



सतर्कता जागरूकता सप्ताह
VIGILANCE AWARENESS WEEK
(31.10.2016 - 5.11.2016)

*Theme: "Public participation in promoting
Integrity and eradicating Corruption".*



इरकॉन इन्टरनेशनल लिमिटेड
IRCON INTERNATIONAL LTD.

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VISION

To be recognised nationally and internationally as a specialised construction organisation comparable with the best in the field covering the entire spectrum of construction activities and services in the infrastructure sector.

MISSION

- i) To effectively position the Company so as to meet the construction needs of infrastructure development as per the changing economic scenario in India and abroad.
- ii) To earn global recognition by providing high quality products and services in time and in conformity with the best engineering practices as well as good corporate governance and customer satisfaction.

FOREWORD

Vigilance Awareness Week is observed every year as a mark of respect to ***Lohpurush Sardar Vallabh Bhai Patel***. IRCON Vigilance Department is bringing out a Vigilance E-Newsletter on the occasion of “Vigilance Awareness Week, 2016” with the theme ***“Public participation in Promoting Integrity and eradicating Corruption.”***

Anti-corruption efforts cannot be successful without the active participation of all stakeholders, especially the public at large. Fight against corruption cannot be won without citizen’s support, participation and active vigilance by all concerned. In order to create more awareness among the public, this year Central Vigilance Commission has directed Govt. & Public Enterprises to conduct outreach activities for public/citizen. By reaching out to the school and college students through conducting various activities such as lectures, debates, quiz, essay writing, slogan and poster competition on moral values, ethics, good governance practices etc, it will be a big step towards inculcating greater awareness on corruption and anti-corruption measures among young/ future generations.

प्रतिज्ञा

हम, भारत के लोक सेवक, सत्यनिष्ठा से प्रतिज्ञा करते हैं कि हम अपने कार्यकलापों के प्रत्येक क्षेत्र में ईमानदारी और पारदर्शिता बनाए रखने के लिए निरंतर प्रयत्नशील रहेंगे। हम यह प्रतिज्ञा भी करते हैं कि हम जीवन के प्रत्येक क्षेत्र से भ्रष्टाचार उन्मूलन करने के लिए निर्बाध रूप से कार्य करेंगे। हम अपने संगठन के विकास और प्रतिष्ठा के प्रति सचेत रहते हुए कार्य करेंगे। हम अपने सामूहिक प्रयासों द्वारा अपने संगठनों को गौरवशाली बनाएंगे तथा अपने देशवासियों को सिद्धांतों पर आधारित सेवा प्रदान करेंगे। हम अपने कर्तव्य का पालन पूर्ण ईमानदारी से करेंगे और भय अथवा पक्षपात के बिना कार्य करेंगे।

PLÉDGE

WE, THE PUBLIC SERVANTS OF INDIA, DO HEREBY SOLEMNLY PLEDGE THAT WE SHALL CONTINUOUSLY STRIVE TO BRING ABOUT INTEGRITY AND TRANSPARENCY IN ALL SPHERES OF OUR ACTIVITIES. WE ALSO PLEDGE THAT WE SHALL WORK UNSTINTINGLY FOR ERADICATION OF CORRUPTION IN ALL SPHERES OF LIFE. WE SHALL REMAIN VIGILANT AND WORK TOWARDS THE GROWTH AND REPUTATION OF OUR ORGANISATION. THROUGH OUR COLLECTIVE EFFORTS, WE SHALL BRING PRIDE TO OUR ORGANISATIONS AND PROVIDE VALUE BASED SERVICE TO OUR COUNTRYMEN. WE SHALL DO OUR DUTY CONSCIENTIOUSLY AND ACT WITHOUT FEAR OR FAVOUR.



Integrity Pledge for Citizens

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

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

I, therefore, pledge:

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



Integrity Pledge for Organisations

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

We acknowledge our responsibility to lead by example and the need to put in place safeguards, integrity frameworks and code of ethics to ensure that we are not part of any corrupt practice and we tackle instances of corruption with utmost strictness.

We realize that as an Organisation, we need to lead from the front in eradicating corruption and in maintaining highest standards of integrity, transparency and good governance in all aspects of our operations.

We, therefore, pledge that:

- We shall promote ethical business practices and foster a culture of honesty and integrity;
- We shall not offer or accept bribes;
- We commit to good corporate governance based on transparency, accountability and fairness;
- We shall adhere to relevant laws, rules and compliance mechanisms in the conduct of business;
- We shall adopt a code of ethics for all our employees;
- We shall sensitise our employees of laws, regulations, etc. relevant to their work for honest discharge of their duties;
- We shall provide grievance redressal and Whistle Blower mechanism for reporting grievances and fraudulent activities;
- We shall protect the rights and interests of stakeholders and the society at large.



सत्यमेव जयते

राष्ट्रपति
भारत गणतंत्र
PRESIDENT
REPUBLIC OF INDIA



MESSAGE

I am happy to know that Vigilance Awareness Week is being observed by the Central Vigilance Commission from 31st October to 5th November, 2016 on the theme "Public participation in promoting integrity and eradicating corruption".

Anti-corruption efforts cannot be successful without the active participation of all stakeholders, especially the public at large. It is, therefore imperative that public be made aware of the need for their involvement in such efforts. The observance of such events helps in generating greater awareness among the citizens about the cancer of corruption and the need to make greater efforts to combat it. Public participation in eradicating corruption would go a long way in ensuring integrity, transparency and accountability in public life.

I call upon all citizens to join and actively participate in the movement against corruption. I wish the activities being organized in connection with the Vigilance Awareness Week all success.

(Pranab Mukherjee)

New Delhi
October 14, 2016



सत्यमेव जयते

प्रधान मंत्री

Prime Minister

MESSAGE

I am happy to learn that Vigilance Awareness Week is being observed this year from the 31st October to 5th November.

I am also pleased to note that the Central Vigilance Commission has chosen "Public participation in promoting integrity and eradicating corruption," as this year's theme. I am sure, the observance of Vigilance Awareness Week on this theme shall help highlight the importance of public alertness and awareness in curbing administrative malpractices, and providing good governance.

On this occasion, I convey my best wishes for the success of Vigilance Awareness Week.

(Narendra Modi)

New Delhi
10 October, 2016

सुरेश प्रभु
SURESH PRABHU



रेल मंत्री
भारत सरकार, नई दिल्ली
MINISTER OF RAILWAYS
GOVERNMENT OF INDIA
NEW DELHI

संदेश

मुझे यह जानकर अत्यंत प्रसन्नता है कि केन्द्रीय सतर्कता आयोग ने इस वर्ष भारत की राष्ट्रीय एकता के प्रतीक सरदार वल्लभ भाई पटेल के जन्मदिन 31 अक्टूबर से प्रारंभ होने वाले सतर्कता सप्ताह के लिए "सत्यनिष्ठा संवर्धन और भ्रष्टाचार उन्मूलन में जन सहभागिता" जैसे सामयिक विषय को चुना है।

देश इस समय सामाजिक, आर्थिक एवं सांस्कृतिक क्षेत्रों में प्रगति के नए आयाम स्थापित कर रहा है और इस सफलता का मूल आधार जन सामान्य की सक्रिय भागीदारी रही है जिसने इस दिशा में सरकार द्वारा लागू की गई अनेक महत्वाकांक्षी एवं दूरगामी परिणाम देने वाली योजनाओं को सफल बनाया है। भारतीय रेल ने भी देश के चतुर्मुखी विकास में विशिष्ट योगदान देते हुए यह सुनिश्चित किया है कि नीतियों के क्रियान्वयन में उपयोगकर्ताओं को सीधे तौर पर जोड़ा जाए। इसके सकारात्मक परिणाम मिले हैं।

शासन-प्रशासन के बदलते परिदृश्य में मुझे पूरा विश्वास है कि सतर्कता सप्ताह के दौरान आयोजित होने वाले सभी कार्यक्रम सफल होने के साथ-साथ भ्रष्टाचार उन्मूलन में सहायक सिद्ध होंगे और लोकजीवन में जागरुकता बढ़ाने तथा लोक प्रशासन में पारदर्शिता लाने के नए मानक स्थापित करेंगे। मैं केन्द्रीय सतर्कता आयोग को इस उत्कृष्ट पहल के लिए बधाई देता हूँ।

८, ८, २५, २५
(सुरेश प्रभाकर प्रभु)

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सत्यमेव जयते

केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
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सं./No.....016/VGL/030.....

दिनांक / Dated.....10th October, 2016

MESSAGE

Vigilance Awareness Week 31st October to 5th November, 2016

Central Vigilance Commission, as part of its efforts for probity in public life and to achieve a corruption free society, observes Vigilance Awareness Week every year. The observance of Vigilance Awareness Week renews our commitment to achieve the goals of promoting integrity, transparency and accountability in public life. The Commission, therefore, lays greater emphasis on generation of awareness among the public as a more effective and sustainable means of fighting corruption.

"**Public participation in promoting Integrity and eradicating Corruption**" has been chosen as the theme for Vigilance Awareness Week this year by the Commission. We need to have zero tolerance to corruption for taking the economic growth to needy sections of the society. Although various anti-corruption agencies strive to address the problem of corruption, their efforts cannot be accomplished without the active participation of all the stakeholders. It is, therefore, imperative that an aware, active and empowered public is involved in any anti-corruption campaign.

The Commission believes that creation of greater awareness among public and their participation in anti-corruption efforts would strengthen the resolve to eliminate corruption from society. The Commission appeals to all stakeholders for wide participation and all around generation of awareness among all sections of society.


(Dr. I.M. Bhasin)
Vigilance Commissioner


(Rajiv)
Vigilance Commissioner


(K.V. Chowdary)
Central Vigilance Commissioner



**Chairman & Managing Director
Ircon International Limited**



MESSAGE

I am glad to know that the Vigilance Department is bringing out e-News Letter on the occasion of Vigilance Awareness Week, 2016. This year the theme of Vigilance Awareness Week is "Public Participation in Promoting Integrity and eradicating Corruption".

Vigilance plays a positive and proactive role in good governance by suggesting the management about neglect of procedures, identifying system weaknesses and suggesting system improvements. Ensuring good governance is so noble a deed that it can't be left alone to the vigilance fraternity. Public participation shall go a longway in enhancing integrity & removing Corruption from Society.

I am sure that the outreach programmes organized at schools and colleges as per instructions of Central Vigilance Commission would be useful for students in particular and entire society in general, as well as for all our employees/staff in improving awareness in their day to day work.

A handwritten signature in blue ink, appearing to read "S. K. Chaudhary".

(S. K. Chaudhary)

Date: 10.11.2016

New Delhi

From the CVO's Desk



Satish Tandon
Chief Vigilance Officer

Vigilance department in IRCON International Ltd. is pleased to bring out this Vigilance e-News Letter covering activities conducted through the Vigilance Awareness Week 2016.

This year Central Vigilance Commission decided to observe Vigilance Awareness Week from 31st Oct to 5th Nov 2016 on the chosen theme of "Public Participation in promoting Integrity and eradicating Corruption". At the end of the week on 7th Nov 2016, CVC also organized a National Seminar in Vigyan Bhawan with two sessions of Panel discussions involving eminent personalities from various fields. The Valedictory Session was graced by Hon'ble Prime Minister of India Shri Narendra Modi. CMD, CVO and Board Directors from IRCON were invited to participate.

Observance of Vigilance Awareness Week is an opportunity for all of us to renew our commitment to fight against corruption. Theme chosen by CVC this year focusses not only on the demand side (bribe taker) but also the supply side (bribe giver) of the corruption. Various outreach activities and concept of Integrity e-pledge aims at sensitizing the public at large about the menace of corruption and seeking active participation of all stake holders among public to ensure integrity and remain vigilant to eradicate corruption from society. Public participation is a must to make India Corruption free.

We at IRCON started the VAW 2016 with our CMD Shri SK Chaudhary administering the Oath and Integrity pledge to all the officers/ employees at Corporate Office. At various project offices spread out in India and abroad, project Heads did administer the oath to the IRCON officials. Whole week of Vigilance Awareness has been observed with great enthusiasm and zeal all across IRCON by conducting various outreach activities like essay and poster competitions in schools and colleges, slogan display, debates, discussions, interaction and e-pledge etc. IRCON official also registered their commitment through Integrity e-pledge on CVC website in large numbers.

At Corporate Office an Interaction Session and Poster competition was also organized to foster the theme concept among the employees.

We are thankful to all the participants for their effort and contribution in making the observance of VAW 2016 a success.

Observance of Vigilance Awareness Week 2016



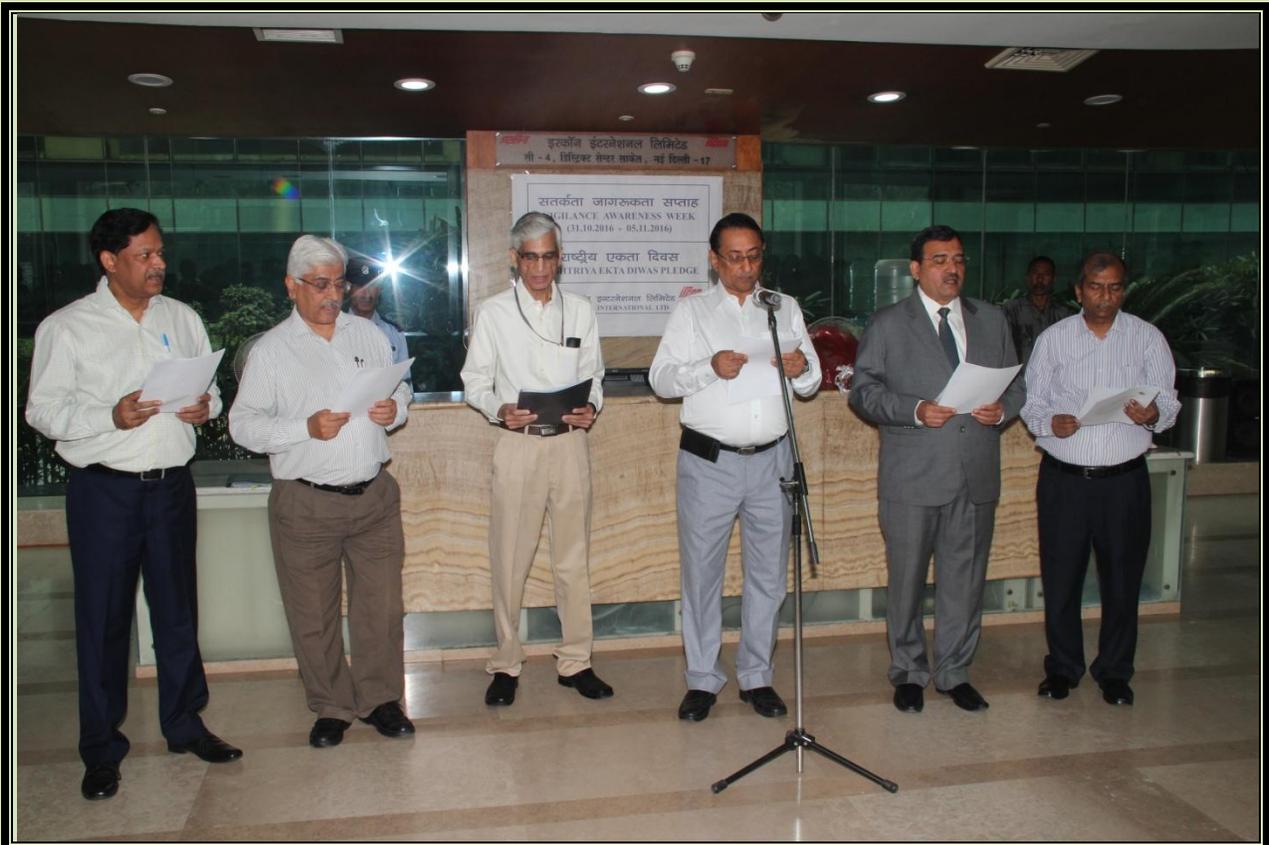
Sh. S.K.Chaudhary, CMD/IRCON administering pledge to Officers & Staff at Corporate Office, New Delhi



IRCON's Officers & staff at Corporate Office, New Delhi taking pledge.



Sh. Satish Tandon, CVO/IRCON administering pledge to Officers & Staff at Corporate Office, New Delhi



Sh. Deepak Sabhlok, Director (Projects) administering pledge in hindi to Officers & Staff at Corporate Office, New Delhi



Sh. Hitesh Khanna, Director (Works)/IRCON administering Citizens Integrity Pledge to Officers & Staff at Corporate Office, New Delhi



Sh. M.K. Singh, Director (Finance)/IRCON administering Integrity Pledge to Officers & Staff at Corporate Office, New Delhi

Poster Competition held at IRCON's C.O., New Delhi on the occasion VAW-2016



Posters _ 1



Posters _ 2



Posters _ 3

On the occasion of VAW-2016, “Interaction Session” held at C.O., New Delhi with Ms. R. Rajalakshmi, CVO/RVNL as guest.



Sh. Satish Tandon, CVO/IRCON giving presentation during interaction session.

Outreach Activities organized by IRCON at Hazipur as per CVC Circular on the occasion of Vigilance Awareness Week 2016



Aditya Talent School, Hazipur_1



B.D. Public School, Hazipur_2



Gurukul Vidyapeeth, Hazipur_3



Indian Public School, Hazipur_4



R.N. College, Hazipur_5

Outreach activity organized by IRCON at other Project Units.



Kendriya Vidyalaya, MCF, Rae Bareilly, U.P.



Essay Competition at Isabella School, Siliguri



Debate competition at Kendriya Vidyalaya, Ballygunge, Kolkata



Prerna Academy, Kolyat, Bikaner, Rajasthan



Poster & Slogan Competition held at IRCON, NRO. Palika Bhawan, R.K. Puram

Background paper on

***“Public Participation in Promoting
Integrity and Eradicating
Corruption”***

and

“Public Procurement”

**for panel discussion during National
Seminar organised by Central
Vigilance Commission on 07.11.2016
at Vigyan Bhawan on the occasion of
Vigilance Awareness Week 2016.**

Background Paper

Public Participation in Promoting Integrity and Eradicating Corruption

A discussion on “Public Participation in Promoting Integrity and Eradicating Corruption” may appropriately begin with the definition of corruption. Corruption is a broad term covering a wide range of actions relating to misuse of entrusted funds and power for private gain. While there may not be any standard definition of corruption that is universally accepted, corruption is commonly understood to be the misuse of public office for private gain. It could include theft, fraud, nepotism, abuse of power etc. As such, it involves the improper and unlawful behaviour of public-service officials, whose positions create opportunities for the diversion of money and assets from Government to themselves and their accomplices.

2. Countries like New Zealand, Denmark, Finland and Sweden are top ranking nations in the Corruption Perception Index (CPI) and are perceived to be the least corrupt of all countries as per CPI 2015 published by Transparency International. India stands at 76 out of 168 countries in 2015.

3. Corruption is a complex phenomenon. It is multi layered, existing at various levels. At the lowest or transaction level or petty corruption which manifests itself at the point of service such as government records, taxes, certificates of various kinds, grants of pensions or other benefits, procuring licenses etc. The largest number is found at this level. The second or middle level is administrative corruption, seen in appointments, transfers, postings, procurement of goods and services, allocation of resources etc. Though less in number as compared to the

transaction level corruption, in terms of value the amounts involved are larger. The highest level is the policy level where there is potential to formulate policy to suit some vested interests.

4. The roots of corruption may lie deep in existing institutions, and exist in various forms and at several levels but it is clear that corruption adversely impacts society in a multitude of ways. It remains a major stumbling block in the progress of the country posing a serious challenge to development: it undermines democracy and good governance by subverting formal processes, it reduces accountability in policymaking, it suspends the rule of law, it results in the unequal provision of services and it erodes the institutional capacity of Government as procedures are disregarded. Corruption also reinforces inequalities and the limited access to public services especially by the poor. It impacts the poor and illiterate, rendering them even more vulnerable and disadvantaged. Equally damaging is its effect on the moral fabric of society. It also diminishes the reputation of a country and makes it a low preference destination for investment and tourism.

5. The scourge of corruption has to be tackled through a multi-pronged strategy. This may include systemic improvements especially by leveraging of technology, constant vigil through law enforcement agencies, internal vigilance mechanisms, punitive action against those indulging in such activities and active participation of public, media and the civil society.

6. Anti-corruption efforts have primarily focused on the Public Sector or in the parlance of corruption economics, the "demand side" of corruption. The private sector or the "supply side", which pays the bribes, has been largely ignored. The

supply side theories often put the onus of fighting corruption on the private sector because firms pay bribes primarily for overcoming their shortcomings in terms of poor quality of their product or service, high price of their product or to create a market for their goods which otherwise are not in demand or to create a monopoly. This distorts objectivity, transparency and fair play in the free market hence business entities need to maintain integrity in order to maintain the efficiency and sanctity of the market. Therefore it makes good business sense for private entities to stand up against corruption and adopt instruments like Code of Conduct and Integrity Pact. International efforts also focus on tackling the "supply side" and most of the countries have either their own Foreign Corrupt Practices Act or are signatories to Anti-Bribery Conventions.

7. However organizations in the public and private sector also have the responsibility to lead from the front in promoting ethical business practices and foster a culture of honesty and integrity. This would ensure good corporate governance based on transparency, objectivity and fairness, leading to more efficiency. Corporate leaders are also in the public eye and therefore need to be committed to maintaining the highest standards of integrity, setting the 'tone' for their employees, shareholders and other stakeholders.

8. It is interesting to note that way back in 1962 the Santhanam Committee had been asked to recommend measures "that would conduce to the creation of a social climate both among public servants and in the general public in which bribery and corruption may not flourish". The Committee had observed that "in the long run, the fight against corruption will succeed only to the extent to which a favourable social climate is created. When such a climate is created and

corruption becomes abhorrent to the minds of the public and the public servants, and social controls become effective, other administrative, disciplinary and punitive measures may become unimportant and may be relaxed and reduced to a minimum.”

9. Why is public participation important? We all know that a broad-based participative approach is the key to sustainable development. Only programmes that become locally owned and valued finally flourish. Public participation in ending corruption is essential so that both supply and demand side of the problem can be addressed. Public participation helps in several ways in contributing to the fight against corruption. Some of these are:

- Saying no to a demand for bribe
- Desisting from offering bribe for anything
- Highlighting incidents of corrupt practices in organizations
- Pointing out flaws in policy, rules and regulations and
- Suggesting improvements in processes
- Keeping government employees alert and responsive to their duties
- Helping organizations in orienting their priorities correctly.

10. An active, involved and empowered public is necessary for any anti corruption campaign. Combating corruption is not just a matter of making laws and creating institutions but is deeply rooted in human values and morals of individuals. Therefore there is a need to engage with children and young adults in schools and colleges, acquainting them with the issues surrounding corruption and empowering them by inculcating in them the right values and ethical codes and mores, reinforcing the belief system that shuns unethical behavior.

11. That public participation is one of the most important tools in the fight against corruption is acknowledged by agencies worldwide including the United Nations. In this regard the United Nations Convention Against Corruption mandates participating States to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption. States are encouraged to enhance transparency and promote the contribution of the public to decision-making processes; ensure that the public has effective access to information; undertake public information activities that contribute to non-tolerance of corruption, as well as public education programmes, including school and university curricula etc. Public is also required to be made aware of and have access to anti corruption bodies for reporting.

12. It goes without saying that the public at large is the biggest stakeholder in any government action or decision and therefore the most important element in the fight against corruption. Looking at the beneficial effects of engaging people in this crusade, it is imperative that this engagement is enhanced and intensified in every possible manner. Some of the ways in which public participation is facilitated are:

- Providing help lines for getting information on cases of corruption.
- Receiving information through letters and email regarding the same.
- Receiving public grievances through Centralized Portals such as CPGRAMS.

- Providing information as mandated under RTI Act 2005
- Periodic meetings with general public and civil society.
- Making available important information about organizations on website and soliciting grievances if any through this.
- Receiving information, comments and feedback on social media platforms such as facebook, whatsapp, twitter and others.
- Being open and receptive to posts in other websites, blogs, newspapers, TV channels and any other source on the internet or any electronic media.

13. Another important measure for enabling public participation is through whistle blower protection mechanism. As of now this is being implemented in the Central Vigilance Commission (CVC) and various central government departments through a government resolution dated 21.04.2004 called "Public Interest Disclosure and Protection of Informants" i.e. PIDPI Resolution. Complainants sending their complaints to CVC or any organization under PIDPI resolution are protected from any victimization. This is a powerful mechanism for handling complaints and ensuring public participation in exposing corruption. In order to protect the rights of a whistle blower and provide a statutory status to the provision, Whistle Blower Protection Act was passed in 2014. However the same is pending for some amendments.

14. An important mechanism for exposing and curbing corruption is by use of Public interest Litigation (PIL) before High Courts or the Supreme Court. This has been the last-resort many a time for ensuring that cases of high level corruption

are duly exposed and taken to their logical end. Here again it is a member of the public or of civil society whose participation ensured this. Similarly, social media has ensured that the voice of the common man reaches the highest echelons of governance instantly and is also acted upon. Another mechanism for ensuring participation is through an effective citizen charter for performance of duties and social auditing of public works. Effective implementation of these mechanisms can do wonders for public service delivery and curbing corruption.

15. The process of social audit is another important platform for public participation, allowing people to enforce transparency and accountability by being involved in governmental activities that are intended to benefit them. It is an empowering tool enabling the public to be more aware of their rights and ensuring a better standard of governance and reducing corruption.

16. All the aforesaid examples mainly emphasize public participation in eradicating corruption. Role of public in promoting integrity is equally significant. Naming and shaming corrupt public servants in electronic and social media acts as an effective deterrent against deviant behavior. RTI Act 2005 has helped reduce arbitrariness in decision making. Transparency by way of access to documents has helped in promoting integrity.

17. We have been witnessing a silent social revolution with ever increasing public participation through various modes mentioned above. Fighting corruption is a shared goal of all stakeholders be it the government, the people, media, private companies and other nongovernmental actors. Citizens play a crucial role in fostering public discussion on issues relating to corruption and its

consequences, in highlighting and detecting corruption by scrutinizing government action. It is expected that increasing digitization and spread and use of social media platforms will give further traction to public participation in promoting integrity and eradicating corruption.

PUBLIC PROCUREMENT

Background paper

Synopsis: *Public procurement is of utmost importance for a democratically set up government and other public entities, for day to day governance, social welfare, economic development and growth. Public procurement needs to be transparent, fair, efficient and economic and in keeping with the General Finance Rules, 2005, wherever applicable, guidelines of the Central Vigilance Commission and the Purchase Manual of the respective procurement entity.*

The very purpose of the discussion paper on public procurement is to deliberate upon the issues like need for emphasis on commitment to procurement process integrity and professional approach to procurement management, inadequate use of technology, anti-competitive activities, inappropriate allocation of risks and rewards amongst different stakeholders and need to make public procurement more accountable, responsive to the requirements of the beneficiaries and conducive to the best value for the money spent.

Public Procurement: Public procurement is an overarching activity of a government / public entity. It has been an important tool, for the Central and State Governments and their instrumentalities, for procuring goods, services and works, to meet their day to day needs of efficient governance, social welfare, economic development and growth. Total annual expenditure on public procurement in India has been estimated to be approximately 20% to 30% of the GDP of the country¹.

This huge expenditure not only reflects on the size of demands for materials, services and works – related to creation of infrastructure and other utility assets and their operations and maintenance, in public sector, but always has been a catalyst of growth and progress, both in social and economic sectors; it has played a very important role in deciding direction of economic development and shaping growth of trade and manufacturing activities. industries, banking

¹ WTO & OECD estimates

sector, investment, employment generation and technological advancement, etc.

Definition and Relevant Constitutional / Statutory Provisions / Rules & Regulations: Public procurement means acquisition by way of purchase / lease / license / or otherwise of goods / works / services / any combination thereof, including award of Public Private Partnership (PPP) projects, by a public procuring entity (Ministry or Department of Central Government / Central Public Sector Enterprise / Public Sector Bank / autonomous body / society / local body owned or controlled by the Central Government, etc.); such procurement is made mainly using public funds or any other source of funds, e.g., grants, loans, private investment; but public procurement does not include any acquisition of goods, works or services without consideration; the procurement is either made by the procuring entity directly or through an agency with which a contract for procurement services is entered into.

As far as various provisions governing public procurement are concerned, at the apex are the Articles 53 & 298 (vesting of the Executive powers of the Union in the President, which include 'acquisition, holding and disposing of property' and 'making of contract for any purpose'; and are exercised in terms of Government of India (Transaction of Business) Rules, 1961), Article 299 (Contracts) and Article 300 (Suits and Proceedings against the Union of India and State Governments) of the Constitution; law declared by the Hon'ble Supreme Court interpreting various Constitutional provisions, especially, those with regard to Fundamental Rights; statutory provisions, in general, like Indian Contract Act, 1872, Sale of Goods Act, 1930, Arbitration and Conciliation Act, 1996, Competition Act, 2002 and Information Technology Act, 2000, in addition to many other statutory provisions regarding taxation and industry / sector specific activities. These provisions are mainly supplemented by General Financial Rules, 2005 (GFR) & Delegation of Financial Powers Rules, 1978 (DFPR), Manuals on Policies & Procedures for Purchase of Goods / Procurement of Works / Employment of Consultants, brought out by Department of Expenditure, Ministry of Finance, Government of India, various Government Orders, guidelines issued by the Central Vigilance Commission (CVC) and procurement manual and related instructions of the respective procuring entity.

General Instructions and Guidelines for Public Procurement:

Rule 137 of GFR lays down fundamental principles of public buying; every authority delegated with the financial powers to procure, in public interest, shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of bidders / suppliers and promotion of competition in public procurement.

The procedure to be followed in making public procurement, in general, must conform to the following norms:-

(i) the specifications of the subject matter of the procurement, in terms of quality, type etc., as also quantity should be clearly spelt out keeping in view the specific needs of the procuring entity. The specifications so worked out should meet the basic needs without including superfluous and non-essential features which may result in unwarranted expenditure.

(ii) bids should be invited following a fair, transparent and reasonable procedure;

(iii) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;

(iv) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;

(v) at each stage of procurement, the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

A procuring entity may mainly adopt any of the following methods of tendering for procurement of goods, works or services on the basis of their approved policy / procedure, in line with GFR provisions and guidelines of the CVC, issued from time to time –

(i) **Open Tender:** Open / Advertised tendering is the most preferred competitive public procurement method; as per GFR, in case of procurement of goods, having estimated tender value Rs 25 lakh or above, invitation to tenderer should normally be through advertisement (Rule 150); in case of works tenders, open tenders will be called for works having estimated value more than Rs 5 lakh and above (Para 4.2.5.1 of Manual on Policies and Procedures for Procurement of Works, 2006 issued by Department of Expenditure, Ministry of Finance). All other organisations, not with in the ambit of

these instructions, may follow their respective Purchase Manuals for threshold values to float open tender.

Open tender is an arrangement where an advertisement, in local newspapers, at least one national newspaper, having wide circulation, and Indian Trade Journal; e-publishing of open tenders on the Central Public Procurement Portal (CPPP) and the website of the respective organisation is mandatory, subject to certain exemptions.

Limited Tender: Limited Tenders are also known as short term; closed or selective tenders where press publicity is not utilized and the pre-qualified or known / proven vendors are intimated and allowed to participate in the tender.

The notice inviting tender for short term / limited tenders can be put on the official website, as this brings transparency and reduces chances of abuse of power. Limited tenders amongst enlisted vendors, for the procurements of the items having regular and repetitive use and within a laid down tender value, are generally economical. Also, limited tendering can be adopted in case of limited sources of supply / contractors who can perform the work, emergency or to meet the specific safety or technical requirements, with the approval of the competent authority, as per the laid down Schedule of Power.

Single Tender: Single tender means sending the tender enquiry to one particular party only. Normally, procurement from a single source may be resorted to in the following circumstances:

- proprietary items;
- in case of emergencies;
- for standardization of machinery or spare parts, to be compatible to the existing sets of equipment;
- no response even after several rounds of tendering.

Single tender should be avoided, as far as possible, because it is most restrictive mode of tendering and there is no competition; the bidder may quote unreasonable rates. Single tender process is to be followed only in exceptional and unavoidable conditions with proper reasoned justification and approval from the competent authority.

Purchase preference: By way of preferential procurement, in keeping with the policies and various orders of the Government of India, procuring entities have to ensure promotion of handloom / handicraft / Khadi and village industries / Kendriya Bhandars / cooperative sector and micro, small and medium enterprises

(MSMEs), procurement of domestically manufactured electronic products and medicines and drugs prepared by the Pharmaceutical Central Public Sector Enterprises.

At present, emphasis is on green and energy efficient procurement, concern for human rights, and active participation of different stakeholders in the procurement process and use of e-technology.

Issues in Public Procurement: Public procurement process has not always been efficient and economic to the desired extent and, at times, failed to deliver results in intended manner. Some of the important issues, afflicting public procurement in the country, are as follows:-

(a) need to emphasise unflinching commitment, especially on the part of procurement entity and the contractor / agency, to the cause of transparent, fair, efficient and economic procurement process and need for synergy with the needs of target beneficiaries of the procurement process;

(b) need to maintain procurement process integrity by way diligent framing of tender terms and conditions, reasonable bid eligibility conditions and evaluation of the offers with due verification of the bidders' credentials and selection of suitable offer fetching the best value for the money spent;

(c) absence of statutory provisions, or otherwise, regarding construction / infrastructure project planning and delivery framework, at times resulting in time and cost overruns and quality issues;

(d) Inadequate use of technology: Leveraging technology is the key to successful and efficient completion of any procurement. There is a need for greater use of technology, right from the stage of project initiation - survey and feasibility studies, to planning, designing, monitoring, recording and preservation of the facts / documents through different stages, inspection and quality assurance and operation and maintenance;

(e) need to revisit the whole framework of instructions on PPP model, as means of alternative funding of the projects, with emphasis on selection of competent consultants, availability of quality technical and financial data reflecting upon realistic estimation of life-cycle cost of the assets and intended services and future cash flows, prudent

and balanced sharing of risks and rewards, between the procuring entity and the concessionaire, robust dispute resolution mechanism, a reasonable renegotiation mechanism for unpredictable and uncontrollable factors and appropriate handling of financial stress in banking system, etc.;

(f) need to build up capacity in the field of public procurement to have competent professionals, keeping abreast of all technological development, financial techniques, and innovations in project management;

(g) need to have centralised platform to share information and experience regarding selection of technologies, demand and supply capacity, sourcing, cost estimation and pricing, quality assurance and procurement monitoring, etc.;

(h) anti-competition activities leading to bid rigging - cover bidding / bid suppression / bid rotation / market allocation / other collusive activities;

(i) need to give fair treatment to all the stakeholders of the procurement process, reasonable risk and reward allocation and to build up a relationship amongst all stakeholders based on trust and faith.

Conclusion: Public procurement is an important tool of governance and delivery in a democratic setup. Transparency, fairness, efficiency and economy in public procurement are of utmost importance.

An old saying goes - old ways will not open new doors. Let us join hands to deliberate upon the issues, afflicting public procurement, and be agents of change, reform and progress.

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IRCON INTERNATIONAL LIMITED
VIGILANCE DEPARTMENT

