

# VIGEYE VANI

## Monthly Newsletter of Central Vigilance Commission

SEPTEMBER 2011



Shri Pradeep Kumar, Central Vigilance Commissioner addressed the IPS probationers of 62 RR during their Phase-II Training at the SVP Police Academy, Hyderabad on 24<sup>th</sup> August 2011. In his address, CVC, held that corruption weakened the very foundations of the administrative and legal framework and disrupted the Rule of Law. He highlighted the various initiatives undertaken by the Commission in its fight against corruption like adopting a strategy of leveraging of

technology, formulation of a National Anti-Corruption strategy, adopting the citizen-centric project called Vigeeye, recommendations of various reforms in the public procurement regime, etc.

CVC stated that the purpose of his sensitizing the probationers on corruption was because they played a pivotal role in anti corruption efforts of the country and as police officers, they would be tasked with the investigation of corruption cases and enforcement of anti-corruption laws. The ratification of the United Nations Convention Against Corruption by India in May this year would require a stronger enforcement regime. Policing in a democracy cannot be successful without participation of the people. Community policing calls for a participative, problem solving, service oriented approach for which acceptability and trust of the people were essential. To achieve this, CVC stated that integrity coupled with competence and professionalism was vital.



## *From The Editor's Desk*



We are in the sixth edition of Vigeye Vani. The response from our stakeholders and readers has been rewarding and indicates that they find the articles featured in the Newsletter useful and informative.

The Newsletter was conceived as a medium for interaction between the Commission and its stakeholders and to highlight the various activities undertaken by the Commission in its constant endeavour to improve systems from the vigilance point of view.

In this issue, we have highlighted the areas of International co-operation that India is a party to with regard to anti-corruption and transnational organised crime. The role of the CTE's unit in the Commission has also been elaborated in this edition. As a result of observations made by the CTE in its intensive examination reports, a large number of systemic improvements, besides punitive action against erring officials has taken place. The CTEO, in addition to the intensive examinations, conducts training sessions on preventive vigilance for the benefit of CVOs and executives of various government organisations.

CVOs face a challenging job in pointing out areas requiring procedural corrections, very often earning brickbats in the process. However, many CVOs rise to this challenge – the experience of one such is illustrated in this edition.

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## Role of the CTE's Unit of the Commission

Anil Singhal, CTE,CVC

The Chief Technical Examiner's (CTE) Unit of the Commission conducts inspection (intensive examination) of civil, electrical and horticulture works being carried out by the Central Government departments, public sector undertaking/enterprises of the Government of India and Central financial institutions/banks etc. This unit also conducts inspection of stores/purchase contracts and works relating to IT etc. As a result of the shortcomings noticed during the inspection conducted by CTE's Unit, recoveries are effected on account of over-payments, deficiencies in the quality of material used, or as penalty to the contractors for non fulfilment of contract provisions etc. The number of Organizations inspected and the recoveries made over the past three years are as under:

Year	No. Of Departments/ PSUs	No. of Reports Submitted	Recovery (Rs. In Crore)
2008	81	154	47.44
2009	68	129	68.61
2010	55	89	58.70

**2.** CVC has been issuing a number of circulars/instructions concerning various aspects of tendering and public procurement. Some of the areas in which guidelines have been issued are as follows:-

- ❖ Appointment of consultants
- ❖ Specifications – Use of Products with Standard Specification
- ❖ Pre-qualification criteria (PQ) & NIT
- ❖ Receipts and opening of tenders
- ❖ Back to back tie up/award on nomination basis
- ❖ Tender negotiations
- ❖ Consideration of Indian agents
- ❖ Advance payment – Grant of interest free Mobilization advance
- ❖ Acceptance of bank guarantee
- ❖ Integrity pact
- ❖ Posting of details of award of tenders on website
- ❖ Leveraging of technology
- ❖ Delay in payment of vendors
- ❖ E-Tendering/E-Procurement
- ❖ IT Procurement – Turnkey contracts for net-working of computer systems, measures to curb the menace of counterfeit and refurbished IT products

**3.** The Commission has recently initiated a project (Global Project Monitoring System) where projects would be monitored by leveraging of technology. At present, the Quarterly Progress Reports (QPRs) received from CVOs of various organizations under the purview of CVC is relied upon for the selection process for intensive examination. Certain values are fixed for selecting the projects for inspection like purchase works above Rs. 2 crores, civil works above Rs. 1 crores, mechanical/electronics works above Rs. 30 lakhs and horticultural work above Rs. 2 lakhs. The process of such selection at present is manual and very slow. It is also not possible to target the potential risk in real time concerning various projects due to the sheer number of the projects. Hence to make the process more effective so that the concepts of risk management is used for selecting the projects objectively, CVC has initiated a project called Vig-Eye GPMS where data will be captured regarding projects above Rs. 2 crores and which has to be entered by all organizations. This data will be analyzed and projects would be selected on the basis of the set parameters.

## Initiatives in Vigilance Awareness

A two day vigilance awareness programme for senior executives of Housing and Urban Development Corporation Limited (HUDCO) was organised on 5<sup>th</sup> – 6<sup>th</sup> July 2011 by Corporate Vigilance Department (CVD) HUDCO in collaboration with Human Settlement Management Institute(HSMI). The programme was inaugurated by Shri R. Sri Kumar, Vigilance Commissioner, Central Vigilance Commission.

In his inaugural address, Shri R. Sri Kumar, Vigilance Commissioner shared his vision of what the role of vigilance should be in an organisation, namely :-

- a. vigilance to move from preventive and punitive to proactive, participative; and predictive.
- b. the need for transparency and decisions to be taken in a bonafide manner.
- c. vigilance clearance should be given online on real time basis. Such a system is proposed to be implemented by CVC by 31.12.2011, with the cooperation of CVOs.

Shri R. Sri Kumar, during interaction with the participants, further stated that an organisation like HUDCO, which deals with public money needs to be more accountable. Additional responsibility is cast upon HUDCO to ensure that there was no diversion or misutilization of funds released by it.

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## Release of Vigilance Manual

Bharat Electronics (BEL) Corporate Vigilance has compiled various guidelines/circulars issued by Central Vigilance Commission over the years in the form of BEL Vigilance Manual. The Manual also covers various topics related with Vigilance administration in BEL to be used as a ready reference book for VO's/IO's of Units/SBUs/Officers of BEL

BEL Vigilance Manual was released by Shri R. Sri Kumar, Vigilance Commissioner, Central Vigilance Commission at a function organised in BEL Corporate Office on 23<sup>rd</sup> August 2011.



## International Cooperation

The Commission attaches tremendous importance to international cooperation in anti-corruption since it leads to developing best global practices and capacity building of vigilance functionaries involved in anti-corruption work. Anti-Corruption Commissions of various countries and multilateral anti-corruption bodies have shown keen interest in the working of the Commission. The important developments pertaining to international cooperation are listed below:-

- i) India signed the United Nations Convention against Corruption in 2005 and ratified it in May 2011.
- ii) As a result of the interaction between the Commission and the Anti-Corruption Division of the Organisation for Economic Cooperation and Development (OECD), India has been granted 'Observer' status in the Anti-Bribery Working Group of OECD. The Commission is in the process of studying the implications of the Convention for India.
- iii) The Central Vigilance Commissioner of India has been a member of the Executive Board of International Association of Anti Corruption Agencies (IAACA) since 2007.
- iv) In May 2011, the Government of India ratified the United Nations Convention against Transnational Organized Crime (UNTOC) (the first comprehensive and global legally binding instrument to fight transnational organised crime) and its three protocols, namely, :-
  - a) the Protocol to prevent, suppress and punish trafficking in persons, especially women and children.
  - b) the Protocol against the smuggling of migrants by land, sea and air.
  - c) the Protocol against the illicit manufacturing of and trafficking in firearms, their parts, components and ammunition.

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## Networking of Anti-corruption agencies within India

The Commission is of the view that an Association at the apex level under CVC comprising of all the stakeholders of anti-corruption agencies in the country can be a very useful initiative towards the fight against corruption. This will provide a common forum for (a) discussing matters of general interest in the fight against corruption, (b) sharing of information and intelligence relevant to anti-corruption agencies, (c) ensuring co-operation and co-ordination among all anti-corruption agencies. The Commission is in the process of seeking views in this regard from other stakeholders.

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### Snippets

a) Shri M.B. Sagar, IPS, CVO of the Shipping Corporation of India Ltd. has been conferred the President of India's Police medal for distinguished service, on the occasion of Independence Day 2011.

b) A Manual of "Dos and Don'ts 2011" has been prepared by the Directorate of Vigilance, CBI, in the area of Preventive Vigilance dealing with important areas of functioning of the Department and serving as a ready reference for discharge of duties.



Shri R. Sri Kumar, Vigilance Commissioner delivering his Key Note Address during the first Anniversary Celebrations of Vigilance study Circle, Mumbai on August 16, 2011.

## Conference on “Ethics in Business”

M.B. Sagar, CVO, Shipping Corporation of India Limited



A one day Conference on ‘Ethics in Business’ was organised by the India chapter of the corruption watchdog, Transparency International India(TII) on August 17, 2011, at the Shipping Corporation of India, Mumbai. Other organisations who collaborated with the TII were Hindustan Petroleum Corporation Limited (HPCL) Partnership for Transparency Fund(PTF) and KPMG.

Shri R. Sri Kumar, Vigilance Commissioner, delivered the Key Note Address at the conference. Speaking on the occasion, Shri R. Sri Kumar said that in order to check corruption in public procurement, it was important for both private and public sector to work together, share knowledge, and maintain constant vigil. The Conference was in agreement that mere ratification of the United Nations Convention against Corruption was not enough and that it was time that the private sector bribery and foreign bribery law got covered under the Prevention of Corruption Act 1988. The four sessions in the Conference covered the following subjects:

- a) Five years of Integrity Pact: Experiences and lessons learnt
- b) Transparency and accountability in the Private Sector
- c) Ethics in Business, CSR and Code of Conduct
- d) UNCAC : Reforming anti-corruption laws.

There were also presentations/speeches on the following topics:

- a) Supply side of Corruption – TII Perspective
- b) Presentation on UK Bribery Act

The panellists at the Conference included C&MDs and CVOs of various PSUs, Independent External Monitors (IEMs), representatives from the Confederation of Indian Industry, the Private Sector Companies like Siemens and Sandvick, NGOs and journalists. The Conference was attended by around 150 participants drawn from PSUs, Private Sector organisations, NGOs, Vigilance Study Circle, Mumbai Chapter, as well as Vigilance Officers of companies.



*Shri R. Sri Kumar, Vigilance Commissioner inaugurating the TII Conference on “Ethics in Business” at the SCI, Mumbai on August 17, 2011.*

# CHALLENGES OF A CHIEF VIGILANCE OFFICER

M. Dandayudhapani, CVO,  
Chennai Port Trust

The Central Vigilance Commission has asked CVOs to furnish metrics to measure Vigilance Awareness based on which targets are set. The CVO is exposed to a variety of work like dealing with complaints, investigation, etc., in surveillance and detection, preventive and punitive vigilance. People in the organization expect a lot from the Chief Vigilance Officer. CVOs can expect brickbats and sometimes kudos too for the work done.

2. Some important observations from my experience as a CVO are:-

## **Vigilance Clearance:**

The Vigilance Department furnishes the vigilance status of an individual based on information provided by the departments and also based on information available in Vigilance Registers. However, the department concerned invariably hides some information resulting in the status not matching, with the Vigilance department, double checking their information and which resulted in delay. The solution is to computerize all vigilance information and status regarding an individual for quicker and more reliable information.

## **3. Expiry of Registration validity:**

In one case, it was observed that a tender was floated after publicising on the web. The lowest offer received was nearly double the estimated rate. Hence, it was decided to retender and a limited tender was floated by revising the estimate. Two quotations were technically accepted. The lowest bidder had offered the estimated rate and he was awarded the supply order. Vigilance pointed out that there was no justification for rates compared to the last supply order rates. Vigilance also found that the two quotations received were from the same person but from two different companies. It was noted from the registration details that the second company was not registered for the particular item and also the validity of registration had expired long back. As a result of this observation, registration procedures are being streamlined including the scope of online registration by verifying the particulars and justification for higher rates ordered.

## **4. Streamlining of the Security Deposit Clause:**

Different types of Security deposit clauses are being operated depending on the type of contract. In some of the Service contracts, the clause stipulated was that the Security deposit should be deposited within 15 days. However in case of default, an interest of 18% would be levied for the days defaulted. In one of the Service Contracts the contractor did not submit the security deposit but was allowed to continue. The matter was discussed in the Board meeting. The order was cancelled but was allowed to continue till the next contract was finalized, being a labour welfare measure. Vigilance pointed out that being a defaulter, the contractor should not be given the next tender for the item. However, the next contract was never finalized allowing the contractor to continue, thus not achieving the effect of cancellation of contract. As a result of the Vigilance observation, the Security Deposit Clause was uniformly amended so that in case Security Deposit was not remitted within 15 days, the order would be cancelled and further action as deemed fit would be taken).

## **5. Proprietary items:**

A lot of tenders are issued in the name of 'proprietary'. There seems to be a blatant misuse of this provision. In one of the Manuals, it is stated that "where proprietary articles are purchased, the manufacturing concern may be directly addressed for furnishing a quotation, mentioning technical specifications. No tender documents need to be prepared in this regard". Even though a separate clause existed for buying major equipment or taking up major works which cost more than `1 lakh, in one case, a major work was undertaken in the name of proprietary. As a result of Vigilance observation, the procedure for proprietary article / job work is under revision. Vigilance has also suggested the taking up of development of vendors, for proprietary items, wherever feasible).

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## BRICK BY BRICK

Debashish Sarkar, CVO, Allahabad Bank

To all players in the area of public policy, which includes governance, finance, vigilance etc., the lessons of the 2008 upheaval in the US market need to be studied closely. One clear phenomenon emerges : the powers that be, acting together, demolished brick by brick, the safeguards in the legal and administrative systems that had so far prevented risky ventures by the top controllers of the money chests, be it in the private or public domain. We can turn the process on its head. If a system can be demolished brick by brick, it can be built - brick by brick also.

This is the lesson for Vigilance Administration in India. Each positive step taken by us will build a better Vigilance climate, however small it may seem at the time. The challenge is to have an overall strategy, which needs to be reviewed on a regular basis identifying weak areas and continually improving the position.

Some heartening developments observed are as follows:-

1) Procurement : I have been talking to various CVOs of Banks. Almost all have put into place systems which have ensured that large procurement tendering details are on the website and therefore transparent.

2) Closer liaison between CVOs and CBI : A culture of consultation and convergence in approach is being steadily developed. While difference in perception and therefore non-sanction of prosecution remains in a few cases, yet sanctions are now mostly being given promptly by the Banks. Close co-ordination has also led to better governance which has led to better detection and disclosure of fraud. A major challenge is to book the facilitators and the professionals who certify title deeds, financial statements etc. While many public servants find their lives ruined for errors of omission or commission, we are yet to see a single lawyer, for instance, being framed in any case, though the public servant would have relied on the lawyer's report for taking credit decisions.

3) Training in Vigilance matters: CBI officials are getting trained in Banking procedures, and Bank officials are also participating in the CBI Academy at Ghaziabad. Exposure to technical areas of other disciplines allows for an improved Vigilance climate.

4) Awareness Campaigns : Various steps have been taken to spread awareness to the grass roots. Slowly citizens are taking action through RTI, through the VIG-EYE initiative of CVC etc. The subject of Preventive Vigilance has entered the lexicon of CEOs and CMDs. Issues of financial safeguards are being given higher priority than has traditionally been given. Provisions of CrPC, etc, are now part of training programmes conducted in the Banks' training colleges. The common man stands to benefit from this ongoing process.

However, we still have a long way to go. India has slipped to the 87<sup>th</sup> position in the ratings of Transparency International. The climb upwards will be arduous, and can only be done step by step.

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- ❖ “Honest differences are often a healthy sign of progress.”
  - ❖ “The only tyrant I accept in this world is the still voice within.”
- Mahatma Gandhi

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