

## Anti-corruption policies in Asia and the Pacific: Thematic review on provisions and practices to curb corruption in public procurement Self-assessment report India

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Identifying reform needs, assessing progress and evaluating the effectiveness of anti-corruption policies and practices are central principles enshrined in the ADB/OECD Initiative and its Action Plan. In this context, the present self-assessment report from India was prepared as background to the Initiative's thematic review exercise on measures to curb corruption in public procurement in the Asia-Pacific region.

This thematic review on public procurement was initiated in reaction to the findings of the Initiative's 2003-2004 in-depth analysis of the legal and institutional anti-corruption frameworks of the Action Plan's then 21 endorsing countries against the standards of this Plan ("Anti-Corruption Policies in Asia and the Pacific – the legal and institutional frameworks", November 2004). In this study, public procurement was identified as one of the areas requiring particular attention in the Asia and Pacific region and where consequently the Initiative's Steering Group had a vital interest to promote reform.

With this aim, the group agreed to pursue analytical work on corruption in public procurement through a thorough review of relevant existing policies, practices and rules so as to assist participating governments in better understanding the corruption risks inherent in their countries' institutional settings and procurement practices. This thematic review further seeks to assess how countries translate into practice their commitment made under the Action Plan to curb corruption in public procurement. Eventually, the review's findings will provide governments with an analytical framework to design policies and procedures that ensure greater transparency and integrity in public procurement and to identify priorities for reform in this respect.

In line with the Action Plan's principle of self-assessment, the review is conducted on the basis of information provided by participating countries in reply to a questionnaire specifically prepared for this purpose by the ADB/OECD Initiative. The present document represents the replies submitted by India in this framework.

Further information on the exercise, on other participating countries and on the analysis' outcome is available at the Initiative's website at <http://www1.oecd.org/daf/asiacom/stocktaking.htm#trpp>.



## A. General framework

### *Legal and organizational framework:*

1. Please list and briefly describe laws and regulations related to government procurement, including those that give exemption to the standard government procurement rules. Where available, please attach a copy or indicate an internet-site for download of these regulations, if possible in English language. Ensure to include secondary legislation, rules and procedures. Also, please indicate relevant international or regional agreements<sup>1</sup> that your country is committed under, including its level of involvement (e.g. signature, ratification, implementation).

The institutional and legal framework for procurement derives from the Constitution of India. The Constitution of India vests the executive powers of the Union of India in the President of India vide Article 53. Responsibilities are assigned according to the Government of India (Allocation of Business) Rules, 1961 and (Transaction of Business) Rules issued by the President of India with financial powers of the Government vested in the Ministry of Finance. These in turn are delegated to subordinate authorities under the General Financial Rules, which have been recently revised in 2005 to provide greater flexibility to the executive in transacting government business while ensuring accountability commensurate with responsibility at different levels of Government. The public procurement system is decentralized.

The General Financial Rules (GFR), framed by the Ministry of Finance, lay down the principles for general financial management and procedures for Government procurement. These rules are available on the website [http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/GFR2005.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/GFR2005.pdf). The rules have the status of subordinate legislation. Chapter 6 of the rules deals with procurement of goods and services and Chapter 8 with Contract management. All government purchases must be in accordance with the principles outlined in the GFRs. The Manual on Policies and Procedures for Purchase of Goods may be seen at [http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/MPProc4ProGod.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/MPProc4ProGod.pdf)

There is no central law governing procurement in our country. However, comprehensive rules and directives in this regard are available in the GFR,2005 and Delegation of financial powers Rules(DFPR). A broader framework is also provided by the Contract Act, the Sale of Goods Act, the Arbitration Act, the Limitations Act, and the recent Right to Information Act 2005, etc. The recommendations of the Central Vigilance Commission are also kept in view to increase transparency in public procurement.

India is a union of states. Each of the State Governments/ Union Territories have their own rules, guidelines or legislation. One procurement law is not possible for the whole country. The State governments/Central Public Sector Units (CPSU's) have their own general financial rules based on the broad principles outlined in the GFR. Some states like Tamilnadu and Karnataka have introduced legislation for procurement as for example "The Tamilnadu Transparency in Tenders Act, 1998" and "The Tamilnadu Transparency in Tender Rules, 2000" available at the website [www.tn.gov.in](http://www.tn.gov.in). The Karnataka Government has legislated 'The Karnataka Transparency in Public Procurement Act, 1999'. Details of these can be obtained from the respective sites of each state/organization through the site <http://indiaimage.nic.in>.

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<sup>1</sup> e.g. APEC Non-Binding Principles on Government Procurement; WTO Agreement on Government Procurement; etc.

The constitutionally appointed Comptroller and Auditor General (CAG) oversees the accounts of the Union and the States (Chapter V, Articles 148-151, Constitution of India). The reports of the CAG relating to the accounts of the Union are laid before each house of the Parliament and those relating to the accounts of the State are laid before the Legislature of the State. These reports also cover procurement. The Parliamentary Accounts Committee (PAC), the Standing Committees and the Legislative Accounts Committees in the States oversee the functioning of the executive, conduct detailed examination and hearings and can call for all documents related to any decision or procedure. A system of checks and balances is built in at each level of Government to ensure transparency in the process. There is local fund audit for local bodies and these reports are also laid before the State Legislative Assemblies.

The judicial process through the structure of civil courts and the High Courts and the Apex level Supreme Court provide an alternate channel of redressal for matters related to corruption in procurement. There is active participation of civil society and NGOs in the process through the process of Public Interest Litigation where the High Courts and the Apex Court can hear writ petitions on matters relating to public interest even when the litigant may not be directly affected by the subject matter. Courts can direct investigative agencies to investigate any matter and also supervise the investigations.

The Central Vigilance Commission (CVC), is now a statutory body subsequent to the Central Vigilance Commission Act, 2003 and supervises investigations under the Prevention of Corruption Act, 1988 and the vigilance administration of the central Government. The CVC has also issued guidelines and instructions to curb corruption in procurement ([www.cvc.nic.in](http://www.cvc.nic.in)). State Vigilance Commissions have also been set up in some states. Lokayuktas or ombudsmen have also been set up in some states to investigate charges of corruption against public servants, politicians and officers. Any complaint regarding officials or the companies/firms involved in procurement is inquired into and action taken swiftly.

The Right to Information Act, 2005 marks a benchmark in transparency and accountability with its objective of an informed citizenry for effective democracy. More details may be seen at <http://persmin.nic.in> and [www.parivartan.com/rti](http://www.parivartan.com/rti). The legislation is the result of a popular campaign endorsed by the National Advisory Council with NGOs like the National Campaign for People's Right to Information (NCPRI) and media in the lead. Procurement procedures are covered by the Act. The active involvement of civil society organisations, jansunwais (public hearings) and social audit leading to greater awareness is at the heart of the process. Any information relating to any decision taken regarding procurement, among other things, can be accessed by the citizens within the prescribed time frame.

India is committed to its objective of Zero tolerance against corruption internationally. India is a signatory to the United Nations Convention against Corruption and the ratification of the Convention will proceed once implementing legislation is in place. The process of bringing about change in the existing legislation has begun and a joint working committee is re-examining the requisite legislation to be framed in this regard. It had actively participated in the negotiations for the draft UN Convention. Provisions already exist in our laws corresponding to the provisions of the Convention on several aspects..

India is also actively participating in the ADB/OECD Anti Corruption Action Plan for the Asia Pacific with commitment to develop "appropriate transparent procedures for public procurement that promote fair competition and deter corrupt activity, and adequate simplified administration procedures".

2. Please explain the repartition of tasks and responsibilities in the procurement process among centralized, decentralized and specialized authorities (in particular: design of policies and standards; capacity building; definition of needs and terms of individual tenders; execution of different procurement stages from advertising to contract awarding; dispute resolution; control of the fulfillment of the terms and conditions by the contractor).

The objective of various procurement policies under the framework of the general principles in the GFR is to ensure responsibility and accountability for bringing efficiency, economy, transparency, fair and equitable treatment of suppliers and promotion of competition in public procurement in order to secure best value for money. The cardinal principle in any public buying is to procure the material/services of the specified quality, at the most competitive prices, and in a fair, just and transparent manner. Yardsticks have been laid down in the Manual on Policies and Procedures for Purchase of Goods ([http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/MPPProc4ProGod.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/MPPProc4ProGod.pdf)).

As pointed out above, India has a federal structure. Each of the State Governments/ Union Territories have their own rules, guidelines or legislation. One procurement law is not possible for the whole country. The State governments/Central Public Sector Units (CPSU's) have their own general financial rules based on the broad principles outlined in the GFR. Details of these can be obtained from the respective sites of each state/organisation through the site <http://indiaimage.nic.in>. Each organisation has developed documented policy guidelines regarding purchase containing detailed purchase procedures, policy guidelines and delegation of powers in the form of procurement manuals.

Sectoral procurement procedures have been developed within the general framework keeping in mind the specific requirements of the sector. The recently adopted Defence Procurement Manual(DPM) 2005 and Defence Procurement Procedures, 2005 provide a comprehensive guideline including an offsets policy, an integrity pact and timetable for procurement. The aim is to increase transparency, to provide clear guidelines and remove ambiguities and to speed up the process of procurement.(See <http://mod.nic.in/dpm/body2.htm>).

Each organisation had developed its own model tenders and may also tailor contracts according to needs. All tenders are generally displayed on the net and respective websites.

Integrity pacts have been introduced in major contracts and value for money is the main objective of procurement.

The Indian Government Tenders Information System is the Central Information forum for Government and Public Sector procurement. The website has tenders and notifications issued by the Central and the State Governments and other public bodies across India for goods, services and works. This includes an archive of tenders, latest tenders and open tenders, tenders by product and service, tenders by agency- the central government Ministries and Departments, States/Uts, Public Sector Units, Public sector banks, and other organisations, tenders by location and tenders by classification. The site can be visited at <http://tenders.gov.in>. Publication of tenders for Government organisations is currently free of charge. States like Andhra Pradesh have developed platforms like [www.eProcurement.gov.in](http://www.eProcurement.gov.in) with access to eProcurement, eTendering, eSelling and eAuctions.

Advertised tenders are the norm for all procurements and outsourcing of services over a certain monetary limit. Advertisement is carried out in the Indian Trade Journal, national dailies and on the website of the organisation. Minimum time norms for submission of bids, two bid systems for technical and high value purchases, measures for ensuring transparency, competition and elimination of arbitrariness are prescribed as are contents of the bidding documents, bid security, performance security, norms for advance payment and part payment and time frame for each stage of procurement. Negotiation with bidders after bid opening is severely discouraged except in exceptional circumstances of ad-hoc purchase.

(See [http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/MPPProc4ProGod.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/MPPProc4ProGod.pdf) paras 2.5 and 2.6 and <http://www.icf.indianrail.gov.in/matlspolicies/procurementpolicy.html>).

3. Is procurement of goods governed by the same procedures as procurement of services?

It can be broadly said that the procedure for procurement of services is broadly similar to the procedure governing procurement of goods. The recently amended GFR has provided for distinct procedure for procurement of services, which take into account the nature of services to be procured.

4. Does the procurement law establish a Public Procurement Office (PPO)? Is the PPO appropriately staffed against its mandate? In this context, please state the total number of staff involved in public procurement country-wide. Are the procurement entities/PPO provided with adequate financial resources for the execution of their tasks?

As public procurement in India is decentralized, all States/PSUs have their own procurement organizations. There is no Central Procurement Authority though Central Purchase Organisations like the Directorate General Supplies and Disposal (DGS&D) (website [www.DGS&D.gov.in](http://www.DGS&D.gov.in)) and state level central state purchase organisations are active for rate contracts with registered suppliers for goods and items of standard purchase in the Government under the provisions of the Government Financial Rules and State Financial Rules. The Rate Contract Scheme is like the Framework Agreement used widely in countries like the UK, USA and Europe. Earlier the DGS&D had a major role in government procurement, but as part of liberalization, this has been largely decentralized. No centralized data on Central Public Procurement Offices at the Union and State levels is maintained.

5. Please name the sectors, areas or conditions subject to particular procurement rules (if applicable, e.g. military; local governments; state owned enterprises; urgency).

GFRs govern procurement of all government agencies of Central Government. Each State Government have similar rules for their procurement. Public Sector Enterprises have their own procurement manuals.

#### *Procurement policies and practices:*

6. Do model tender documents exist (e.g. handbooks, model forms, model contracts, etc)? If yes, is their use mandatory, and do they contain a specific anti-corruption clause?

Most organizations have prepared model tender documents. Since the procurement has been decentralized, each Ministry or its Department/CPSU's have devised/are devising their own handbooks, model form and model contracts. Recently, there has been a proposal to introduce 'Integrity Pact' in major contracts. A beginning has been made with the Defence Sector. A Defence Procurement Manual has been brought out, which governs all procurement in the Defence sector. (<http://mod.nic.in>) Similarly all CPSU's have also published their procurement manuals on their websites e.g. – <http://www.bsnl.co.in>.

7. Please provide the latest available economy-wide annual total numbers and values of purchases, with breakdown a) by sector and b) by type of procurement. In this context, please describe the procurement types foreseen by law (e.g. sealed tender, direct purchase; limited tendering) and the policy of your Government towards these types.

Details relating to various types of purchases made by DGS&D during the last few years may be seen on DGS&D website [www.dgsnd.gov.in](http://www.dgsnd.gov.in). Further, each ministry/department/CPSU have details of their own purchases made but no information is maintained centrally.

The GFR provides for purchase of goods without quotation (upto INR 15,000) and purchase of goods by local purchase committee (up to INR 100,000).and purchase of goods directly under rate contract through the Central Purchase organisation. The normal procedure is through advertised tender enquiry for all procurement over INR 25 lakhs. Limited Tender Enquiry is allowed for procurement up to Rs 25 lakhs and beyond that only in cases of urgency where reasons why the procurement could not be anticipated have to be recorded by the Ministry/ Department, in cases where it is not in public interest to procure goods through advertised tender enquiry for sufficient reasons to be recorded in writing and where possibility of fresh sources beyond those being tapped is remote (Rule 151GFR).

8. Please explain under which conditions pre-selection procedures are conducted.

Pre-qualification procedures are adopted in most of the major contracts where technical capabilities, financial capabilities and previous experience are crucial in executing the project/contract.

9. If your country is currently engaged in or planning a major reform of its procurement system, please briefly state the scope and objectives of this reform.

This continuous process and based on experience, efforts are made to make the process more transparent and accountable. CVC has laid down guidelines for procurement and organizations are adopting it in their Manuals. The process of bringing major reforms in procurement has already been taken by amending the GFR.

## **B. Transparency and Fairness**

### *Transparency of general procurement policies and regulations:*

10. Are the existing laws, regulations and policy guidelines on public procurement publicly available and, if yes, where/how?

The existing regulations and policy guidelines on public procurement are publicly available. Apart from the printed literature, many public organizations have put their own procurement policy on the internet. ([www.nic.in](http://www.nic.in)).

11. In your country, do certain territorial entities or institutions establish lists of eligible contractors (sometimes called “white-lists”)? If yes, please explain the criteria for a company to be included in or excluded from this list, and what use is made of such lists.

Various organizations have prepared lists of eligible contractors based on their previous experience, technical and financial capabilities.

12. Is a bid security and/or a performance guarantee required from the bidder? What are the procedures for advertisement of procurement opportunities?

In most of the cases, bid security/performance guarantee is required. All procurements above a particular amount are publicly advertised in News Papers and internet site unless it is known that the number of suppliers is limited or requirement is of a proprietary item.

*Transparency of procurement opportunities:*

13. Describe where and how tender opportunities are published, including if their publication is mandatory or depends on certain criteria (if so, please list)? Please state if a fee has to be paid to receive tendering documents and – if yes – how this fee is fixed and whether other processing fees apply. Please briefly explain whether your country allows adequate and reasonable time for interested suppliers to prepare and submit responsive bids.

Tenders are published in all important Newspapers as well as on the web sites of the concerned organizations. A common Government tenders portal has been created and its usage is expanding.

In most of the cases fee is required to be paid for receiving tender documents. The fee is fixed by the procuring authority for processing the tenders.

Adequate time (not less than 45 days) is given for responding to the tenders.

14. Are selection and award criteria prescribed by law? If yes, are they prescribed in an exclusive manner? Please name these criteria a) for procurement of goods, and b) for procurement of services (e.g. technical requirements, qualification of the bidder, evaluated price, expertise/experience, etc.) and those that are explicitly excluded (e.g. nationality of the bidder or other affinity, etc.). Is the description of these criteria in the tender documentation mandatory?

Selection and award criteria for procurement of goods and services are generally governed by the financial rules, which are sub-ordinate legislations, prescribing in detail the criteria for selection. Technical requirements, qualification of bidders, expertise/experience are specifically mentioned in bid documents, which can be obtained from the concerned government office. The tender itself states whether it's a local, national or international tender depending upon the procurement item. No bar is imposed otherwise.

*Transparency of contract evaluation and award procedures:*

15. What is the procedure if none of the bids or too few – relative to a prescribed limit – fulfill the technical requirements as defined in the call for tender (e.g. reopening of the bid, negotiations, etc.)? Do you keep a register of all bids received?

All bids received are recorded. In case of too few bids, normally re-tendering is ordered. But there is no bar in deciding if again only a few bidders bid for it. A two bid system of technical bid and price bid is adopted. The price bids are opened only after the technical requirements have been fulfilled, by the eligible bidders.

16. Where and how are actions and decisions in the procurement process recorded? How long and where are these records preserved, and who can access this information?

A complete record of the process is maintained. The period of retention of these records vary from organization to organization. With the passage of Right to Information Act, anybody can access the information in these records.

17. How and to whom is the final decision on awarding the tender disclosed? Do reasons for the selection of the winning bidder have to be stated? Are post-awarding negotiations allowed and, if yes, under what conditions?

The final decision of awarding the tender is disclosed to the party to whom the tender is to be awarded. Under the present system the reasons for selection of winning bidder are not being publicly stated, though reasons are recorded and audited by the office of Comptroller and Accountant General of India, who is an independent authority set up by the Constitution of India.

18. Are framework contracts allowed? If yes, what measures are taken to control against corrupt or unnecessary demands?

Rate Contract Scheme is more or less on the pattern of Framework Agreement, being used widely in developed countries like U.K., U.S.A., and in most of the European countries. All activities connected with conclusion of rate contracts are governed by the instructions and procedures laid down in this regard.

## C. Integrity

### *Integrity of procurement personnel:*

19. Do codes of ethics or similar instruments exist that explicitly apply to procurement personnel and entities? If yes, do they specifically address corruption risks, and do they contain conflict of interest provisions (e.g. provisions making mandatory the declaration of personal interests by agents and buyers)?

Conduct of all Government servants is regulated by Statutory rules approved by the Parliament. As per these rules no officer can deal with the firms belonging to their close relations, and if anything to the contrary is found, strict action is taken against the concerned officials.

20. Does your country provide for specific training for procurement personnel that include integrity issues? Please list manuals or policy guidelines that might exist to clarify procurement procedures and principles to procurement personnel (if existing please attach a copy or internet-address for download).

Yes, training is imparted to procurement personnel.

Policy guidelines on procurement based on the GFR are contained in the Manual on Policies and Procedures for Purchase of Goods (see [http://finmin.nic.in/the\\_ministry/dept\\_expenditure/GFRS/Mpproc4ProGod.pdf](http://finmin.nic.in/the_ministry/dept_expenditure/GFRS/Mpproc4ProGod.pdf) and <http://cvc.nic.in>).

21. Is procurement personnel required – and if yes by what regulation and to what institution – to report attempts by suppliers to undermine the impartiality and independence of action by offering bribes, benefits or other forms of inducement?

The Conduct Rules prohibit all government employees from accepting all forms of inducement including gifts, bribe etc. All gifts received have to be reported as per the Conduct Rules to superior authority. These govern all Government personnel.

The Central Vigilance Committee is the designated agency to receive written complaints or disclosure on any allegation of corruption or of misuse of office by any employee of the Central Government. The identity of the complainant will not be revealed unless the complainant himself has made the details of the complaint public. Protection is provided to 'whistle blowers'.



22. Which penal and/or administrative sanctions are applicable to procurement personnel for accepting or soliciting bribes? Are public officials liable for the economic damage that the procuring entity suffers? What is the policy that applies to procurement personnel for accepting or soliciting small facilitation payments such as gifts, benefits, hospitality (e.g. outright forbidden, accepted under certain circumstances, etc.; please explain).

The Prevention of Corruption Act, 1988 provides for penal provisions for any form of corruption. Administrative sanctions are provided in Conduct Rules which out rightly forbid acceptance of gifts, benefits & hospitality from the firms dealing with the organizations. All gifts, benefits and hospitality is forbidden from organisation with whom officers are having official relationship. All gifts of above a specified monetary limit from all sources are to be reported.

*Integrity of bidders and suppliers:*

23. Which penal sanctions are applied to a bidding company as a legal person and to its employees if it is found guilty of corruption related to the bidding procedure? Is the company liable for the economic damage that the procuring entity suffers?

Bidding Companies as legal person can be charged under the Prevention of Corruption Act and if found guilty of corruption it may face penal action prescribed under the laws. Any economic damage caused by them is covered under Contract Law and depends on the specific agreement.

24. Do your country's laws and regulations permit authorities to suspend, temporarily or permanently, from competition for public contracts and/or from other commercial activities an enterprise determined to have bribed a public official? If yes, is such disqualification mandatory or optional and which body decides on the disqualification and its exact terms? Which means are employed to implement the disqualification (e.g. publicly available list, declaration in the bidding process...)?

The procuring authority can disqualify a bidder. There is a laid down procedures for blacklisting a firm. Provisions for suspension, de-registration and banning of contractors also exist.

25. Do bidders have to explicitly declare their abstention from any means that could improperly influence the procurement process or decision and, if yes, do such declarations also cover such unlawful practices by subcontractors or other third parties?

Contractors are required to desist from unethical practices which improperly influence the procurement process or decision. Many contracts specifically forbid presence of intermediaries. Efforts are also being made to introduce 'Integrity Pact' in major contracts.

26. Do bidders have to disclose commissions, gratuities, or fees that have been or have to be legally paid to individuals or sub-contractors for their services provided for instance in the preparation of a bid or the execution of the contract?

Yes. Authorised agents are requested to disclose information pertaining to commission etc. received from their principals.

## D. Accountability

### *Separation of responsibilities and independent scrutiny:*

27. Which means are employed to avoid insulation of procurement staff and to ensure mutual control? (e.g. rotation of officers, decisions taken/validated by more than one actor, etc.)?

Rotation of officers is an established administrative practice particularly for the posts having such sensitive responsibilities.

28. Are there regular and systematic internal and external audits of procuring entities/PPOs? If yes, are they mandatory; which bodies are in charge of this audit; are the audit reports publicly available? Are independent actors/NGOs invited to monitor the procurement procedures and what is the setting prescribed by law?

Yes, there are regular and systematic internal and external audits of procuring entities/PPOs. These audits are mandatory and is done externally by the Office of the Comptroller & Auditor General of India. The system of internal and external audit is well established. These Audit reports are publicly available.

While the complaints are handled administratively, the Courts can also intervene in procurement matters whenever principles of equity are in question.

### *Review and complaint mechanisms:*

29. Do your laws and regulations provide for review and complaints procedures? If yes, are they at administrative and/or judicial levels; what is the time limit for complaint/appeal, if any? How many complaint cases related to procurement are handled per year?

Complaints are examined in each Ministry/Department of the Government of India from vigilance point of view for preventive as well as punitive action.

Since the process of procurement is de-centralised, as such data regarding number of complaints is not centrally maintained.

30. Who is entitled to initiate a complaint procedure (e.g. competing bidders, any citizen, etc.) and how are potential informants protected against retaliation (e.g. confidentiality, anonymity)? Are the decisions of the body handling complaints binding? What are the consequences if a complaint is proven valid (e.g. reopening of the bidding, liquidation of damages, etc.)?

Any person, and not only the affected party, can file a complaint. Complaint can also be initiated by competing bidder. Even public interest litigation by a person not directly a party is feasible in the High Courts/the Apex Courts. The Central Vigilance Commission is the designated agency for 'whistle blowers' whose confidentiality is maintained.

The decision of the competent authority is binding. However, provisions for Appeal are open.

Besides action on delinquent officials, action is also taken to pre-empt the loss to Government, recurrence of such incidents. Action against the contractor is taken as provision laid down in this regard for removal of firms from the list of approved contractors and banning & suspension of business dealings with the contractors keeping in view the nature and seriousness of the act of commission and omission on the part of the contractor.