

COAL INDIA LIMITED
(A MAHARATNA COMPANY)
Coal Bhavan,
Premises No.04, Action Area IA,
New Town, Rajarhat, Kolkata - 700 156
PHONE: 033-2324 4024, FAX: 033-2324 4082
Website: www.coalindia.in, E-mail: dt.cil@coalindia.in



कोल इंडिया लिमिटेड
(महाराष्ट्र कंपनी)
कोयला भवन
परिसर संख्या ४, एक्शन एरिया १ए
न्यू टाउन, राजरहाट, कोलकाता-७००१५६
फोन : ०३३ २३२४ ४०२४, फैक्स : ०३३ २३२४ ४०८२
वेबसाइट: www.coalindia.in ई मेल: dt.cil@coalindia.in

Ref. No. CIL/C2D/IEM/MCL/ 1346

Date: 13/03/2019

To
Shri Sunil Kumar Chourasia, IOFS (Retd.)
Flat 9, Dutt Arcade-II,
Civil lines, (Near Hotel Jacksons)
Jabalpur - 482001

Speed Post
e-mail: sunilchourasia@hotmail.com

Dear Sir,

Sub:-Engagement as Independent External Monitor (IEM) for Implementation of Integrity Pact Programme.

We are glad to inform you that your name has been approved by the Central Vigilance Commission for empanelment as an Independent External Monitor (IEM) for implementation of Integrity Pact Program at Coal India Limited (CIL). We are pleased to issue this letter of engagement to act as an IEM, against tenders issued by Mahanadi Coalfields Ltd. (MCL) a Miniratna PSU.

The terms of appointment shall be as under:-

1. This engagement as Independent External Monitor shall be for a period of three years from date of issue of this letter and it would be subject to renewal thereafter by CIL, after approval of CVC and CIL management.
2. You shall be paid Rs. 2,000/- (Rs. Two Thousand only) for being named in the panel for each tender and Rs. 15, 000/- (Rs. Fifteen Thousand only) for each reference made and dealt by you, against which you will give a recommendation to management of CIL.
3. Names of Independent External Monitors shall be indicated in each tender for reference of complaints, if any.
4. You will have status/benefits similar to those of Chairman of Audit Committee of Board/Director of MCL.
5. Implementation of IEM will be governed by revised Standing Operating Procedure (SOP) for implementation of Integrity Pact circulated as per circular No. 02/01/2017 dated 13.01.2017 issued by Director, CVC, New Delhi (copy enclosed). As per Clause 4.02 of the revised Standing Operating Procedure (SOP) circulated by CVC, it would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organization on quarterly basis including an annual meeting to discuss/ review the information on tenders awarded during the previous quarter. Additional sittings however can be held as per requirement.

Contd....2

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6. The fees for each IEM for attending such structured meeting where general related things beside complaints, if any, etc. could be discussed, would be paid Rs. 15,000/- (Rupees Fifteen Thousand only) per meeting irrespective of any number of days of duration of the meeting for MCI, being a Minirtna Company.
7. Your roles and duties as per revised Standard Operating Procedure (SOP) for implementation of Integrity Pact Program (copy enclosed), will be as under:-
 - a. The IEMs would have access to all contract documents, whenever required.
 - b. It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organization on a quarterly basis including an annual meeting to discuss/review the information on tenders awarded during the previous quarter. Additional sittings, however, can be held as per requirement.
 - c. The IEMs would examine all complaints received by them and give their recommendation/views to the Chief Executive of the organization, at the earliest. They may also send their report directly to the CVO and the Commission, in case of suspicion of serious irregularities requiring legal/administrative action. IEMs are expected to tender their advice on the complaints within 10 days as far as possible.
 - d. For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs jointly as far as possible, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.
 - e. IEM should examine the process integrity, they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organization should be looked into by the CVO of the concerned organization.
 - f. The role of IEMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.
 - g. Issues like warranty/guarantee etc. should be outside the purview of IEMs.
 - h. All IEMs should sign non-disclosure agreements with the organization in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.

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Contd....3

- i. A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organizations or agencies subject to his declaring that his/her additional assignment does not involve any conflict of interest with existing assignment. In case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself/herself from that case.
- j. All organizations may provide secretarial assistance to IEM for tendering his/her job as IEM
- k. In case of any misconduct by an IEM, the CMD/CEO should bring it to the notice of the Commission detailing the specific misconduct for appropriate action at the Commission's end.
- l. The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him/her or directed to him/her by the Commission.

8. This is issued with the approval of Chairman, CIL.

You are requested to kindly acknowledge receipt of this letter.

Encl: 1) MOU.

- 2) Pre Contract Integrity Pact format.
- 3) Revised Standard Operating Procedure (SOP).

Copy to:

1. Chairman, CIL.
2. CMD, MCL
3. CVO, CIL/ MCL
4. Director (P&IR), CIL/Director (Marketing) CIL/ Director (Finance)/ CIL.
5. GM (MM), CIL/ MCL.
6. GM (Fin), MCL.

Yours faithfully,



(Binay Dayal)
Director (Technical)



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Ref. No. CIL/C2D/IEM/MCL/ 1339

Date: 13/03/2019

To
Shri Sutanu Behuria, IAS (Retd.)
602 – A, Beverly Park - 1,
MG Road, DLF Phase - II
Gurgaon - 122009
Haryana

Speed Post
email: sutanu2911@gmail.com

Dear Sir,

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4. Director (P&IR), CIL/Director (Marketing) CIL/ Director (Finance)/ CIL.
5. GM (MM), CIL/ MCL.
6. GM (Fin), MCL.

Yours faithfully,



(Binay Dayal)
Director (Technical)





**MEMORANDUM OF UNDERSTANDING
BETWEEN
COAL INDIA LIMITED, INDIA (CIL)
AND
TRANSPARENCY INTERNATIONAL INDIA (TII)**

1. *Considering* that bribery and corruption is widespread Social and Economic crime, which undermines good governance and economic development in India and corrodes the moral fiber of our society.
2. *Considering* that all companies and major organizations within India share a common responsibility to combat bribery and corruption in all forms and manifestations.
3. *Recognizing* that achieving progress in this area requires sustained efforts not only at national level but also on individual Company or Government department level.
4. *Welcoming* the efforts of *Transparency International-India (TII)* and other non-governmental organizations as well as business organization such as *Coal India Limited, India (CIL)*.
5. *CIL* is a premier Public Sector Organization engaged in various activities in Coal Sector in India. *CIL* conducts its business in highest ethical standards. It does business with a number of domestic and international Bidders, Contractors and Vendors of goods and services (Counterparties). *CIL* is committed to fostering the most ethical and corruption free business environment. *CIL* values its relationships with all Counterparties and deals with them in a fair and transparent manner.
6. *Integrity Pact* is a tool developed by *Transparency International*, which ensures that all activities and transactions between a Company or Government Departments and their Suppliers are handled in a Fair, Transparent and Corruption Free manner.
7. *CIL* and *TII* have developed attached Integrity Pact Program in consultation with Central Vigilance Commission (CVC) and *CIL* is implementing this Program within its Organization. Based on the experience gained in implementing the Integrity Pact Program in *CIL* and other organizations this Program may be further refined to improve its effectiveness.
8. *CIL* is committed to implement the Integrity Pact Program whole-heartedly both in letter and in spirit.
9. *TII* pledges to support *CIL* in this regard and provide it with advice and resources within its means to ensure successful implementation of Integrity Pact Program and achievement of its objectives.
10. In case *CIL* and *TII* have differences concerning the implementation of the Integrity Pact Program they undertake to resolve them through dialogue and discussion. In case such differences cannot be resolved either party can terminate this Memorandum of Understanding by giving thirty days notice in writing to the other party and make such termination public only after it has taken effect. This Memorandum of Understanding will remain in effect unless terminated according to the above provision.

Coal India Limited, India

Transparency International India

Maha
15/09/2007

Balwantrao
Chairman

Chairman & Managing Director
COAL BHAWAN
 10 Netaji Subhas Road
 KOLKATA -700 001
 Tel: 033-2243 5063
 Fax: 033-22483373
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 email : tiiindia@gmail.com

15/9/07



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INTEGRITY PACT PROGRAM

I. INTRODUCTION:

Coal India Limited (CIL), India is a premier Public Sector Organization engaged in various activities in Coal sector in India. CIL conducts its business in highest ethical standards.

It does business with a number of domestic and international Bidders, Contractors and Vendors of goods and services (Counterparties). CIL is committed to fostering the most ethical and corruption free business environment. CIL values its relationships with all Counterparts and deals with them in fair and transparent manner.

In order to achieve these goals, CIL is implementing the Integrity PACT program in cooperation with Central Vigilance Commission (CVC) and Transparency International (TI). As part of this initiative CIL will, in consultation with CVC and TI appoint external Independent Monitors who will help CIL implement the INTEGRITY pact Program.

Following are the details of CIL's Integrity Pact Program:

- Commitments and Obligation of CIL.
- Commitments and Obligations of Counterparties.
- Violation and Consequences
- Independent Monitor
- Implementation Guidelines
- Periodic Review and Evaluation.

II COMMITMENTS AND OBLIGATION OF CIL:

- (a) CIL is committed to have most ethical and corruption-free business dealings with counterparties.
- (b) CIL values its relationship with all counterparties and will deal with them in a fair and transparent manner.
- (c) CIL and/or its Associates (employees, agents, consultants, advisors etc) will not seek or take bribes /undue benefits directly or indirectly for themselves or for third parties.
- (d) In competitive tender as well as in general procurement, CIL will deal counterparties with equity, reason, and fairness.
- (e) CIL will exclude all Associates who may be prejudiced or have a conflict of interest in dealing with counterparties.
- (f) CIL will honour its commitments and make due payments to Counterparties in timely manner.
- (g) CIL will initiate action and persevere it vigorously whenever corruption or unethical behavior occurs.

III. COMMITMENTS AND OBLIGATIONS OF THE "COUNTERPARTY"

- (a) The Counterparty directly or indirectly (through Agent, Consultant, advisor etc) will not pay any bribes or give illegal benefit to anyone to gain undue advantage in dealing with the CIL.
- (b) The Counterparty will not engage in collusion, price fixing, etc with other Counterparts unless authorized by CIL.
- (c) The Counterparty will not pass CIL's confidential information to any third party unless authorized by CIL.
- (d) The Counterparty will promote and observe best ethical practices within its Organization.
- (e) The Counterparty will inform the Independent Monitor:
 - i) if he receives demand for a bribe or illegal payment / benefit.
 - ii) if he comes to know of any unethical or illegal payment / benefit
 - iii) if he makes any payment to any CIL Associate.
- (f) The Counterparty will not make any false or misleading allegations against the CIL or its associates.

IV. VIOLATIONS & CONSEQUENCES:

- (a) If a counterparty commits a violation of its Commitments and Obligations under the Integrity Pact Programme during bidding process, he shall be liable to compensate CIL by way of liquidated damages amounting to a sum equivalent to 3% of the value of the offer or the amount equivalent to Earnest Money Deposit / Bid Security, whichever is higher.
- (b) In case of violation of the Integrity Pact whereby after award of the Contract, the CIL terminates or is entitled to terminate the Contract, CIL shall be entitled to demand and recover from the Contractor liquidated damage equivalent to 5% of the contract value or the amount equivalent to Security Deposit / Performance Bank Guarantee, whichever is higher.
- (c) CIL may ban and exclude the Counterparty from future dealings until the Independent Monitors is satisfied that the Counterparty will not commit any future violation.
- (d) CIL may initiate criminal proceedings against the violating Counterparty.
- (e) The counterparty, will be liable to damages as determined by the Independent Monitor.

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V. INDEPENDENT MONITOR:

1. CMD, CIL is the authority to appoint Independent Monitor(s) to oversee Integrity Pact Program implementation and effectiveness. The process for their appointment shall be similar to Outside Expert Committee (OEC). For this purpose, a panel of Independent Monitors may be constituted by CIL in consultation with Transparency International (TI) and the same may be referred to CVC for clearance. It will be voluntary, non-salaried position of 3 year term. Independent Monitor/will have status/benefits similar to those of Chairman of Audit Committee of Board/status of the Directors of CIL.
2. The Independent Monitors will be people of impeccable integrity, conversant of CIL's business and experienced in commercial activities.
3. The major goal of the Independent Monitors will be to oversee the implementation of the Integrity Pact Program to prevent corruption, bribes and any other unethical practices in the CIL.
4. The Independent Monitors will not have administrative or enforcement responsibilities. He will coordinate his efforts with other anti-corruption institutions such as CVC. He may engage services of outside agencies such as accounting firms, law firms etc. at CIL's expense, if required, in discharge of his responsibilities.
5. The Independent Monitors will have access to all officers and internal records of the CIL. He will also have access to Counterparty's records and information regarding its dealing with the CIL.
6. The Independent Monitors will have the right to attend any meetings between the CIL and the Counterparties.
7. If the Independent Monitors observe or suspect an irregularity, he will inform the Chairman of CIL and Chairman of the Audit Committee of its Board of Directors. Once the Independent Monitor is satisfied that an irregularity has taken place, he may inform the Board of CIL.
8. The independent Monitor can be removed from his office by CIL only by an open and transparent process and such decision will have to be ratified by the Board of CIL.

VI. IMPLEMENTATION GUIDELINES

To implement the Integrity Pact Program the following general Guidelines are suggested:

- (a) To select and appoint Independent Monitors in consultation with CVC and TI.
- (b) To get commitment from all Senior Level Executives/ officials of CIL to Implement the program. It should be recognized that there may be the resistance to Integrity Pact program.
- (c) To develop detailed implementation plan and finalize the Integrity Pact document in consultation with the Independent Monitors.

- (d) To notify all senior staff members, Board of Directors, any other oversight body of the Organization and major suppliers of CIL's plan to implement the Integrity Pact program, which is to be included in CIL's website and disclosed to the media.

VII. PERIODIC REVIEW & EVALUATION

It is recommended that CIL periodically review the effectiveness of Integrity Pact Program by all or some of the following:

1. The Independent Monitors and senior leadership of CIL do an annual self-assessment of Integrity Pact Program effectiveness and identify areas / ways to improve.
2. The Independent Monitor to submit an annual report on the progress / effectiveness of Integrity Pact Program to the Board of Directors of CIL.
3. CIL may conduct an annual 360-degree review (by an outside agency) with senior executives, junior executives, suppliers and competitors of effectiveness of Integrity Pact Program in reducing corruption.
4. CIL meet with CVC and TI on an annual basis to review the effectiveness of program.

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केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-110023

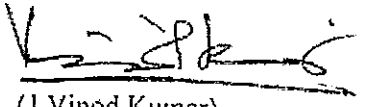
सं./No. 015/VGL/091

दिनांक / Dated 13.01.2017

Circular No. 02/01/2017

Subject:- Adoption of Integrity Pact – Revised Standard Operating Procedure - regarding.

The Commission has reviewed the Standard Operating Procedure for adoption of Integrity Pact issued vide Circular No. 10/5/09 dated 18.5.2009 and has formulated a revised Standard Operating Procedure (SOP) for adoption of Integrity Pact in Government Departments / Organisations. A copy of the same is enclosed for information and necessary action.


(J. Vinod Kumar)
Director

1. All Secretaries of Ministries/Departments.
2. All CMDs/Heads of CPSUs/Public Sector Banks/Organisations.
3. All CVOs of Ministries/Departments/ CPSUs/Public Sector Banks/Organisations.

Subject:- Adoption of Integrity Pact – Standard Operating Procedure – regarding.

1.0 Background

1.1 In order to ensure transparency, equity and competitiveness in public procurement, the Commission has been recommending the concept of Integrity Pact (IP) for adoption and implementation by Government organizations.

1.2 CVC through its office orders No. 41/12/07 dated 04.12.2007 and 43/12/07 dated 28.12.2007 as well as Circulars No. 18/05/08 dated 19.05.2008 and Circular No. 24/08/08 dated 05.08.2008 recommended adoption of Integrity Pact to all the organizations and provided basic guidelines for its implementation in respect of major procurements in Government Organisations. A Standard Operating Procedure (SOP) was issued by the Commission vide order No. 10/5/09 dated 18.05.2009. The Commission issued clarifications regarding the appointment, tenure and eligibility criteria of IEMs vide Circular dated 11.8.2009 and 19.1.2010. The review system for IEMs was modified vide circular dated 13.8.2010 and clarification regarding tenure of IEMs was issued by the Commission vide its circular dated 23.7.2012.

1.3 Deptt. of Expenditure vide OM dt. 19.7.2011, issued guidelines to all Ministries/ Departments/Organizations including their attached/subordinate offices and autonomous bodies for implementation of IP. Also, vide OM dated 20.7.2011 Deptt. of Expenditure requested Department of Public Enterprises for directions to Central Public Sector Enterprises for use of IP.

1.4 Further, in view of the increasing procurement activities of Public Sector Banks (PSBs), Insurance Companies (ICs) and Financial Institutions (FIs), the Commission vide Circular No. 02/02/2015 dated 25.02.2015 advised that all PSBs, PSICs and FIs shall also adopt and implement the Integrity Pact.

2.0 Integrity Pact

2.1 The Pact essentially envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

- Promise on the part of the principal not to seek or accept any benefit, which is not legally available;
- Principal to treat all bidders with equity and reason;
- Promise on the part of bidders not to offer any benefit to the employees of the Principal not available legally;
- Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.

- Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC/IPC Act;
- Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary;
- Bidders to disclose any transgressions with any other company that may impinge on the anti corruption principle.

2.2 Integrity Pact, in respect of a particular contract, shall be operative from the date IP is signed by both the parties till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

3.0 Implementation procedure

- 3.1 As stated in Department of Expenditure's O.M. dated 20.7.2011. Ministries/Departments may, in consultation with the respective Financial Adviser and with the approval of the Minister-in-charge, decide on and lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions/contracts concluded by them or their attached/sub-ordinate offices.
- 3.2 The above provision is also applied for procurements made by autonomous bodies for which also the concerned administrative ministry / department may lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used.
- 3.3 The provision for the Integrity Pact is to be included in all Requests for Proposal/Tender documents issued in future in respect of the procurements/contracts that meet the criteria decided in terms of para 3.1 and 3.2 above.
- 3.4 Tenders should specify that IEMs have been appointed by the Commission. In all tenders, particulars of all IEMs should be mentioned instead of nominating a single IEM in the tender as far as possible.
- 3.5 The Purchase / procurement wing of the organization would be the focal point for the implementation of IP.
- 3.6 The Vigilance Department would be responsible for review, enforcement, and reporting on all related vigilance issues.
- 3.7 It has to be ensured, through an appropriate provision in the contract, that IP is deemed as part of the contract so that the parties concerned are bound by its provisions.

- 3.8 IP would be implemented through a panel of Independent External Monitors (IEMs), appointed by the organization. The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.
- 3.9 Periodical Vendors' meets, as a familiarization and confidence building measure, would be desirable for a wider and realistic compliance of the principles of IP.
- 3.10 A clause should be included in the IP that a person signing IP shall not approach the Courts while representing the matters to IEMs and he / she will await their decision in the matter.
- 3.11 In case of sub-contracting, the Principal contractor shall take the responsibility of the adoption of IP by the sub-contractor.
- 3.12 Information relating to procurements/contracts covered under IP and its progress/status would need to be shared with the IEMs on monthly basis.
- 3.13 The final responsibility for implementation of IP vests with the CMD/CEO of the organization.

4.0 Role and Duties of IEMs

- 4.1 The IEMs would have access to all contract documents, whenever required.
- 4.2 It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organisation on a quarterly basis including an annual meeting to discuss / review the information on tenders awarded during the previous quarter. Additional sittings, however, can be held as per requirement.
- 4.3 The IEMs would examine all complaints received by them and give their recommendations/views to the Chief Executive of the organization, at the earliest. They may also send their report directly to the CVO and the Commission, in case of suspicion of serious irregularities requiring legal/administrative action. IEMs are expected to tender their advice on the complaints within 10 days as far as possible.
- 4.4 For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs jointly as far as possible, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.
- 4.5 IEM should examine the process integrity, they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organization should be looked into by the CVO of the concerned organisation.

- 4.6 The role of IEMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.
- 4.7 Issues like warranty / guarantee etc. should be outside the purview of IEMs.
- 4.8 All IEMs should sign non-disclosure agreements with the organization in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.
- 4.9 A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organizations or agencies subject to his declaring that his / here additional assignment does not involve any conflict of interest with existing assignment. In case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself/herself from that case.
- 4.10 All organizations may provide secretarial assistance to IEM for rendering his/her job as IEM.
- 4.11 In case of any misconduct by an IEM, the CMD/CEO should bring it to the notice of the Commission detailing the specific misconduct for appropriate action at the Commission's end.
- 4.12 The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him/her or directed to him/her by the Commission.
- 5.0 Appointment of IEMs
- 5.1 The IEMs appointed should be eminent personalities of high integrity and reputation. The Commission would invite applications from willing interested persons and maintain a panel of persons eligible to be appointed as IEM. The Commission may make independent and discreet background check before including a name in the panel.
- 5.2 The choice of IEM should be restricted to officials from the government and public sector undertakings who have retired from positions of the level of Additional Secretary to the Government of India and above or equivalent pay scale, and for Public Sector Undertakings, Board level officers in Schedule A Companies, Public Sector Banks, Insurance Companies and Financial Institutions. Officers of the Armed Forces who have retired from the rank equivalent of Lt. General and above may also be considered for appointment.

- 5.3 For appointment as IEM the Organisation has to forward a panel of suitable persons to the Commission. This panel may include those who are in the panel maintained by the Commission or they may propose names of other suitable persons for appointment as IEM. While forwarding the panel of suitable persons, the Organization would enclose detailed bio-data in respect of all names proposed. The details would include postings during the last ten years before superannuation, special achievements, experience, etc., in Government sector. It is desirable that the persons proposed possess domain experience of the PSU activities or the relevant field with which they may be required to deal.
- 5.4 The Commission would not consider the name of an officer / executive who is either serving or who has retired from the same organization to be an IEM in that organization, although they may have served in the top management.
- 5.5 A maximum of three IEMs may be appointed in Navratna PSU's and a maximum of two IEMs in other Public Sector Undertakings, Public Sector Banks, Insurance Companies and Financial Institutions.
- 5.6 A person may be appointed as an IEM in a maximum of three organizations at a time.
- 5.7 The appointment of IEM would be for an initial tenure of three years and could be extended for another term of two years on a request received by the Commission from the organization appointing the IEM. An IEM can have a maximum tenure of 5 years in an organization with an initial term of three years and another term of two years.
- 5.8 Age should not be more than 70 years at the time of appointment/extension of tenure.
- 5.9 Remuneration payable to the IEMs by the organization concerned would be equivalent to that admissible to an Independent Director in the organization and in any case should not exceed Rs. 20,000/- per sitting. Remuneration being paid to existing IEMs may not be changed to their detriment for the duration of their tenure.
- 5.10 The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. This may be communicated individually to the IEMs concerned.

6.0 Review System

All organizations implementing IP would undertake a periodical review and assessment of implementation of IP and submit progress reports to the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their annual reports and special reports, wherever necessary.

- 7.0 All organizations are called upon to make sincere and sustained efforts to imbibe the spirit and principles of the Integrity Pact and carry it to its effective implementation.

PRE CONTRACT INTEGRITY PACT

General

This pre-bid pre-contract Agreement (hereinafter called the Integrity Pact) is made on.....day of the month of20..., between, on one hand, Coal India Limited/Subsidiary Cos. acting through Shri, Designation of the officer, (hereinafter called the "BUYER", which expression shall mean and include, unless the context otherwise requires, his successors in office and assigns) of the First Part and M/s.represented by Shri....., Chief Executive Officer (hereinafter called the "BIDDER/Seller" which expression shall mean and include, unless the context otherwise requires, his successors and permitted assigns) of the Second Part.

WHEREAS the BUYER proposes to procure(Name of the Stores/Equipment/Item) and the BIDDER/Seller is willing to offer/has offered the stores and

WHEREAS the BIDDER is a private company/public company/Government undertaking/partnership/registered export agency, constituted in accordance with the relevant law in the matter and the BUYER is a Central Public Sector Unit.

NOW, THEREFORE,

To avoid all forms of corruption by following a system that is fair, transparent and free from any influence/prejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to :-

Enabling the BUYER to obtain the desired said stores/equipment at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and

Enabling BIDDERS to abstain from bribing or indulging in any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also abstain from bribing and other corrupt practices and the BUYER will commit to prevent corruption, in any form, by its officials by following transparent procedures.

The parties hereto hereby agree to enter into this Integrity Pact and agree as follows:

Commitments of the BUYER

1.1 The BUYER undertakes that no official of the BUYER, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the BIDDER, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.

1.2 The BUYER will, during the pre-contract stage, treat all BIDDERS alike and will

provide to all BIDDERS the same information and will not provide any such information to any particular BIDDER which could afford an advantage to that particular BIDDER in comparison to other BIDDERS.

1.3 All the officials of the BUYER will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

2. In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER to the BUYER with full and verifiable facts and the same is prima facie found to be correct by the BUYER, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the BUYER and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the BUYER the proceedings under the contract would not be stalled.

Commitments of BIDDERS

3. The BIDDER commits itself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commit itself to the following :-

3.1 The BIDDER will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the BUYER, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the contract.

3.2 The BIDDER further undertakes that it has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the BUYER or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the contract or any other contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Government.

3.3 BIDDERS shall disclose the name and address of agents and representatives and Indian BIDDERS shall disclose their foreign principals or associates.

3.4 BIDDERS shall disclose the payments to be made by them to agents/brokers or any other intermediary, in connection with this bid / contract.

3.5* The BIDDER further confirms and declares to the BUYER that the BIDDER is the original manufacturer/integrator/authorized government sponsored export entity of the defence stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the BUYER or any of its

functionaries, whether officially or unofficially to the award of the contract to the BIDDER, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company in respect of any such intercession, facilitation or recommendation.

3.6 The BIDDER, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the BUYER or their family members, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

3.7 The BIDDER will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

3.8 The BIDDER will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

3.9 The BIDDER shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the BUYER as part of the business relationship, regarding plans, technical proposals and business details, including information contained in any electronic data carrier. The BIDDER also undertakes to exercise due and adequate care lest any such information is divulged.

3.10 The BIDDER commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.

3.11 The BIDDER shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

3.12 If the BIDDER or any employee of the BIDDER or any person acting on behalf of the BIDDER, either directly or indirectly, is a relative of any of the officers of the BUYER, or alternatively, if any relative of an officer of the BUYER has financial interest/stake in the BIDDER's firm, the same shall be disclosed by the BIDDER at the time of filing of tender. The term „relative“ for this purpose would be as defined in Section 6 of the Companies Act 1956.

3.13 The BIDDER shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the BUYER.

3.14 The Bidder shall not approach Courts for legal remedy while their representations are under consideration of IEMs and they shall wait for the decision of IEM in the matter before seeking legal remedy.

4 Previous Transgression

4.1 The BIDDER declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify BIDDER's exclusion from the tender process.

4.2 The BIDDER agrees that if it makes incorrect statement on this subject, BIDDER can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

5. Earnest Money (Security Deposit)

As mentioned in the Tender Document.

5. Sanctions for Violations

6.1 Any breach of the aforesaid provisions by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER) shall entitle the BUYER to take all or any one of the following actions, wherever required:

i) To immediately call off the pre contract negotiations without assigning any reason or giving any compensation to the BIDDER. However, the proceedings with the other BIDDER(s) would continue.

ii) The Earnest Money Deposit (in pre-contract stage) and/or Security Deposit/Performance Bond (after the contract is signed) shall stand forfeited either fully or partially, as decided by the BUYER and the BUYER shall not be required to assign any reason therefore.

iii) To immediately cancel the contract, if already signed, without giving any compensation to the BIDDER.

iv) To recover all sums already paid by the BUYER, and in case of an Indian BIDDER with interest thereon at 2% higher than the prevailing Prime Lending Rate of State Bank of India, while in case of a BIDDER from a county other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the BIDDER from the BUYER in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.

v) To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the BIDDER, in order to recover the payments, already made by the BUYER, along with interest.

vi) To cancel all or any other Contracts with the BIDDER. The BIDDER shall be liable to pay compensation for any loss or damage to the BUYER resulting from such cancellation/rescission and the BUYER shall be entitled to deduct the amount so payable from the money(s) due to the BIDDER.

vii) To debar the BIDDER from participating in future bidding processes of the Coal India Ltd. for a minimum period of five years, which may be further extended at the discretion of the BUYER.

Viii) To recover all sums paid in violation of this Pact by BIDDER(s) to any middleman or agent or broker with a view to securing the contract.

ix) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the BUYER with the BIDDER, the same shall not be opened.

x) Forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.

6.2 The BUYER will be entitled to take all or any of the actions mentioned at para 6.1(i) to (x) of this Pact also on the Commission by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER), of an offence as defined in Chapter IX of the Indian Penal code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption.

6.3 The decision of the BUYER to the effect that a breach of the provisions of this Pact has been committed by the BIDDER shall be final and conclusive on the BIDDER. However, the BIDDER can approach the Independent Monitor(s) appointed for the purposes of this Pact.

7 Fall Clause

7.1 The BIDDER undertakes that it has not supplied /is not supplying similar product/systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India or PSU and if it is found at any stage that similar product/systems or sub systems was supplied by the BIDDER to any other Ministry/Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the BIDDER to the BUYER, if the contract has already been concluded.

8 Independent Monitors

8.1 The BUYER has appointed Independent Monitors (hereinafter referred to as Monitors) for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors as given in the Tender document).

8.2 The task of the Monitors shall be to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact.

8.3 The Monitors shall not be subject to instructions by the representatives of the parties and perform their functions neutrally and independently.

8.4 Both the parties accept that the Monitors have the right to access all the documents relating to the project/procurement, including minutes of meetings.

8.5 As soon as the Monitor notices, or has reason to believe, a violation of this Pact, he will so inform the Authority designated by the BUYER.

8.6 The BIDDER(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the BUYER including that provided by the BIDDER. The BIDDER will also grant the Monitor, upon his request and demonstration of a valid

interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor shall be under contractual obligation to treat the information and documents of the BIDDER/Subcontractor(s) with confidentiality.

8.7 The BUYER will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the parties. The parties will offer to the Monitor the option to participate in such meetings.

8.8 The Monitor will submit a written report to the designated Authority of BUYER within 8 to 10 weeks from the date of reference or intimation to him by the BUYER/BIDDER and, should the occasion arise, submit proposals for correcting problematic situations.

9 Facilitation of Investigation

In case of any allegation of violation of any provisions of this Pact or payment of commission, the BUYER or its agencies shall be entitled to examine all the documents including the Books of Accounts of the BIDDER and the BIDDER shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

10. Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the BUYER.

11. Other Legal Actions.

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

12. Validity

12.1 The validity of this Integrity Pact shall be from date of signing the IP and extend till the complete execution of the contract to the satisfaction of both the BUYER and the BIDDER/Seller. Issues like warranty/guarantee etc. shall be outside the purview of the IEMs. In case, BIDDER is unsuccessful, this Integrity Pact shall expire after six months from the date of the signing of the contract.

12.2 Should one or several provisions of this Pact turn out to be invalid, the remainder of this Pact shall remain valid. In this case, the parties will strive to come to an agreement to their original intentions.

13. The parties hereby sign this Integrity Pact
at.....on.....

For the BUYER
Name of the Officer.....
Designation.....
Coal India Limited

For the BIDDER
Name of the Officer.....
Designation.....
Name of the company.....

Witness:-
1 .Name
 Designation.....
 Name of the company.....

2. Name
 Designation.....
 Name of the company.....

Witness:-
1. Name
 Designation.....
 Name of the company.....

2. Name.....
 Designation.....
 Name of the company.....

*In case of non-applicability of this clause, the bidder will mention "not applicable".

