



# Preventive Vigilance



**DOs & DON'Ts**



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड  
STEEL AUTHORITY OF INDIA LIMITED



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## FOREWORD

Global steel industry is passing through challenging times. SAIL alongwith Indian Steel Industry is making multi-pronged strategies for its turnaround and in the process, is rewriting goals for the future. To achieve these goals, fast decision-making is the need of the hour.

Being a Maharatna PSU, SAIL has robust procedures / guidelines in place which are formulated In line with the government guidelines. These guidelines serve as enablers for transparent and fair working and yet facilitate efficient decision-making. In order to ensure managerial excellence, formulation of easy and simple procedures/policies on varied issues and their dissemination among the employees is vital.

I am pleased to note that Vigilance has been proactive on this issue and on the occasion of Vigilance Awareness Week, is bringing out an updated booklet on "DOs and DON'Ts". This booklet covers general guidelines for employees and would go a long way in helping them in expeditious decision making.

(P K Singh)  
Chairman

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## PREFACE

In the fast changing business and economic environment, good governance and transparency in all spheres of life is the need of the hour. A robust framework of rules/guidelines including its periodic review/ updation is essential to facilitate the same. SAIL, being a premier organization of Government of India, as a Maharatna, has been at the forefront in setting pace and direction in this regard.

To facilitate SAIL employees in carrying out various activities involving decision making on a daily basis and as part of Preventive Vigilance Administration, Corporate Vigilance has been making continuous efforts alongwith executing agencies in formulating/updating procedures/guidelines from time to time such as Purchase/Contract Procedure; Standard Bidding Document; Banning of Business Dealings; Recruitment Manual; Handling Contract Manual etc.

In order to maximize the information among employees, Corporate Vigilance has been publishing a booklet of "DOs and DON'Ts" from time to time. As a large number of changes have taken place in the key documents guiding us in our decision making and to facilitate employees in making correct decisions every time, an updated booklet on "DOs and DON'Ts" has been prepared which provides general guidance for day-to-day work and is being published in a handy booklet format which can be used as a ready reckoner. Hope this will enable SAIL employees in being vigilant while taking regular decisions. Suggestions for further improvement are welcome.

(Shailesh Kumar Singh)  
IAS  
Chief Vigilance Officer



## DOs - General

1. Always keep in mind the Vision and Credo of the Company. Every employee of the organization has to contribute his/her best through highest standards of integrity, dedication, commitment, competence and impartiality in a fair, fearless and dispassionate manner.
2. A Manager in a Commercial Organization like SAIL always has to take decisions. Normally for taking decision, guidelines, rules, procedures, circulars exist. Decision has to be prompt, clear and prudent. Decisions should be backed by reasoned notes.
3. Be courteous to all stakeholders, officials as well as private persons & maintain a clean image of self as well as of company.
4. The non-redressal of grievances leads to dissatisfaction, often resulting in complaints. Hence, to nip the problem in the bud, pay prompt attention to all grievances at workplace irrespective of the source.
5. The employees in supervisory capacity have not only to maintain integrity and devotion to duty themselves but have also to ensure the same for the employees working under them.
6. The best way to make subordinate employees adhere to rules and regulations is to follow them yourself & demonstrate them. Be a role model in adherence of rules and regulations.



7. The rules, regulations, procedures, guidelines and circulars are enforced to facilitate the conduct of work in transparent manner within the prescribed framework and to rule out any adverse situation in case of any future scrutiny.
8. Continuously review and update the existing rules and procedure, with respect to work requirement and changing environment so that rules remain relevant and adherence is practicable.
9. In case of use of discretion, be judicious and record the rationale. In event of deviation from the laid down rules / procedure, record the deviation along with reason thereof and take approval of competent authority, as per Delegation of Power.
10. While taking decisions maintain contemporary records. Anything explained later on may be treated as afterthought, with the intention to cover up the issue.
11. The record note of the discussions / minutes of the meeting should be prepared immediately, when the discussions are fresh in memory, lest the point discussed is missed out or gets distorted.
12. Always write a speaking order / reasoned note. Otherwise, later on, it becomes difficult to explain the reasons for taking any particular course of action.



13. Each executive is a Vigilance Officer of his own area. Hence, conduct surprise checks in your area, so as to ensure that everything is progressing as per rules and the laid down procedures, in a transparent and fair manner.
14. While signing, always write name, designation and date of signature so that later on during scrutiny, it is identifiable.
15. As per SAIL CDA Rules, any acquisition or disposal of property above a defined limit is to be informed to Vigilance Department. Follow it without exception.
16. As per SAIL CDA Rules, an employee shall at all times maintain absolute integrity and devotion to duty. Hence, any misconduct, even in personal capacity, is a violation of the Conduct Rules.
17. While dealing / processing a case, if any self interest is involved, disclose it to the controlling officer and take further action as per the instructions given.
18. Demand or offer of illegal gratification is a criminal misconduct; an incident in this regard is to be reported immediately to the controlling officer, for taking further necessary action.
19. One of the most fertile grounds for breeding corruption is delay. As a supervisory officer, each one of us should monitor the receipt and disposal of files / reference/bills received from other department / agencies. Any delay in their disposal is to be eliminated.



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20. The senior executives have to give approval / sanction for a number of proposals submitted to them. Such sanction / approval should not be given in a routine / mechanical manner based on recommendations of junior executives. An approving / sanctioning authority should have his / her own shortlist of points like delegation of power, availability of budget, adherence to the extant rules and procedure, etc., which should be checked before granting sanction / approval.

### **DOs - Purchase / Contract cases - Pre-award stage**

1. Following pre-requisites of any tendering process have to be well determined:
- The purchaser / indenter must determine the following requirements clearly without any ambiguity :
    - ☞ Specifications
    - ☞ Performance parameters
    - ☞ Time frame of requirement / performance schedule
    - ☞ Quantity
  - Tender documents should be clear, specific and self-contained.
  - Rule out any contradiction inter se in the clauses with the other documents attached with tender like General Conditions of Contract (GCC), Special conditions of Contract (SCC) etc. Provide precedence if required.



2. Estimate should always be supported by calculations, necessary and relevant data so that the genuineness of the quotations can be examined appropriately. The tax liability should also be spelt out.
3. While preparing the estimate, especially for civil/structural works, standard / schedule rates should be used. Where the same is not available, a proper analysis / reasoning for adopting a particular rate / value may be indicated.
4. As far as possible, International or Indian Standards may be used for specifications. Any self made specifications, where general specification exists, may be interpreted as favour to the particular party, from whom it has been borrowed / adopted.
5. While framing the terms and conditions of the contract, ensure that the appropriate clauses for Liquidity Damages on account of sub-standard work, late delivery etc. are included.
6. The payment terms mentioned in the contract / purchase order should be unequivocal and unambiguous, for example “payment within 30 days”, does not indicate whether it is to be made after dispatch of material or preparation of invoice by the supplier or receipt of material or testing after arrival or preparation of GARN or after it is taken over in stock.
7. Adequate publicity of all types of tenders is to be ensured.



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8. For materials of limited shelf life, efforts should be made to get the vendors ship these materials from their latest manufacturing lots and deliveries of such materials should be phased in such a way that these materials are normally consumed before their expiry dates.
9. LTE should be issued only to registered vendors. In LTE, there should not be any scope for pre-qualification of bidders / bids.
10. In the Open NIT / Tender document, the qualifying/eligibility criteria should be mentioned clearly. Eligibility criteria Should be:
  - Specific & quantifiable
  - Should neither be restrictive nor too flexible
  - Work experience requirement should be reasonably well defined
  - Cut-off date of experience in terms of no. of years to be fixed realistically
  - Not to be linked to criteria which cannot be measured & pose difficulty in evaluation
  - To avoid conditions which inhibit competition

Documentary supports required against each criterion should be well defined.

Evaluation of bids/offers shall be done exactly as per the notified criteria based on documents submitted. Personal information or gut feeling etc. should never be the basis for decision for qualifying or rejecting a party.



11. In case the date of submission of the tender is extended, corresponding extension should also be given in the period of sale of tender paper and should be notified through the same media in the same manner as NIT.
12. The tenders should be opened at the appointed date, time and place in the presence of bidders who choose to be present.
13. In the comparative statement, mention clearly all the technical / commercial conditions vis-à-vis the offer of the parties.
14. In case purchase preference is to be given as per the Government Guidelines, the same should be mentioned in the NIT.
15. If there is any proposal for division of the quantity tendered, this aspect is to be mentioned in the NIT.
16. The quotation has a validity period. The processing of the tender and decision on it to be taken promptly and communicated to the party within such validity period.

## DOs - Purchase / Contract Cases - Negotiation



1. There should be no post tender negotiations except in certain exceptional situations. Such exceptional situations would include procurement of proprietary items, items with limited source of supply, and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented and signed by all the participants.
2. Negotiations, if required, should be conducted with the L-1 bidder only, with the approval of Competent authority. Convincing reasons must be recorded by the authority recommending negotiations. The Committee must record reasons and outcome of the negotiations.
3. In case L-1 backs out, re-tendering should be resorted to in a transparent and fair manner without considering the backed out tenderer.
4. During price negotiations, changes in the already decided techno-commercial terms shall not be allowed and no increase in price is permitted.
5. The negotiations and decision for placement of order must be completed within the validity period of the offers. Wherever necessary, the extension of validity period by the parties concerned should be ensured.



## **DOs-Purchase / Contract Cases – Post-award Stage**

1. Generally, the contract awarding and executing agencies are different. Once a contract is awarded, it is the responsibility of the executing authority to be conversant with the conditions of the contract.
2. A check list should be prepared for ensuring timely performance of reciprocal obligation in the contract indicating the time schedule and responsible person / party.
3. The individual responsible for each obligation be well informed of his responsibilities and the time schedule for proper action on his part to ensure due performance.
4. While accepting Bank Guarantee, Letter of Credits etc., ensure its completeness and genuineness as per the laid down guidelines.
5. Before contractor undertakes the work, it is Engineer-In-Charge's responsibility to release the drawings and make available the fronts. Any delay on this account will extend the contract period and make us vulnerable. Hence, ensure timely release of drawings and fronts.
6. Due to any reason, if there is any deviation from the terms and conditions or specifications etc., while executing the contract, the same should be submitted at the earliest to the competent authority for approval, along with the reason(s) thereof.



7. Ensure implementation of conditions such as deployment of specialized equipment, experts etc., as mentioned in the contract.
8. In civil works, proper classification of rocks and soil is necessary, as the rates for the two differ substantially.
9. Avoid issuance of material beyond stipulation in the contract.
10. The measurement book should be written and updated religiously and regularly.
11. All purchases are to be paid after the receipt of quality material.
12. For all supply items, check the dispatch documents, so that there is no inconsistency.
13. The payment should be on 'first-cum-first-serve basis' normally.
14. Ad-hoc payment should be avoided as far as possible. In exceptional cases if it has to be resorted to, prior approval of the competent authority must be taken describing the circumstances. Ensure prompt adjustment of such amounts from the bills.
15. Shortfall in performance and delay in execution etc. on the part of contractor should be informed to him in writing to build up records for further action.



## **DON'Ts - General**

1. Do not be arbitrary, subjective or impulsive while taking decision. Decision should be based on the reasons and the material on record.
2. Do not accept gifts from persons having official dealings.
3. Don't be negligent or exhibit lack of devotion to duty at any time.
4. Do not delay the decision and the file movement.
5. Do not deal with the case(s) where your relations are involved in any manner. In such eventuality, bring it to the notice of your controlling officer and work as per his instructions.
6. Do not delay in submitting personal claims like reimbursement of medical expenses, tour bill etc.
7. Avoid getting influenced by personal likes and dislikes, whims and prejudices while disposing of the files or cases.
8. As far as possible, while on official tour, do not perform personal work. In case it becomes essential, take leave for that period and do not claim daily allowances for it.
9. Do not sign backdated. In case certain action was taken on emergency basis and is to be formalized, write speaking note explaining the condition and process for post facto approval.



10. Do not meet press/media to express your views unless you have been duly authorized by the Company.
11. Do not shirk responsibility bestowed on you by the system. Delaying decision with the hope that some one else will decide amounts to dereliction of duty and negligence.
12. Do not ignore corrupt practices going on around you. Bring them to the knowledge of the concerned authorities for taking action.
13. Do not seek employment for your family members in company / firm with which you have official dealings.
14. Do not circumvent rules, regulations and procedure etc. They have to be complied with by all concerned.
15. Do not conceal any error committed / occurred, which comes to your notice subsequently. As soon as it is noticed, inform it to the concerned authorities for taking corrective action.
16. Do not make any unauthorized communication directly or indirectly, or part with any information/ trade secrets to anybody without being authorized to do so.
17. Do not engage yourself directly or indirectly in any trade or business or undertake any other employment.



## **DON'Ts - Purchase/Contract Cases - Pre-award Stage**

1. Do not exceed the financial or administrative power vested upon you while approving a proposal. In case the power lies with your superior authority, submit the file with your recommendations.
2. Powers for approval of various stages of commercial activities are delegated at different level so that whole system can work with transparency, fairness and efficiency. Do not split a work just in order to accommodate within the DOP prescribed. Also, do not join two works merely to send it upward for approval by making proposal beyond DOP.
3. Do not make/incorporate ambiguous specification presuming that it can be interpreted to your advantage. If such ambiguity is kept in the terms and conditions, it will usually result in adverse implication for the Company and will be difficult to explain.
4. An open quotation is antithesis of competitive bidding. Only sealed cover quotation to be entertained.
5. Do not consider the tender submitted beyond scheduled time. Such tenders have to be dealt with as per the rules.
6. Do not entertain unsolicited letter / offers representations during the processing of the tender.
7. Do not process a single tender in response to a LTE except in very exceptional cases, that too with recorded reasons for doing so and with the approval of competent authority.



8. Do not express your opinion about the suitability or otherwise of a party to the tender committee, when you are not a member of the tender committee. This will create a bias affecting tender committee's deliberations.
9. Do not direct for negotiation when tender committee, after deliberations, has recommended for re-tendering.
10. Do not allow execution of work to start without proper sanction. Even in case of emergency, verbal approval should be obtained and the note may be processed concurrently.
11. Inclusion of items which are not immediately required should not be included in tender merely because budget is available.
12. While deciding the time for execution of a contract, normal condition should be taken into consideration. Providing un-workable time and later on granting extension for its execution should be avoided. It gives rise to issues of LD besides opportunity to others to lodge complaints.
13. Conditional offer should never be accepted.
14. Do not issue limited tender enquiry to unregistered parties.
15. Do not keep conflicting conditions in the tender. In cut-paste drafting, be more careful as sometimes erroneous, irrelevant and / or conflicting conditions get included which will operate at a later stage to the disadvantage of the company.



16. For a civil job contract, do not ask 'rate only' for any item without mentioning estimated quantity.
17. A firm with incomplete address, such as Post Box number only, is likely to be 'Fly by night Operators' and should not be entertained.

### **DON'Ts-Purchase / Contract Cases–Post-award Stage**

1. The contract is to be executed within the estimate. Do not operate extra items unless it becomes absolutely unavoidable.
2. Do not allow the contractor to violate the sequence of activities stipulated in the contract.
3. Do not fail to draw up a check list for achieving each milestone of the contract and identify responsibilities for timely fulfillment of contractual obligations.
4. Do not allow contractor to use sub-standard material. A project is as strong as the strength of the weakest link.
5. Do not accept the running bills, which have not been signed by the contractor or his authorized representative or presented before commensurate performance.
6. Do not give clearance for dispatches before the contractual obligations like submission of bank guarantee / performance guarantee bond etc. are fulfilled.



7. Do not act fast only in the crisis, instead, never allow crises to occur by taking timely action. A Better Manager is one who foresees the things and does not allow a crisis to happen.
8. After award of the contract, avoid any changes in the terms and conditions like modification of payment terms, etc.. which have financial implications and may be construed as undue benefits to the contractor/supplier.
9. Do not grant extension merely on the request of the contractor. The extension should be granted only for valid reasons, which are duly recorded in the file.
10. The situation of a work site is dynamic. Do not delay any decision in respect of the work site and in providing requisite support for execution of the contractual obligations.
11. While making payment to the contractor, do not overlook recoveries to be made or deduction to be affected. The bills submitted be not kept pending. They may be examined / processed and if found clear the payment be made within time as stipulated in the contract.
12. Do not fail to record the reasons for delay.

## List of common irregularities in indents

### **Justification of Quantity :**

- 1 Excess quantity is projected over and above actual consumption pattern
- 2 Quantities (items) procured on early delivery basis but not consumed as stated in the indent.
- 3 No justification is given for sudden jumps in quantity projected in a current year vis-à-vis consumption in previous year.
- 4 For regular consumption items, projecting quantity for more than a year's consumption
- 5 Splitting up of quantities for same item(s) into separate small value indents
- 6 Mix up of matching/non – matching items in same indent

### **Eligibility Criteria :**

- 1 Mentioning of earliest delivery dates as a pre-requisite even where not required
- 2 For major equipment supply-mentioning execution of orders for same / similar item on value basis rather than capacity basis
- 3 For item supply- not mentioning minimum quantity of same material supplied to other firms.
- 4 Mentioning Steel Plant experience for jobs of general nature
- 5 Clear cut-off date for successful operation/experience not indicated.
- 6 Specifying fixed turnover criteria in enquiry even when smaller quantities are allowed to be quoted
- 7 Experience of repair job or new construction – not specified
- 8 Experience of a particular operation for multi-use products is found quite restrictive e.g. in case of pumps, compressors etc.
- 9 Documentation required for acceptance / eligibility not clearly specified.
10. Use of ambiguous and vague criteria like “Similar experience”

### **Specifications :**

- 1 Sometimes made either too restrictive considering functional end use and availability in market or based on old/obsolete models/technology



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- 2 Specifications differ radically from what is mentioned in estimates.
  - 3 Mentioning of brand name in Limited Tender Enquiries (LTE) 4 Mixing up of BIS/other standards with own specifications
  - 5 Parameters specified are not matching with technology specified
  - 6 Mentioning of special features of equipment of a particular manufacturer in LTE/OTE
  - 7 Old specifications mentioned even after amendment in BIS/ASTM, etc.
  - 8 New item specification made in the lines of budgetary offer of a single firm

**Estimate preparation :**

- 1 Based on old Last Purchase Price (LPP) for items being procured after a long gap without considering price variation during intervening period.
- 2 Budgetary quotation obtained only from one source
- 3 Estimate is based on the basis of previous order placed on single tender basis
- 4 Estimate is prepared considering branded products but specifications are kept generalized
- 5 Where +/- limits over LPP mentioned are not backed up with proper data/justification
- 6 Estimates prepared are too high despite recent finalisation of a similar tender at low rate.

**Acceptance/Rejection :**

1. Critical parameters not identified. In some cases, parameters that are difficult to measure are indicated
2. Range/tolerance limits are not provided in specifications
3. Ambiguity in rejection criteria and penalties to be imposed
4. Time limits for replacement of rejected material not specified.

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