



# Insights

Vigilance Awareness Week 2017  
(30th October – 4th November 2017)



Central Coalfields Limited  
(A Miniratna Company)



Shri K. V. Chowdary, CVC, New Delhi  
paying tribute to the Martyrs at Shahid Smarak, CCL HQ



सत्यमेव जयते

राष्ट्रपति  
भारत गणतंत्र  
**PRESIDENT**  
**REPUBLIC OF INDIA**

MESSAGE

I am glad to learn that the Central Vigilance Commission is observing Vigilance Awareness Week this year from 30<sup>th</sup> October to 4<sup>th</sup> November, 2017 on the theme “My Vision – Corruption Free India”.

Corruption impedes the rate of economic growth, distorts competition, adversely impacts the rate of investment and undermines the moral fibre of society. In order to eliminate corruption there is a need for all stakeholders to work together to develop and implement effective anti-corruption mechanisms. Active participation of individuals and civil society members, who pledge to abide by principles of honesty and integrity, is of utmost importance in the fight against corruption. All sections of society should ensure that greater emphasis is laid on generating awareness among the public regarding the existence, causes and threat posed by corruption. This is an effective and sustainable means of fighting corruption.

I wish the Vigilance Awareness Week 2017, all success and extend my greetings to the vigilance fraternity.

(Ram Nath Kovind)

New Delhi  
September 29, 2017



सत्यमेव जयते

भारत के उपराष्ट्रपति  
VICE-PRESIDENT OF INDIA

**MESSAGE**

I compliment the Central Vigilance Commission for choosing 'My Vision-Corruption Free India' as the main theme of Vigilance Awareness Week being observed from October 30 to November 04, 2017.

Corruption is a canker and the biggest obstacle for the rapid progress of the country. It has to be combated ruthlessly at all levels and eliminated totally for the country to achieve growth in every sphere, including economic, social and political.

My best wishes to the Commission for its endeavors to eliminate corruption.

**(M. Venkaiah Naidu)**

**New Delhi  
28<sup>th</sup> September, 2017**



सत्यमेव जयते



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केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION

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सं./No.....017/VGL/043.....

दिनांक / Dated..13.10.2017.....

MESSAGE

Vigilance Awareness Week 30<sup>th</sup> October to 4<sup>th</sup> November, 2017

The Central Vigilance Commission observes Vigilance Awareness Week every year to bring awareness and to reaffirm the commitment of public servants and public at large to the cause of promotion of integrity and eradication of corruption. The theme for this year is "My Vision – Corruption Free India".

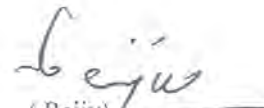
Apart from recommending action against delinquent officers, the Commission works on improving the systems and for bringing out Standard Operating Procedures so that the scope for corrupt practices is minimised.

The Commission believes that corruption can be eliminated with the active and committed involvement of the citizens only. Unless the citizens are aware of the ill effects of corruption, the means to fight them and public opinion is generated as a mass movement against corruption and lack of integrity, far reaching changes cannot be brought. Keeping in view this wider objective, the Commission has initiated many activities to reach public at large and in particular students, groups of persons directly and indirectly through various means. The Commission has designed voluntary Integrity Pledges so that citizens and organisations can reaffirm their commitment to the cause of integrity and motivate others to be a part of the fight against corruption.

The Commission appeals to all to pledge to be honest and not be a part of any corrupt practice.

  
(Dr. F.M. Bhasin)  
Vigilance Commissioner

  
(K.V. Chowdary)  
Central Vigilance Commissioner

  
(Rajiv)  
Vigilance Commissioner

## कोल इण्डिया लिमिटेड

महारत्न कम्पनी

(भारत सरकार का उपक्रम)

कॉरपोरेट पहचान सं. - L23109WB1973GOI028844

प्रेमाइस सं. - 04, प्लॉट नं. - एएफ-III,

एक्शन एरिया-1ए, न्यू टाउन, राजरहाट, कोलकाता-700156

वेबसाइट - www.coalindia.in



## Coal India Limited

A Maharatna Company

(A Govt. of India Enterprise)

Corporate Identity No.- L23109WB1973GOI028844

Premises No. - 04, Plot No. - AF-III

Action Area-1A, New Town,

Rajarhat, Kolkata-700156

WEBSITE : www.coalindia.in



## Message

It gives me immense pleasure to learn about the Vigilance Awareness Week 2017 being observed from 30<sup>th</sup> October to 4<sup>th</sup> November 2017, which is an annual mega outreach activity being undertaken by Central Vigilance Commission in its endeavour to fight corruption and create awareness among the public servants as well as the citizens on the ill effects of corruption.

This year's theme "**My Vision – Corruption Free India**" ("मेरा लक्ष्य – भ्रष्टाचार मुक्त भारत") is a well chosen subject which will not only help in generating a holistic approach in fighting the evils and menace of corruption but also sensitize and motivate the society as a whole towards creating a "Corruption Free India".

CCL has always taken a lead role in creating and spreading Vigilance awareness and practicing right path of works to boost transparency, accountability and develop credibility among all stake-holders.

As a public sector organization, we can proudly say that CCL has achieved exponential growth in production and productivity, while working within the contours of rules and regulations with utmost transparency and integrity and has been shouldering and propagating the vision of "**Corruption Free India**" since long.

This booklet "Insights" which is being published by Vigilance department on this occasion, contains a wide range of important system improvement measures and CVC Circulars which will act as a ready-reckoner while making decisions in day to day work as well as prevent commonly occurring lapses. I congratulate my Vigilance team on this credible work.

I am confident that this week is going to be highly prolific and successful for the entire Company and the theme of the week will turn into reality.

Wishing Vigilance Awareness Week – 2017 a grand success.

(Gopal Singh)

Chairman, Coal India Ltd./CMD, CCL



## From CVO's Desk

It gives me great pleasure to present "Insights" – a magazine published by CCL Vigilance on the occasion of Vigilance Awareness Week – 2017. The magazine contains major System Improvements suggested by the Vigilance Department, CCL during the last 3 years and some recent CVC Circulars. The publication of Insights aims at spreading awareness amongst the employees of CCL on commonly observed lapses and discrepancies so as to prevent their recurrence. The above measure is a reflection of our belief that Preventive Vigilance is an important aspect of Vigilance administration.

The theme of this year's Vigilance Awareness Week's, as declared by CVC, New Delhi is "My Vision – Corruption Free India, मेरा लक्ष्य – भ्रष्टाचार मुक्त भारत". This theme is one of six *Mantras* given by Hon'ble Prime Minister of India while making a clarion call for "Sankalpa se Siddhi tak, संकल्प से सिद्धी तक" for New India Movement (2017 – 2022). Let us join hands in the crusade against corruption as it is the biggest evil plaguing our society. The menace of corruption prevents the benefit of welfare from reaching upto the last deserving person thus posing a serious threat to social equity and equality.

I hope this year's awareness campaign, already started by CCL Vigilance with a Mass Pledge on 26.09.17 at Pahari Mandir, Ranchi and culminating with various events during the Vigilance Awareness Week from 30.10.17 to 4.11.17, would go a long way in creating awareness for promotion of transparency, Integrity and accountability.

I like this opportunity to express my gratitude to the CMD, CCL and all the Directors for enthusiastic support for all the initiatives taken by the Vigilance department of CCL. I would also sincerely thank to my Vigilance team and all concerned for compilation of this magazine and for celebrations of Vigilance Awareness Week – 2017.

(A. K. Srivastava, IFS)  
Chief Vigilance Officer, CCL

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## Adverse Effect on Dispatch Capacity of Siding due to Delay in Loading of Non-core Rakes

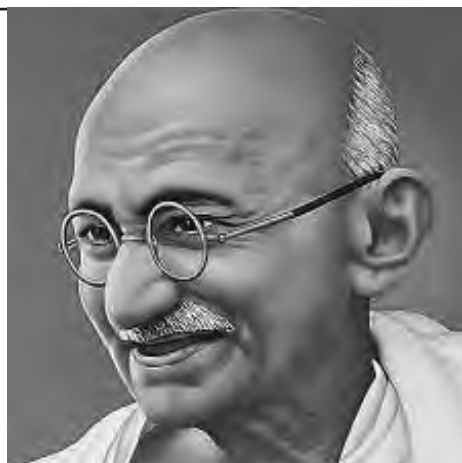
During the course of a vigilance investigation in connection with loading of non-core rakes at one of the sidings, following facts have emerged:

- (i) Provision exists in FSA with non-core consumers for nomination of representatives/ handling agents which is also applicable to e-auction consumers.
- (ii) Though loading of railway wagon is the responsibility of CCL, there is great deal of interference by the customers' representatives/ handling agents who deploy local villagers for picking of good quality coal and removing stone and other extraneous material during loading of wagons. Interference of the customers' representatives/ handling agents has also been mentioned in Record Notes of discussion held at CIL on 21/08/06.
- (iii) In one case pertaining to a siding of CCL, despite the availability of sufficient quantity of coal, two rakes meant for a non-core (e-auction) customer remained stranded at that siding for over 9 days and 8 days respectively before being drawn out from the siding. The above rakes incurred 220 hours and 209 hours of LB (Left Behind) due to delay in loading and the demurrage was charged on the customer. The 3rd rake had to be diverted to a core consumer after being retained at the said siding for 5 days. As per the statement of project officials, with the availability of coal at the siding, 5 rakes could have been dispatched during the hindered period.

In the backdrop of above, it has been observed that though demurrage due to delay in loading of non-core rake caused by the customers' representatives/ handling agents is borne by the customers, the interference of customers' representatives generally causes inordinate delay in loading of wagons resulting in under-utilization of siding which severely hampers the dispatch capacity of the siding.

*"On this Earth, there is enough  
for everyone's need but not  
for their greed"*

– M.K. Gandhi



## Non- weighment of Bulk Explosives

During the course of a vigilance investigation in connection with supply of bulk explosive to one open cast project of CCL, following facts have emerged:

- (i) Provision existed in Rate Contract for 2010-11 and 2011-12 that the amount of bulk loading explosives pumped down the holes shall be counter checked with net delivered through weighbridge on day to day basis.
- (ii) However, in one case, the above procedure was not followed for several months while procuring explosive from a particular supplier. In some instances of weighment, wide discrepancy has been found between the loading sheet/ weight-meter quantity and the weighbridge quantity of explosive consumption. One of the reasons given by the project officials is the use of water contained in the explosive van for cleaning of pipes.

In the backdrop of above, it has been observed as under:

- (i) Had the weighment of Bulk Explosive been done on daily basis, benefit might have been accrued to the company, if net weighbridge readings were less than weight-meter/ loading sheets quantity. The provisions enumerated in the rate contract should be strictly followed.
- (ii) The use of water contained in the bulk explosive van at the blasting site is likely to give erroneous result during weighment making the entire exercise of counter checking through weighbridge ineffective.



*Be vigilant; guard your mind  
against negative thoughts.*

– Gautama Buddha

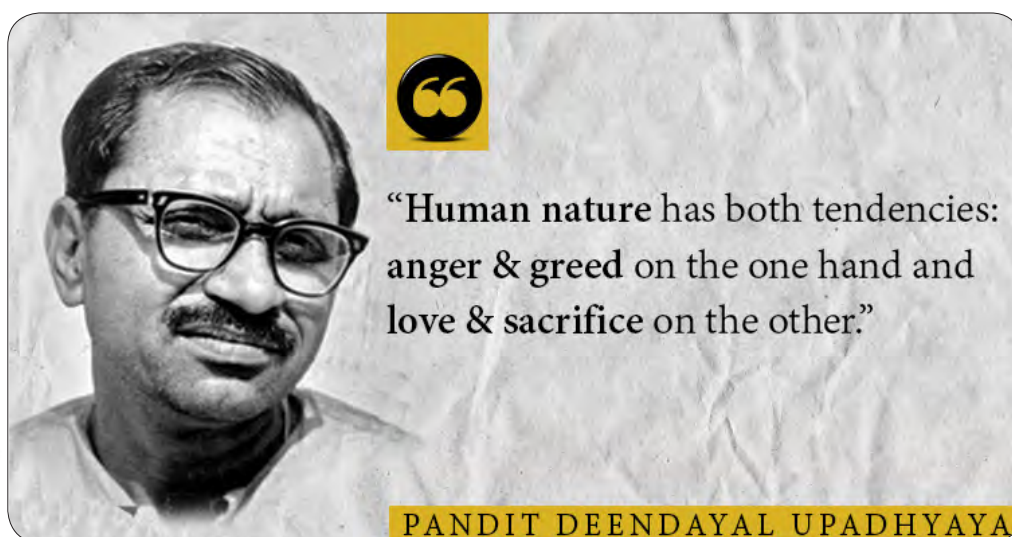
## Payment of Fake Bills to Contractors

During the course of a vigilance investigation in connection with processing and payment of fake bills in respect of one Project of CCL, following facts has emerged:

- (i) Payment to the tune of Rs.80,05,800/- (Rupees Eighty Lakhs Five Thousand and Eight Hundred) only has been made against 104 fake bills in favour of 2 Contractors M/s.X and M/s. Y. Further, eight (8) fake bills in respect of M/s.X and M/s. Z had been processed/ passed and were due for payment in cash section, however, these eight fake bills amounting to Rs.6,15,834/- has been stopped.
- (ii) The above 104 bills were purportedly shown to be initiated/ processed from the project level through the alleged signature of project officials and audited & paid at the Area Finance Office. As a result of preliminary investigation, the existing system of receipt/ dispatch and processing of bills, etc. at Project and Area level was not at all found to be foolproof.

In the backdrop of above, it has been observed as under:

- (i) Suitable action against M/s. X, M/s.Y and M/s. Z may be taken in so far as submission of alleged fake bills is concerned. Steps may also be taken for recovery of amount to the tune of Rs.50,21,567/- and Rs.29,84,233/- paid fraudulently to M/s. X and M/s. Y respectively.
- (ii) Adequate measures should be taken as per extant rules of the company to strengthen the existing system of receipt/ dispatch and processing of bills etc. in company level for prevention of such frauds henceforth.



## **Improper Maintenance of Explosive Magazine**

During the course of a vigilance investigation pertaining to verification of inventory of explosive and accessories at one magazine of CCL, following facts have emerged:

- (i) Cast boosters were found to be surplus. Scrutiny of records and replies furnished by the project officials indicates that above variation might have occurred due to improper recording in the explosive register on two different days in the same month about its issuance to other collieries.
- (ii) The explosive accessories such as DTH, TLD, etc. of various specifications were found short on account of being damaged by termites and rodents which reflects the poor upkeep of the magazine.

In the backdrop of above, it is observed that suitable measures may be taken to ensure proper recording of issue, storage and receipt of explosive and accessories in the magazines. Appropriate steps should also be taken for maintenance of magazines in good conditions so as to prevent the accessories from being damaged on account of poor upkeep.



## **Issue of Work Experience Certificate in a Wrongful Manner**

During the course of verification of a complaint regarding issuance of work orders to different firms for construction of retaining wall, feeder breaker foundation etc in one Siding of CCL, following was observed:

1. It was clearly mentioned in NIT that experience of bidders should be in Construction/ Repair of RCC & PCC works. However, in the experience certificates submitted by the bidders, quantum of PCC or RCC job involved in said work experience was not clear.
2. Lower ranked officer like Sub-ordinate Engineer (C) has issued experience certificate for work value of more than 10 lakhs. As per clause no: 6.04(ii) and 6.01 of MCEW of CIL, only SO (C) of the Area is competent to issue experience/ work completion certificates to the contractors. In view of above, it was advised that a standard guide line for issuing experience certificates to the contractors with proper recording in line with Civil Engineering Manual should be initiated.



Vigilance Awareness Rath flagged off  
by the CMD, CCL, Shri Gopal Singh at CCL, HQ, Ranchi

# CCL Ke Lal & CCL Ki Laadli

Free Coaching for IIT-JEE  
and other engineering entrance  
examinations

Coaching through  
Interactive Smart Classes  
at  
7 remote locations



## Lapses in Technical Scrutiny of NIT related to Overhead Line

During the course of verification of a complaint related with lapses in technical scrutiny of NIT in one Area, following facts was observed:

1. During scrutiny of the tender file of electrical works, it was observed that only contractor's license was attached with the tender documents. License copies of its supervisors and wiremen were not furnished by the contractors. From furnished documents of the contractors, it was not clear as to whether the contractors had competent supervisors and electricians for execution of work mentioned in the work orders.
2. It was also observed that no system of verifying the licenses of supervisors and electricians of the firms was prevailing in the Area. Due to above lapses, licenses of electricians and supervisors in some cases were not found proper for execution of the job mentioned in work orders.

*The negligence of a few could easily send a ship to the bottom, but if it has the wholehearted co-operation of all on board it can be safely brought to port.*

– Ballabh Bhai Patel



## Lapses in Evaluation of Bids for Procurement of Feeder Breakers

During the course of intensive technical examination of a file related to procurement of 6 nos of feeder breaker for different sidings of CCL, following was observed:

1. An NIT was floated for procurement of 6 nos of feeder breaker for different sidings of CCL. Two bidders M/s X and M/s Y had been participated in tender proceedings but tender was cancelled as offer of both the firms were rejected. While offer of M/s X was rejected on technical ground, offer of M/s Y was rejected due to poor after sales service of the company.
2. Though the complaint of poor after sales service of M/s Y was for commissioning of feeder breaker supplied in the year 2007, the firm was allowed to participate in the tender proceedings and some clarifications were also sought for shortfall documents. Its offer was rejected after receiving the documents. Again the company was allowed to participate in pre-bid meeting and its suggestions were considered during preparation of revised NIT documents. As the offer of the company was rejected due to poor after sales service, it should have been debarred from participating in pre bid meeting and also in NIT.
3. While preparing revised technical specification after pre bid meeting, technical specifications were changed frequently after representation of bidders which resulted in repeated cancellation of tender.



*"No legacy is as rich  
as honesty"*

– William Shakespeare



## **Non-Verification of Personal Details from Statutory Certificates**

During the course of verification of a complaint related to alleged irregularities in the matter of alleged engagement of one senior Overman, without checking his statutory certificates in one of the Area of CCL, leading to his continued service beyond his certificate age of superannuation, following have been observed:

- (i) The fraud in this case continued because service records of the concerned Overman was not tallied with his Statutory Certificates. Possibility of such frauds at other units, collieries and establishment cannot be ruled out. Therefore a special drive may be taken up by the Personnel Department to get the records and certificates checked for each employee who possesses such educational and technical Certificates.
- (ii) LTC/LLTC bills of the concerned Overman were passed without tallying his age and that of his dependents from service records. Had it been done, the duplicity in date of birth of the employee could have been noticed in time. Therefore age of employee and his dependent(s) should be tallied with the service records and certificates, if any, available with management for passing of LTC/LLTC bills of employees.
- (iii) Since the colliery management did not ensure checking of statutory certificates of the said Overman, he continued to have two date of births in his different records. Therefore, compliance of Statutes, concerning custody of Statutory Certificates of Statutory Personnel deployed in a Mine, must be ensured.



## **Lapses in Limited Tendering**

During the course of verification of a complaint related to alleged irregularities in the matter of unnecessary limited tendering instead of transparent open tendering and alleged favoritism in selection of agencies for execution of these works, following have been observed:

- (i) Estimate for major works had been prepared in contravention to the provisions of civil manual which postulates- site inspection, proper drawing as per site availability, clear site, soil testing etc. Such practice should be discouraged,
- (ii) When it is essential/highly desirable that limited tenders has to be floated then as suggested by CVC and also as provided in manual for civil engineering, registration/ panel of contractors for civil works should be started immediately by the civil department. This registration/ panel of contractors should be revised time to time in a transparent manner.

## Both Ends Weighment in Coal Transportation

In course of a vigilance investigation into one coal transportation work it was observed as under:

- (i) Trips reconciliation at dispatched end and receiving end were done regularly and the billing was done on Railway Receipt (RR) quantity. Necessary arrangements for ensuring weighment at dispatch end and at receiving end must be made for reconciliation of quantities dispatched and received not only to comply with clause No. 18 of GTC at Transport Contract but also to avoid loss of coal during transportation.
- (ii) Entries of hindrance reasons recorded in the hindrance register were not having specific details (e.g. place, specific reasons etc.) and also not countersigned on daily basis by the Project Officials, which is in violation of the clause No.6.4 of GTC of Transport Contract.
- (iii) Vocational training had not been provided to contractor's workers as per tender conditions. To comply Clause No. 34 of GTC of Transport Contract, concerned authorities must impart necessary vocational training to contract workers in future and cost incurred in this should be deducted from transporter's running account bills.



CCL employees taking pledge during Vigilance Awareness Week

# Procurement and Commissioning of Feeder Breakers

In an ITE in the matter of procurement and commissioning of feeder breakers in different Areas of CCL, it has been observed as under:

- (i) On the matter of extension of delivery period, Clause no. 7.15(e) of the Purchase Manual reads as under:

Ex-gratia extension without LD for a grace period of 25% or 21 days whichever is earlier from expiry of the original date of delivery may be granted. Such cases can be decided without reference to the finance and the user and the approving authority should be the Head of Area / HOD of MM.

It has been observed that above discretionary power has been exercised arbitrarily to favour suppliers. Hence, the aforesaid provision should be used in a transparent and fair manner with due care. Also matter may be taken up with the competent authority for suitable amendment in Purchase Manual.

- (ii) In the instant case without effecting suitable amendments in supply orders, officials have acted in variance with the terms and conditions related with submission of the PBG and delivery period. Hence, it should be ensured that for modification of a term and conditions in the supply order, proper amendment be issued by the order placing authority with the approval of competent authority as per delegation of power.
- (iii) It has also been observed that after supply of the feeder breakers, as per payment term, 80% payment was made to the suppliers but due to delay on the part of CCL in completing necessary civil constructions, commissioning was delayed which led to idleness of the supplied equipments. Needful action may be taken to avoid idleness of the supplied equipments in future.



Beware of rashness, but with energy and sleepless vigilance go forward and give us victories.

~ Abraham Lincoln

AZ QUOTES

## Centralized Purchase

It is noted that indent of medical equipment for "Hriday Suraksha" was initiated by different Hospitals at different time against Board approval circulated by Company secretary, CCL vide letter ref: CS/BM/392/2012/87 dated 24.01.13. It is suggested that all the indents of various Hospitals of CCL should be clubbed by CMS, CCL and procurement should be made centrally at Purchase Department of CCL HQ so that these kind of committee Purchase can be avoided and technologically advanced medical equipments can be purchased at reasonable prices.

It appears from the few supply orders that medical equipments are normally procured by committee purchase in CCL Hospitals. CMS, CCL has placed supply order No. CMS (I/c)/GNH/2011-12/Committee Purchase/5363 dated 05/6.08.2011 by committee purchase. Two Areas have placed supply for purchase of medical equipments for "Hriday Suraksha" by committee purchase. Further it was found that one Area purchased the said equipment at an expenditure of Rs.1, 14, 883.00 and another Area purchased the same item at an expenditure of Rs. 3,68,575.00. Hence, it is suggested that while deputing a purchase committee to a city for procurement, the approving authority should consider and justify the following:

- (i) Extreme urgency of the indented materials
- (ii) Total indented value for Procurement and
- (iii) The expenditure to be involved by the committee.



## Bore Well Drilling

In course of a vigilance investigation related to doing 15 Nos. bore well work & commissioning it with submersible pump at one of the Area of CCL, it is observed that in spite of spending huge amount of money, many of the bore wells were found not working and some have become abandoned due to becoming dry. During two site visits by vigilance officials with a gap of 5 months, only 7 pumps could be shown in working condition. 6 were break down & 2 has become abandoned (one due to becoming dry after few time of working only). It was observed that this scenario was mainly due to improper arrangement for operation & maintenance of the bore wells after execution of work.

Bore wells are capital assets for the Area & Company. With such huge investments in doing a bore well, the Area should ensure its proper operation & maintenance arrangement to keep it in operative condition. Further the company may explore the possibility of any new method of geophysical prospecting to decide the locations of bore wells for better results.

## Sports Academy, Khelgaon



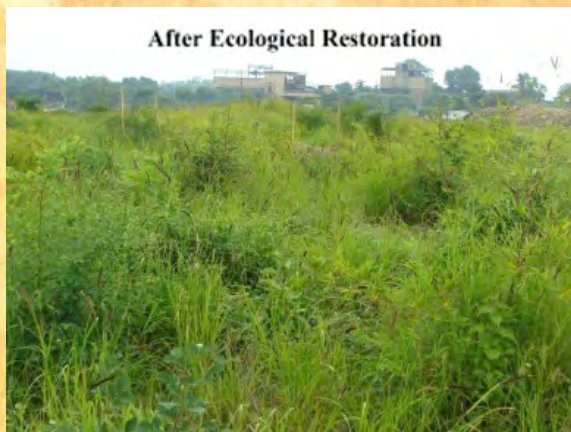
Sports University, Khelgaon



Sports Cadets of University

## Eco-Restoration at Sangam OC

- Surface degraded due to fire in coal seam and high temperature not conducive for vegetation.
- Novel experiment under guidance of Prof CR Babu of Delhi University started in 2012.



- About 8 Ha of dump ecologically restored to 3 storeyed tropical mixed deciduous forest ecosystem with 50000 plants of 50 species and 20 varieties of grasses including bamboo.

## Terms & Conditions in NIT of E&M Works

During the course of a vigilance investigation related to award of works contracts related to operation of water pump & maintenance of pipelines by E&M department, one of the Area of CCL, it has been observed that in the tender document “similar work” was not defined thus evaluation of offers against qualification criteria of work experience was not carried out transparently. Hence for ensuring transparency in tender evaluation, it shall be proper if “Similar work” to be considered against work experience is well defined in the NITs as emphasized from time to time by CVC.

Further, it is also observed that for the aforesaid work no proper price bid format for indicating applicable service tax was provided, thereby all the bidders had quoted the amount of service tax incorrectly.



## Documents Related to Road Sale

During the course of a vigilance investigation related to issue of papers like challan, weighment card, road sale tax JVAT permit, mining permit (DMO challan) , etc related to road sale at one of the Areas of CCL, following irregularities has been observed:

- (i) The Area has done a very adhoc arrangement to comply with the State Govt instructions. The issue of Road Sale Papers is an important aspect of Road sale, which should have been dealt in an organized manner. The system should be such that all the papers related to coal sale should be issued from sale point only to ensure smoothness of work & minimum harassment to coal buyers/transporters. But system was not organised due to non-availability of Internet facility at sale points in that Area. The arrangement of issue of sale papers was shifted from AFM office to System department then to premises near Regional Hospital and then to a private office in a bazaar. Presently, the issue of these papers has been shifted to CCL premises as clarified by GM of the Area.
- (ii) Since road sale & transportation of coal through road is done from most of the projects in CCL command area the same issue can't be ruled out in other areas also. Therefore, the company should make an effort to make a permanent solution to issue e-permit at Road Sale Center itself across all the Project Offices in the CCL command area at the earliest

# Eligibility Criteria Of Owned/Hired Road Construction Equipment And Deployment Of Technical Persons In Case Of Road Repair Works

During the course of a vigilance investigation related with Road Repair work at one of the Area of CCL, it has been observed that the eligibility criteria for deployment of owned or owned/hired road construction equipment and deployment of Technical persons has been done in the inconsistent manner. Switching from one condition to other in different NITs has been observed without any information or approval of any higher authority.

The conditions of deployment of Technical persons are already mentioned in the General Terms & Conditions (GTC) which is a part of Detailed Tender Document of every road repair tenders.

The road repair work is undertaken in most of the Areas of CCL through Civil department. Similar inconsistency cannot be ruled out in other Areas also.

Hence, it shall be prudent to make a consistent system or guideline from HQ level for incorporating the Eligibility Criteria of deployment of owned or owned/hired equipments and deployment of Technical persons considering value of work & completion period.

*“Men are more often bribed  
by their loyalties and  
ambitions than money”*

– Robert Jackson





# Recovery of the Demurrage Charge from Defaulter Transport Contractors

Prevailing system and practice related to recovery of the demurrage charged from defaulter transport contractors was examined during the course of a vigilance investigation and following has been observed thereon:

1. At railway sidings, in case CCL fails to complete loading the railway rake within stipulated time, railway charges demurrage on CCL. In this context the Clause 23.01(i) of Special Terms & Conditions for Transport Contract, stipulates for recovery of demurrage from transporters if they were found responsible for the same. To make the same effective necessary record keeping at siding as well as at feeder colliery end is absolutely essential. However barring a few locations, no proper system was found in existence at different sidings/collieries, in the absence of which, no meaningful implementation of clause 23.01(i) is being ensured. It was also found that the records maintained at the railway sidings were not sufficient enough to pinpoint responsibility on a particular transporter for imposition of demurrage on CCL by railway. The system prevailing at the above sidings was a pointer to the fact that the system of reason-wise recording of demurrage and its communication to the feeder collieries, where bills of transporters are processed, left much to be desired.
2. It was also observed during the course of the said vigilance investigation that though a system is in place at sidings of one of the Area to pin-point the defaulting transport contractors in case of less transportation of coal or shortage of coal, however it is seen that as per the system adopted by the feeder collieries, demurrage charges are not being fully recovered from the defaulter contractors. This system prevailing at the said Area is also required to be reviewed.
3. Following points may be considered while devising a suitable mechanism:
  - a. Proper and timely recording of hindrance register at both ends i.e. at Siding and at feeder collieries should be ensured.
  - b. Feeder collieries should inform respective siding the daily target of transport quantity in respect of all the transport contractors (contractor-wise) operating at their end.
  - c. Accordingly, allotment of number of boxes in a rake to be loaded by each contractor should be planned at Siding. The site of un-loading at Siding should be fixed for each contractor. However location of sites may be rotated on a certain time interval or as and when required.
  - d. Subsequently, if a demurrage is charged due to less transportation and shortage of coal at siding then the contractor/contractors responsible for it should be identified.
  - e. At month end respective feeder collieries should be informed about quantity executed by each contractor including the details of demurrage charged (demurrage hours, total charge, number of box remained to be filled, date, time etc), if any due to fault of contractors.
  - f. Thereafter, keeping in view of force majeure hours and its impact on daily transport target in corresponding period, demurrage charge should be recovered from a defaulter contractor.
  - g. Above suggestions are just indicative and not the exhaustive.

## Irregularities at Diesel Dispensing Unit

During the course of a vigilance investigation related with functioning of DDU at one of the projects, following observations were made:

- (a) Non availability of correct dip chart: Detail Procedures to be followed at DDU have been issued vide office orders no. Dir. (Tech/Oprn)/23/04/91 dated 17.01.2004 and DIR/OPNS/2010/11/1142 dated 10.05.2010 by DT(O), CCL. For implementation of aforesaid stipulation, measurement of physical quantity of diesel available at DDU at any point of time by taking dip readings is a vital requirement. However, it has been observed that one of pumps of DDU functioned without having a correct dip chart since its installation, for years, and it was not possible to measure physical quantity of diesel properly by taking dip readings till calibration of underground tank and preparation of a new dip chart in June 2015 by IOC.
- (b) Dilapidated condition of the dispenser: The dispenser of the DDU was also found in dilapidated condition with faulty cover lock and electronic display getting breakdown frequently and diesel was being issued by totalizer meter.
- (c) Calibration schedule for Diesel Dispensing Units was not fixed either by oil companies or internally from project. The frequency of repair of DDU'S is high and no calibration was done after each repair. The specific repairs which are common and recurring one should be identified and preventive repair action should be ascertained. The Competent authority should take up the matter with oil companies for determining calibration frequency of DDU'S and fix a schedule date of calibration.
- (d) The methodology of discharge test was not proper which needs to be improved.



*When good people in any country  
cease their vigilance & struggle,  
then evil men prevail.*

– Pearl S. Buck

## Shortcomings in Refund of Security Deposit (SD) and cancellation of FSA

During the course of investigation of the matter of refund of Security deposit (SD) and cancellation of FSA in respect of our valuable consumers , it is observed that

- (i) Citing economic hardship, aforesaid consumers has requested for refund of SD and cancellation of their FSA. Considering the matter under force majeure clause, termination was approved with refund of SD, which was not proper. Existence of similar cases of termination cannot be ruled out.
- (ii) At some department the files related to consumers are not maintained properly. In the file of one of the consumers, some pages were found missing. Some of the letters written by parties are also not found in the files.

System may be brought in place for implementation of clause 15.1.4 of the FSA in a time bound manner, to be applied uniformly in all cases.



## Irregularities in repairing of SDL

During the course of a vigilance investigation related to the matter of irregularities in repairing of SDL , it has been observed that

- (i) Records indicated that for repair of SDL, estimates were prepared without detail analysis and authentic rates.
- (ii) A number of tenders were called concurrently without clubbing the similar nature of jobs.
- (iii) In addition to above various flaws in tendering process was observed. It appeared that for estimates below 2 lakh, the tender notices were not circulated to other projects of the Area/ Area office and in tender notice eligibility criteria were not properly spelt out.
- (iv) Practice of maintaining tender opening register properly was also not found in place.

# Tendering irregularities in Civil Department

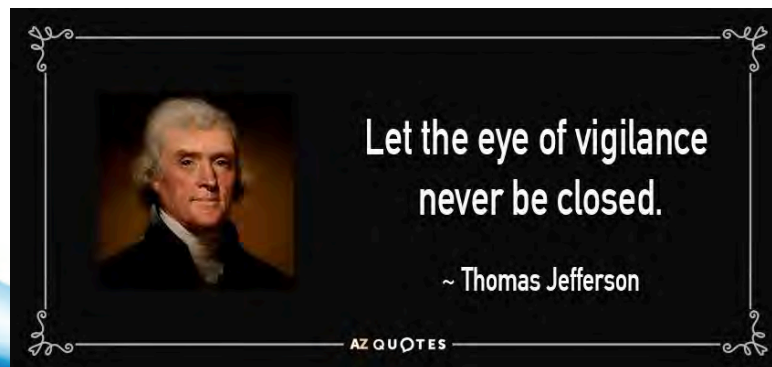
During the course of verification of a complaint related with alleged irregularities in tendering by Civil Department at one Area, following observations has been made:

## A. Publication of NIT below 2 lakh at company web site.

- (i) During the year 2015-16, 312 nos of civil works with (Gross estimated value Rs. 4.3 crores) estimated value between Rs. 50,000 to 2 lakhs were issued vide 50 different quotation notices by Staff Officer (Civil) of the Area. Out of which, 214 numbers of works were awarded at total value of Rs. 5.53 crores. As per distribution list mentioned in the quotation notices, copies were marked to notice board, Areas/ Project office and others HQ official. Publicity of work below a particular value was undertaken without resorting to publicity as required in the open tenders. CVC guideline stipulates that in all such cases, notice can be put on the Website as it does not take any time and it also does not cost anything (CVC office order no. 10/2/04 issued vide letter no. 98/ORD/1 dated 11.02.2004).
- (ii) Keeping the above in view, for enhancing transparency and reducing opportunities for abuse of power, it shall be proper if tenders below Rs. 2 lakhs issued by different departments viz. Civil, E&M, Excavation etc. are also published at company web site in a downloadable form. This system is already in vogue at different subsidiaries of CIL.

## B. Adherence to the timeline for conclusion and provisions regarding cancellations of tenders.

- (i) Status as on Feb. 2016, of e-tendering (having estimated cost above Rs. 2 lakh) issued by Staff officer Civil, of an area in the year 15-16 was also obtained. It revealed that out of 66 nos of such tenders published till December 2015, 18 number of the work were awarded, 15 nos were retendered and rest 33 nos of the tenders had not been finalised by aforesaid date. From above it was observed that there is lack of promptness in conclusion of tenders and cases of cancellation/ retendering are also substantial in number.
- (ii) In this regard circular no. CIL:VIG:2015:F-118:2075 dated 31.12.15 of CVO, CIL upper timeline for finalisation and provisions regarding cancellation of the tender have been mentioned. Therefore, it shall be proper if officials are directed to adhere to the provisions of aforesaid circular in letter and spirit.



## Irregularities in Coal Transportation Contract

During the course of a vigilance investigation into irregularities in penalty deduction with respect to weight difference found in loading and receiving end in coal transportation in one of the projects, following facts have emerged:

- (i) The extraction of coal including extraction and transportation of coal was awarded to an outsourcing agency for three years.
- (ii) The clause no. 18.0 of Special Terms and Condition of transportation contract clearly stipulates that “in case the trucks are being weighed at both the ends, loading as well as unloading end, the figures of weighment at both the ends shall be reconciled every month in respect of each contractor and if there is any shortage of coal received at the unloading end, the value of coal found short will be deducted at double the then prevailing rate including all royalty, cess from the security deposit of the transporting contractor(s) concerned or other wise specifically mentioned in the work order / agreement”.
- (iii) During the above contract period the monthly reconciliation report of loading & receiving end weighment of trucks shows difference in weights of about 6512.765 tonnes.
- (iv) As per above clause penalty for weight difference of 6512.765 tonnes in loading and receiving end in subject coal transportation contract has to be imposed on outsourcing contractor.
- (v) The total amount of penalty was calculated at double the then prevailing rate including all royalty, cess etc and it comes to Rs. 2,82,39,387.14 (Rupees Two Crore Eighty-two Lakh Thirty-nine Thousand Three Hundred Eighty-seven and Paise Fourteen only) for its recovery from the security money / pending bills of the contractor.

In view of the above a guideline has been issued from competent authority for deduction of penalty from the monthly / running on A/c bills of the contractor in all the project of CCL, as per clause 18.0 of Special Terms and Conditions of GTC.



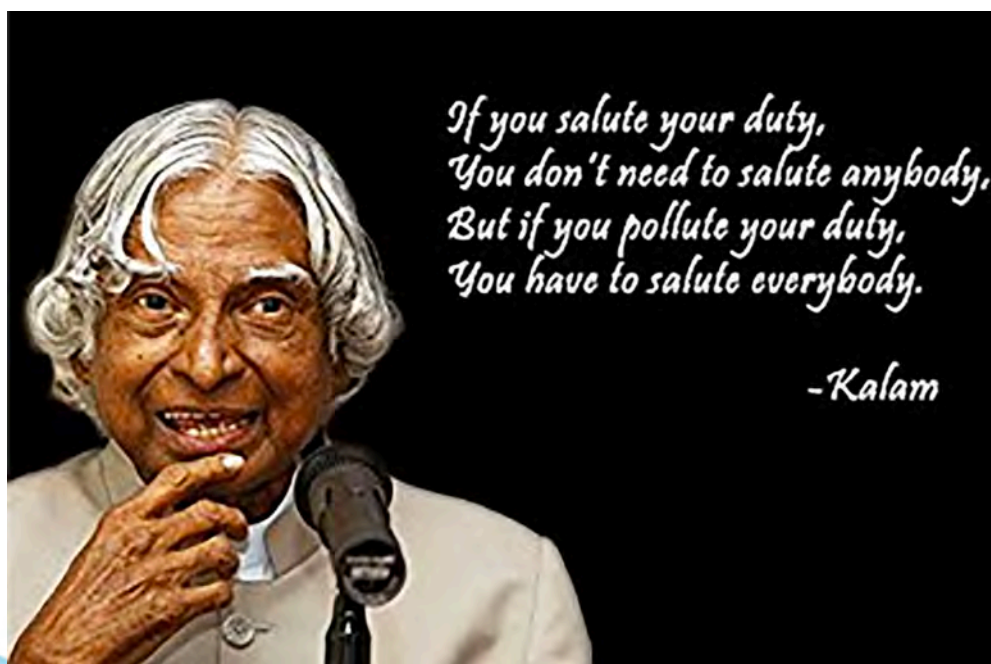
## Shortcomings in Hiring of Vehicles

During the course of verification of complaints related to one of the offices, it was observed that the office had not finalised any contract, by inviting open tender, for providing vehicles to CCL executives on tour. Vehicles were being hired on day-to-day basis from any private vendors at CIL approved rate without following any transparent process, as the system had provided discretionary power to the incharge of the office. Hiring of vehicles without following transparent process is clear violation of CVC guideline. Hiring vehicle is a regular activity of the said office and under this heads a sum of Rs. 20-25 lakhs are being spent on yearly basis.

## Irregularities in Execution of Contract for Work of Loading and Transporting of Coal

During the course of verification of irregularities in execution of a three year contract awarded to a Transport Company for work of loading and transporting of coal from an Opencase Project to nearby Washery of CCL, the following irregularities were observed:

- (i) **Bank guarantee** valid for a period shorter than stipulated in clause 4.3(C), Section 3 of General Terms & Conditions governing Contractual Transportation & Loading in Areas of CCL was accepted and subsequently not re-validated promptly.
- (ii) **"Hindrance Register"** maintained at the Opencast Project for enforcement of clause 6.4, section-3 of General Terms & Conditions of the contract revealed that majority of interruptions in execution of contracted work had occurred at the Washery. These records were unilaterally maintained by the Opencast Project and adopted in a subjective manner to issue certificates of satisfactory monthly performance to the contractor. The absence of a standardized, unambiguous system of updating and authentication of hindrances for certifying performance, facilitated the contractor to avoid penalty for short transportation and get satisfactory completion certificate of work though only half of the awarded work was completed by the contractor within the stipulated time.
- (iii) No log book for hindrance in coal receipt and plant breakdown was maintained at washery during the aforesaid period. This left no scope of confirmation of preceding events which resulted in less receipt of coal at washery.



## Procurements on Proprietary Basis

During the course of investigation in matters related with procurements of E&M spares by one of the Areas, it got revealed that OEM of the supplied Equipment/ Sub-assemblies/Switchgears were considered as proprietary owners for all the spare parts of the said equipments/sub-assemblies/Switchgears without any valid and credible documental evidences/physical verifications.

It is reiterated in this context that proper and prudent applications of clause 2.6 of CIL Purchase Manual and subsequent circulars from DT(O) in this regard vide Dir.(T/OP)/2012/11/112, 113, dt. 12.04.2012 may be done for arriving at any proprietary conclusions.

The Proprietary /Source /Brand purchases should be carefully and properly distinguished for purchases against spares of Equipment/Sub assemblies/Switchgears as spelled out in clause 2.6 of the Purchase Manual.



## Lapses in the Work of Construction of Quarters of CISF

During the course of vigilance investigation subsequent to an Intensive Technical Examination (ITE) of the work of construction of quarters of CISF at one of the Area of CCL, it was observed:

- (i) At the time of inspection by Vigilance team and subsequently, by a team constituted by GM(C), HQ, a number of defects for rectification were identified. Before taking over the said building, it was advised to get the remedial action complied and if required suitable action as per Civil Engineering Manual (CEM) clause 8.06, 8.07 and 8.08 may be taken.
- (ii) "Suitable action" as per contract provision was also advised against the contractor since he had not deployed Technical manpower as required under the contract at the construction site.
- (iii) Calculation for payment of price Escalation/De-escalation in respect of material, labour etc was not made as per provision given in the Agreement. It has been advised to look in to matter and to ensure that the same is calculated as per provision/formula given in the Agreement under the head "Additional Terms and conditions".
- (iv) Prevailing system for processing the bill of the contractors was not in line with the provision of clause no. 6.01 and 5.02.1 of CEM.

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सत्यमेव जयते

केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION



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No.011/VGL/014

सं./No.....

दिनांक / Dated..... 11<sup>th</sup> February, 2011

Circular No.01/02/11

**Sub: Transparency in Tendering System**

There have been instances where the equipment/plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of the various technical solutions available in the market to meet the desired objectives of a transparent procurement that ensures value for money spent simultaneously ensuring upgradation of technology & capacity building.

2. The Commission advises that in such procurement cases where technical specifications need to be iterated more than once, it would be prudent to invite expression of interest and proceed to finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner. In such cases, two stage tendering process may be useful and be preferred. During the first stage of tendering, acceptable technical solutions can be evaluated after calling for the Expression of Interest (EOI) from the leading experienced and knowledgeable manufacturers/suppliers in the field of the proposed procurement. The broad objectives, constraints etc. could be published while calling for EOI. On receipt of the Expressions of Interest, technical discussions/presentations may be held with the short-listed manufacturers/suppliers, who are prima facie considered technically and financially capable of supplying the material or executing the proposed work. During these technical discussions stage the procurement agency may also add those other stake holders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality bench marks, warranty requirements, delivery milestones etc., in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/presentations and the process of decision making should be kept.



## KAYAKALP VATIKA, PIPARWAR



*Green Initiatives*

*Glimpses from the Past*  
**Vigilance Awareness Week 2012**



*Shri R Sri Kumar, the then Vigilance Commissioner, CVC being the Chief Guest of the Occassion*

No. 02-07-01-CTE-30  
Government of India  
Central Vigilance Commission  
\*\*\*\*\*

Satarkata Bhawan, Block 'A',  
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New Delhi-110023.

OFFICE MEMORANDUM

*Circular No. 01/01/08*

31 DEC 2007

Sub. : Acceptance of Bank Guarantees.

A number of instances have come to the notice of the Commission where forged / fake bank guarantees have been submitted by the contractors/suppliers. Organizations concerned have also not made any effective attempt to verify the genuineness / authenticity of these bank guarantees at the time of submission.

2. In this background, all organizations are advised to streamline the system of acceptance of bank guarantees from contractors/suppliers to eliminate the possibility of acceptance of any forged/fake bank guarantees.

3. The guidelines on this subject issued by Canara Bank provides for an elaborate procedure, which may be found helpful for the organizations in eliminating the possibility of acceptance of forged/fake bank guarantees. The guidelines issued by Canara Bank provides that -

“The original guarantee should be sent to the beneficiary directly under Registered Post (A.D.). However, in exceptional cases, where the guarantee is handed over to the customer for any genuine reasons, the branch should immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the beneficiary with a covering letter requesting them to compare with the original received from their customer and confirm that it is in order. The A.D. card should be kept with the loan papers of the relevant guarantee.

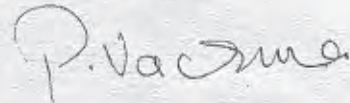
At times, branches may receive letters from beneficiaries, viz., Central/State Governments, public sector undertakings, requiring bank's confirmation for having issued the guarantee. Branches must send the confirmation letter to the concerned authorities promptly without fail.”

4. Therefore, all organizations are advised to evolve the procedure for acceptance of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India. The steps to be ensured should include-

- i) Copy of proper prescribed format on which BGs are accepted from the contractors should be enclosed with the tender document and it should be verified verbatim on receipt with original document.
- ii) It should be insisted upon the contractors, suppliers etc. that BGs to be submitted by them should be sent to the organization directly by the issuing bank under Registered Post (A.D.).
- iii) In exceptional cases, where the BGs are received through the contractors, suppliers etc., the issuing branch should be requested to immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the organisation with a covering letter to compare with the original BGs and confirm that it is in order.
- iv) As an additional measure of abundant precaution, all BGs should be independently verified by the organizations.
- v) In the organisation/unit, one officer should be specifically designated with responsibility for verification, timely renewal and timely encashment of BGs.

5. Keeping above in view, the organizations may frame their own detailed guidelines to ensure that BGs are genuine and encashable.

6. Receipt of the above guidelines should be acknowledged.



(Smt. Padamaja Varma)  
Chief Technical Examiner

To  
All Chief Vigilance Officers

No. 02-07-1-CTE-30/309204  
Central Vigilance Commission  
Chief Technical Examiner's Organization  
\*\*\*

Satarkta Bhavan, Block-A  
GPO Complex, INA, New Delhi  
Dated, the 04.03.2016

Circular No. 04/03/2016

OFFICE MEMORANDUM

Sub: Acceptance of Bank Guarantee (BG) – Reg.

\*\*\*\*\*

Reference is invited to the Commission's Circular No. 01/01/08 dated 31.12.2007 (issued vide OM No. 02-07-1-CTE-30 dated 09.05.2006), wherein necessity for ensuring verification of genuineness of Bank Guarantee prior to its acceptance was emphasized and steps were suggested.

2. It is, however, observed that the practice of paper based verification of BGs followed by the organizations is not only time consuming causing delay in acceptance/award of works or advance related payments but also its trustworthiness cannot always be ensured due to human intervention in it.

3. In this background, organizations are advised to follow IT enabled confirmation system which is swift and secured in addition to their existing paper based confirmation system. The following methods for verification may be considered by the organizations:-

- a) Getting confirmation through digitally signed secured e-mails from issuing Banks;
- b) Online verification of Company portal with user ID and password followed by 2<sup>nd</sup> stage authentication system generated One Time Password (OTP) on portal for reconfirmation;
- c) E-mail confirmation followed by 2<sup>nd</sup> stage authentication by system generated SMS through registered mobile and reconfirmation through SMS to the verifying officer.

4. Keeping above in view, organizations may evolve their own procedure adopting any one or more of the above methods for ensuring genuineness of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India.

*R Chandra*  
( Ramesh Chandra )  
Chief Technical Examiner  
4/3/2016

To

All Chief Vigilance Officers



सत्यमेव जयते

केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,  
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सं./No. 98/ORD/1(viii)

दिनांक / Dated 29<sup>th</sup> April, 2014

Circular No.01/04/14

**Sub: Short-comings in bid documents**

**Ref:** Commission's circular No.33/7/03 dated 9<sup>th</sup> July, 2003

The Commission has been impressing upon all Organisations to ensure transparency and fairplay in all procurements/contracts. One of the concern relates to the short-comings in framing of NITs and bid documents which results in ambiguity and scope for interpretation differently during processing and award of contracts by the organisations.

2. The Commission had vide its Office Order No.33/7/03 dated 9<sup>th</sup> July, 2003, advised that whatever pre-qualification, evaluation/exclusion criteria, etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organizations for submitting various clarifications and presentations.

3. The above instructions are reiterated for compliance by all Ministries/Departments/ Organisations.

(J Vinod Kumar)  
Officer on Special Duty

To

All Chief Vigilance Officers.

### **Systems improvement - Guidelines regarding hiring of vehicles by Government offices**

The Commission has come across instances of hiring vehicles owned by near ones/relatives of Government servants, for operational/ staff car purposes, either without following the due processes of tendering, or by following such procedure as an empty formality by getting three or more quotes from interested parties at pre-determined prices. It is further seen that majority of the vehicles so hired are not registered as taxi/transport vehicles but are registered as private vehicles. There are also allegations that some officers are buying high end expensive cars in the names of their relatives or persons known to them and are taking such vehicles on lease allegedly for official purposes.

2. The Commission is of the view that such a practice virtually amounts to carrying on private business by the officers which is a prohibited conduct. Accordingly, the Commission advised Ministry of Finance and DoPT on 12.08.2016 to prescribe guidelines and procedure to curb such undesirable practices in hiring vehicles and that an open, transparent procedure through which vehicles registered as taxi or public transport are hired to effect systemic improvements and prevent such undesirable practices.

3. As advised by the Commission, the Department of Revenue, Ministry of Finance vide [Circular No.13011/50/2016-Vig dated 23<sup>rd</sup> September, 2016](#) issued instructions to prevent corrupt / undesirable practices in awarding contracts for hiring of vehicles to Government offices. D/o Revenue advised all HoDs and concerned officers of the attached / subordinate offices of the Department to ensure that in addition to the existing provisions/rules for hiring of vehicles, the following instructions are duly complied with:

- (i) Relevant provision of GFR are strictly followed while hiring of vehicles;
- (ii) An open, transparent tendering procedure is adopted;
- (iii) Only vehicles registered as taxi or public transport vehicle are hired;
- (iv) Log book is maintained as in case of Department vehicles.

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सं. / No. 005/CRD/012

भारत सरकार  
केन्द्रीय सतर्कता आयोग  
GOVERNMENT OF INDIA  
CENTRAL VIGILANCE COMMISSION

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,  
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दिनांक / Dated .....  
20<sup>th</sup> January, 2010

- (i) The Secretaries of all Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Chief Executives of all PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies.
- (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
- (vii) President's, Secretariat/Vice-President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

CIRCULAR No.01/01/10

Attention is invited to the Commission's circular No. 4/3/07 dated 3.3.07 on the issue of "Tendering Process – Negotiations with L1".

In the said circular it has, among other things, been stated "As post tender negotiations could often be a source of corruption, it is directed that there should be no post tender negotiations with L1, except in certain exceptional situations". It has come to Commission's notice that this has been interpreted to mean that there is a ban on post tender negotiations with L-1 only and there could be post tender negotiations with other than L1 i.e. L2, L3 etc. This is not correct.

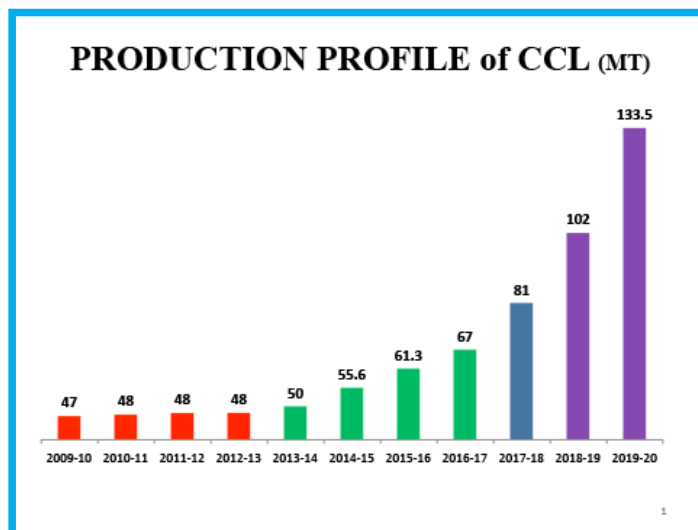
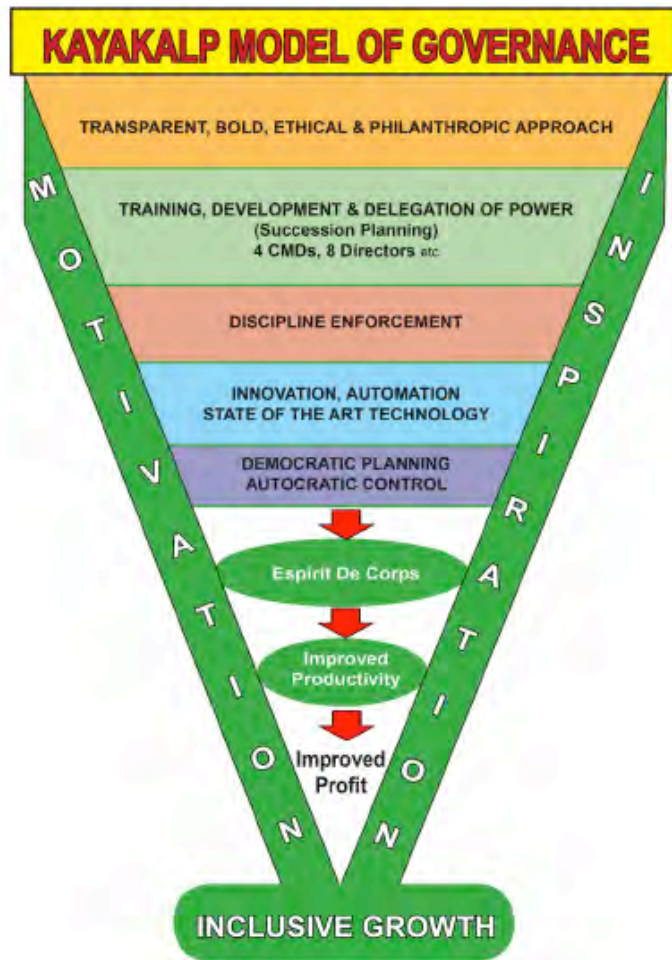
It is clarified to all concerned that - there should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances, then it can be with L1 (Lowest tenderer) only if the tender pertains to the award of work/supply orders etc. where the Government or the Government company has to make payment. However, if the tender is for sale of material by the Government or the Govt. company, the post tender negotiations are not to be held except with H1 (i.e. Highest tenderer) if required.

2. All other instructions as contained in the circular of 3.3.2007 remain unchanged.

3. These instructions issue with the approval of the Commission and may please be noted for immediate compliance.

*Ramachandran*  
(V. Ramachandran)  
Chief Technical Examiner







CVO, CCL, Shri A. K. Srivastava alongwith D (P), CCL, Shri R. S. Mahapatra and the Mayor, Ranchi, Smt. Asha Lakra administering the **MASS PLEDGE** to citizens of Ranchi at Pahari Mandir, Ranchi



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