 as follows:-**

- 12.1 The Buyer has appointed Independent Monitors for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors to be given in RFP).
- 12.2 As soon as the Integrity Pact is signed, the buyer shall provide a copy thereof, along with a brief background of the case to the Independent Monitors.
- 12.3 The bidder(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent Monitors.
- 12.4 If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent Monitors for their comments / enquiry.
- 12.5 If the Independent Monitors need to peruse the relevant records of the buyer in connection with the complaint sent to them by the buyer, the buyer shall make arrangement for such perusal of records by the Independent Monitors.
- 12.6 The report of enquiry, if any, made by the Independent Monitors shall be submitted to the head of the Acquisition Wing of the Ministry of Defence,

Government of India for a final and appropriate decision in the matter keeping in view the provision of this pact.

**Existing Para 1.3 of Appendix D to Chapter I of DPP-2008 to be replaced by a new Para 1.3 as follows:-**

- 1.3 The DAC may, after due deliberation, also prescribe varying offset percentages above 30% or waive off the requirement for offset obligations in very special cases. Such directions may be made applicable for different classes of cases or for individual cases depending upon the factors involved such as type of acquisition, strategic importance of the acquisition or technology, enhanced ability of Indian defence industry to absorb the offset, export potential generated , etc. However, offsets will not be applicable in Option Clause. cases, where the same was not envisaged in the original contract.

**Existing Para 6.3 of Appendix D to Chapter I of DPP-2008 to be replaced by a new Para 6.3 as follows:-**

- 6.3 The vendor will be free to select the Indian offset partner for implementing the offset requirement. After the offset contract is signed changes will not be permitted in respect of offset components or value. In exceptional cases MoD may permit change in offset partner, on being convinced that the change is desirable to enable the vendor to fulfill offset obligations.

## Annex - IV

### List of PSUs which have Signed MoU for Integrity Pact

Sl.#	Public Sector Undertakings	Date of Signing MoU
1	Oil & Natural Gas Corporation (ONGC)	17 <sup>th</sup> April 2006
2	Rashtriya Ispat Nigam Limited (RINL/VIZAG)	29 <sup>th</sup> March 07
3	Hindustan Petroleum Corporation Ltd. (HPCL)	13 <sup>th</sup> July 2007
4	Coal India Ltd. (CIL)	25 <sup>th</sup> Aug.2007
5	Gas Authority of India Ltd. (GAIL)	23 <sup>rd</sup> July 2007
6	Hindustan Steelworks Construction Ltd. (HSCL)	24 <sup>th</sup> Sep. 2007
7	MECON	24 <sup>th</sup> Sep. 2007
8	Metal Scrap Trading Corporation Ltd. (MSTC Ltd.)	24 <sup>th</sup> Sep. 2007
9	National Mineral Development Corporation (NMDC)	24 <sup>th</sup> Sep. 2007
10	Ferro Scrap Nigam Ltd. (FSNL)	24 <sup>th</sup> Sep. 2007
11	Steel Authority of India Ltd. (SAIL)	24 <sup>th</sup> Sep. 2007
12	Kudremukh Iron Ore Company Ltd. (KIOCL)	24 <sup>th</sup> Sep. 2007
13	Bharat Refractories Ltd. (BRL)	24 <sup>th</sup> Sep. 2007
14	Manganese Ore (India) Ltd. (MOIL)	24 <sup>th</sup> Sep. 2007
15	Oil India Limited (OIL)	29 <sup>th</sup> Nov. 2007
16	Container Corporation of India (CONCOR)	20 <sup>th</sup> Dec. 2007
17	Neyveli Lignite Corporation Ltd. (NLCL)	29 <sup>th</sup> Dec. 2007
18	Bharat Petroleum Corporation Ltd. (BPCL)	10 <sup>th</sup> Jan. 2008
19	Indian Oil Corporation Ltd. (IOCL)	18 <sup>th</sup> Jan 2008
20	Airports Authority of India (AAI)	15 <sup>th</sup> Feb. 2008
21	Mahanagar Telephone Nigam Limited	5 <sup>th</sup> March 2008
22	Northern Coalfields Limited (NCL)	14 <sup>th</sup> March 2008
23	South Eastern Coalfields Limited (SECL)	26 <sup>th</sup> March 2008
24	Mahanadi Coalfields Limited (MCL)	7 <sup>th</sup> April 2008
25	Western Coalfields Limited (WCL)	21 <sup>st</sup> May 2008
26	Central Coalfields Limited (CCL)	11 <sup>th</sup> August 2008
27	Central Mine Planning Design & Institute Ltd. (CMPDI)	11 <sup>th</sup> August 2008
28	Telecommunication Consultants India Ltd. (TCIL)	27 <sup>th</sup> August 2008
29	Hindustan Copper Limited (HCL)	29 <sup>th</sup> Sept. 2008
30	Bharat Heavy Electrical Ltd. (BHEL)	16 <sup>th</sup> Dec. 2008
31	National Thermal Power Corporation (NTPC)	16 <sup>th</sup> Dec. 2008
32	Eastern Coalfield limited (ECL)	24 <sup>th</sup> Dec. 2008
33	Bharat Sanchar Nigam Limited (BSNL)	2 <sup>nd</sup> March 2009

34	Bharat Coking Coal Limited (BCCL)	4 <sup>th</sup> March 2009
35	RITES	13 <sup>th</sup> March 2009
36	Chennai Petroleum Corporation Limited (CPCL)	24 <sup>th</sup> March 2009
37	Shipping Corporation of India Ltd. (SCI)	26 <sup>th</sup> March 2009
38	National Hydro-Electric Power Corpn. Ltd. ( NHPC Ltd.)	15 <sup>th</sup> May 2009
39	Power Grid Corporation of India Limited (PGCIL)	24 <sup>th</sup> Dec. 2009

## TI India's Studies & Publications

### Publications

- ☛ Delays & Corruption in Indian Judicial System- Remedial Measures (1999)
- ☛ Corruption in India - An Empirical Study (2002)
- ☛ Study of Citizen's Charters of Delhi Govt., DDA and Income Tax (2002)
- ☛ Bhrastachar Se Mukabla: Rashtriya Sadachar Vyavastha Ke Tatva (2003)
- ☛ India Corruption Study - 2005
- ☛ Corruption in Trucking Operation in India (2006)
- ☛ Stamp Duty & Other Tax Evasion on Property Transactions in Delhi
- ☛ Model Citizens' Charters (2007)
- ☛ Bharat Mein Bhrastachar Aur Usse Mukabla (2007)
- ☛ Towards Improving Governance (2008)
- ☛ India Corruption Study - 2008
- ☛ Soochna Ka Adhikar (Marg Darshika)
- ☛ Citizens' Charter (Subordinate Judiciary), prepared by TII's Central & Eastern UP Chapter
- ☛ Youth Integrity Index
- ☛ 'Corruption & Development' TI India's Annual Lecture by Mord Meghnad Desai
- ☛ 'Education for Values, Character & Integrity for Students, Teachers & Parents'



## TI India's Programmes

- ☞ Enactment of a legislation for Lok Pal (Parliamentary Ombudsman)
- ☞ Appointment of Lokayuktas (State-level Ombudsman) in all States
- ☞ Compulsory audit of accounts of political parties
- ☞ Electoral reforms to prevent tainted politicians from contesting elections and holding the position of power
- ☞ Enactment of a legislation for forfeiture of illegally acquired property
- ☞ Speedy trial of criminal cases against Ministers, MPs and MLAs
- ☞ Enactment of a legislation for Whistle Blower's Protection
- ☞ Ratification of UN Convention Against Corruption
- ☞ Journalistic Excellence Award in exposing corruption
- ☞ Propagates tools like Citizens' Charters, RTI Act, Social Audit, e-Governance, etc. for improving governance.
- ☞ Integrity Pact to prevent corruption in contracting and procurement
- ☞ Implementation of Development Pact
- ☞ Reforms in police, judiciary and administration.
- ☞ Filing of PILs
- ☞ Conduct studies to determine corruption perception
- ☞ Organisation of seminars and workshops

