

## **SYSTEMIC / INSTITUTIONAL CHANGES MADE**

The following Systemic and Institutional changes have been carried out based on the advice from Vigilance. It has been noticed that with the implementation of these Systemic Improvements, the kind of CBI / Vigilance cases which have arisen in the past in MFL, have been avoided:

1. The Constitution, Role and Power of Tender Committee have been clearly laid down with appropriate levels of Tender Committees and Accepting Authority for various slabs of contract values and eliminating intermediary officers during tender processing.

This has improved the preventive vigilance posture by

- i) Maintenance of confidentiality of the tender process;
  - ii) Elimination of unnecessary intervention of higher level officers above the Tender Committee;
  - iii) Elimination of influence of Tender Opening Committee on the Tender Evaluation Committee;
  - iv) Fixing of accountability on fewer individuals since the roles and responsibilities are clear, leading to more diligent decision making.
2. Clause 10.3.0 of Manual on Contracting & Procurement System (MOCPs), which permitted submission of revised price bid after seeking technical clarifications, has been removed.

This has improved the preventive vigilance posture by

- i) Not giving artificial opportunities to some bidders under pretext of clarifications to revise the price;
  - ii) Not denying an opportunity to other vendors who would have participated if the revised specification had been known to them.
3. Clause 10.1.1 of Manual on Contracting & Procurement System (MOCPs), which permits acceptance of delayed bids was dropped.

This has improved the preventive vigilance posture by

- i) Taking away the discretion to accept or reject the delayed bids in a subjective manner. A uniform policy is now being followed for rejecting of delayed bids ensuring transparency and impartiality.

4. The practice of accepting email bids has been stopped.

This has improved the preventive vigilance posture by

- i) Eliminating leakage of price bid information by earlier opening of the bid;
- ii) Elimination of collusive efforts to favour some parties;
- iii) Elimination of process with no proper audit trail.

5. The Competent Authority to issue Purchase Order / Letter of Intent after the completion of tender acceptance formalities has been clearly laid down.

This has improved the preventive vigilance posture by

- i) Ensuring that no Letter of Intent / Purchase Order is issued without Competent Authority's approval;
- ii) No payment can be made by subversion of the delegation of powers.

6. The minimum period of 10 days prescribed in the MOCPS for opening an advertised tender has been modified as 30 days with justifiable exceptions to be approved by Competent Authority.

This has improved the preventive vigilance posture by ensuring a reasonable time for receiving adequate number of competitive bids.

7. The blanket instructions to summarily reject bids which are 10% below the previous contract rate has been withdrawn, leaving it to the Tender Committee and Accepting Authority to decide the reasonableness and workability of rates.

This has improved the preventive vigilance posture by ensuring that decision making is not vitiated due to the following possibilities:

- i) The previous contract rates may not have been reasonable or

- ii) There might be a sudden steep variation in market rates due to various factors such as regulatory changes, violent fluctuation of raw material costs, sudden blurt or scarcity etc.
- 8. Instructions have now been given that the draft Notice Inviting Tender (NIT) is to be approved by the Tender Accepting Authority (TAA) before floating of tender.

This has improved the preventive vigilance posture by ensuring avoidance of oversight at higher level and delay in finalisation of tender due to complications envisaged by Tender Accepting Authority at a later date.

- 9. The open ended powers delegated to CMD to initially approve contracts above Rs.10 Crores, which will be ratified and approved by the Board in the subsequent Board meetings, has been modified.

It has now been amended that this power can be exercised only in case of emergency situations such as stoppage of production, danger to life and property, disruption of essential services etc. which will be ratified and approved by the Board in the next Board meeting. This has improved the Preventive Vigilance posture as follows:

- i. Prevention of procurement of quantities / values above certain limit without Board's prior approval.
- ii. Direct oversight of Board of such contracts exceeding the threshold value ensuring fair and transparent procurement.
- iii. Elimination of the risk of an unratifiable proposal.

Besides the above very important Systemic Improvements implemented, a host of other improvements are being suggested as an on-going process. Some of these are fine-tuning of OLIS to granularly capture the bill payment process, consolidation of updations in Manual on Contracting & Procurement System (MOCPS), Standard Notice Inviting Tender (NIT) template for all Departments, guidelines for nomination basis contracts etc.

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