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महानदी कोलफील्ड्स लिमिटेड

ମହାନଦୀ କୋଲଫିଲ୍ଡସ୍ ଲିମିଟେଡ

Mahanadi Coalfields Limited

(A Subsidiary of Coal India Limited)

Jagriti Vihar, P.O. - U.C.E., Burla, Dist-Sambalpur-768018 (Orissa)

Gram : SAMBCOAL, Telex: 0634-219, Fax: 0663-431770, 431880

Phone: PBX :- 431461 to 431470

Ref. No. **ECL/SAMB/CIVIL** 01-02/1427

Date. 22/11/01

To
The Chief General Manager/General Manager,
IBV/Orient/Lakhanpur/Basundhara/Jaganuath/Kalinga/Talcher/
Lingaraj/Hingula/Chendipada Areas
CWS, Talcher/ CWS, IBV/Bhubaneswar, MCL

**Sub: Procedure for Suspension and Banning of business dealings
with the defaulting suppliers/contractors**


Dear Sir,

A detailed procedure for Suspension and Banning of business dealings with the defaulting suppliers/contractors by CIL was approved by CIL Board in its 171st meeting held on 29th December, 1997 at Calcutta and communicated vide Letter No. CIL/CGM(C)/APEX 31(PL/CY)483-92 dt 31.01/01.02.2001 of Chief Engineer(C), CIL addressed to GM(C) of all the Subsidiaries (copy enclosed). After due consideration, this procedure has been approved for implementation in MCL by the Competent Authority.

Accordingly you are requested to implement the above procedure with immediate effect as an addendum to the laid down provisions of the existing CE Manual till the modified edition of CE Manual is published by CIL and adopted in MCL.

Encl: Detail procedure alongwith copy
of letter as above

Yours faithfully,


General Manager (Constn.)
MCL:SAMB:
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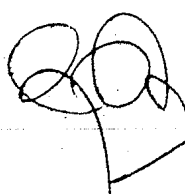
Copy sent to :

- 1) CGM(E&W), CIL Hq. Kolkata
- 2) Sri H. Sarkar, CE(C), CIL Hq. Kolkata

C.c. to:

- 1) CMD, D(T), D(P), D(F)
- 2) CVO, MCL
- 3) CGM(FY)GM(F), MCL
- 4) Dy CLM, MCL
- 5) CE(C)-I, II, III, MCL
- 6) Staff Officer (Civil) of all the Areas

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05/12/2001

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कोयला इण्डिया लिमिटेड
10, नेहरू प्लाजा, कोयला, दिल्ली-700 001
फोन : 270-9140, टैक्स : कोयला इण्डिया
फैक्स : 27-7180, कोयला इण्डिया लि.



Ref: CIL/CGM(C) A/EX:31(PI/C) 483 -

- To
- The General Manager(C), NCI, Bhubaneswar
 - The General Manager(C), BCCL, Dhanbad
 - The Chief Engineer(C), BCI, Sanctoria
 - The General Manager(C), CCI, Ranchi
 - The General Manager(C), MCL, Sambalpur
 - The Chief Engineer(C), SECL, Bilaspur
 - The General Manager(C), WCL, Nagpur
 - The General Manager(C), CMPDIL, Ranchi
 - The ILC (C), NCC, Morcherita, Assam

Subject: Procedure for Suspension and Banning of business dealings with the defaulting suppliers/contractors by Coal India Limited.

Dear Sir,

Enclosed is a letter No. CIL/VIG/05255/2511 dt 11.1.2001 from the Chief Vigilance Officer, CIL addressed to all the Chairman-cum-Managing Directors of the subsidiaries of CIL and the Director Incharge, NEC in connection with the subject stated above.

A copy of letter No. CIL/VIG/05255/2960 dt 7/2/1998 from the GM(Vigilance), CIL alongwith the detailed procedures under reference, circulated through the above mentioned letter(5 pages) is also appended herewith for immediate implementation in accordance with the advice of CVO, CIL.

It may be mentioned here that the final draft of the revised CE Manual is almost ready and the procedures under reference is being incorporated in the final draft of the CE Manual.

Encls: As above.

ndya des jall
[Signature]

Yours faithfully,
[Signature]
(Hirak Sarkar)
Chief Engineer(C)

Copy to: Chief General Manager(B&M), CIL.

[Signature]

COAL INDIA LIMITED

VIGILANCE DIVISION

15, Park Street (5th Floor), Calcutta.

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No. CIL/VIG/05255/2511

Date: 10.01.2001.

To

The Chairman-cum-Managing Director, Eastern Coalfields Limited.
The Chairman-cum-Managing Director, Bharat Coking Coal Limited.
The Chairman-cum-Managing Director, Western Coalfields Limited.
The Chairman-cum-Managing Director, South Eastern Coalfields Limited.
The Chairman-cum-Managing Director, Central Coalfields Limited.
The Chairman-cum-Managing Director, Northorn Coalfields Limited.
The Chairman-cum-Managing Director, Mahanadi Coalfields Limited.
The Chairman-cum-Managing Director, Central Mines Plng. & Design. Institute Ltd., Ranchi.
The Director-in-Charge, North Eastern Coalfields, Margherita, Assam.

Sub : Procedure for Suspension and Banning of business dealings with the defaulting suppliers/contractors by Coal India Limited.

Dear Sir,

The procedure for imposition of Suspension / Banning of business dealings with the defaulting suppliers of Coal India Limited were circulated to all Chief Vigilance Officers of the Subsidiary Companies of CIL vide this office letter no. CIL/VIG/05255/2900 dated 07-02-1998 for information after obtaining approval of the same from CIL Board, who approved the above procedure in its 171st meeting held on 29th December, 1997 at Calcutta.

It has come to the notice of Vigilance Divisions of CIL and its Subsidiary Companies that in large number of cases the above guidelines are not being strictly followed / implemented. In some cases, the defaulting suppliers/ contractors, against whom Suspension/ Banning of business dealings were proposed by the Company, are getting scope to obtain stay order from the court against the proposed actions with regard to suspension and banning of business dealings due to short comings and lack of transparency in the prevailing system.

In the approved Purchase Manual of CIL, 1986 and in the approved CIL Civil Engineering Manual, 1995 procedure/ guidelines were not properly streamlined and elaborated in this regard. Therefore, it has been agreed upon to incorporate the above approved procedures against the revised manuals, the draft of which are in the stage of finalisation and is expected to be placed before CIL Board for approval shortly.

Since processing, obtaining approval from CIL Board and printing/ circulation of approved manuals (revised/ updated) may take sometime, it is emphasised that till the approval of CIL Board in respect of the revised/ updated manuals is obtained, the procedures described in the subject approved Board resolution regarding procedure for Suspension and Banning of business dealings with the defaulting suppliers/ contractors of CIL and its Subsidiary Companies should be strictly implemented and followed with immediate effect. Any deviation from the approved procedure should be viewed adversely.

(Shashi Prakash)
Chief Vigilance Officer

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विभाग

फॉट, कलकत्ता-700 016

कोयला लिमिटेड

21-7180 सी.वा.ई.ए.ए.ए.



Coal India Limited

VIGILANCE DIVISION

15, PARK STREET, CALCUTTA-700 010

GRAM: COALINDIA

TELEX: 21-7100 CILIN

No. CILVIG:05255 2960

Date Feb. 19 98

To
The Executive Director (Vigilance),
ECL, Sanctoria/BCCL, Dhanbad/CCL, Ranchi/
CMPDIL, Ranchi/SECL, Bilaspur/MCL, Sambalpur.

The Chief General Manager (Vigilance),
MCL, Nagpur.

General Manager (Vigilance),
MCL, Singrauli.

Subject: Procedure for suspension and banning of
business dealings with the defaulting
suppliers by Coal India Limited.

Dear Sir,

Enclosed please find herewith guidelines regarding
procedure for suspension and banning of business
dealings with the defaulting suppliers by Coal India for
your kind information and wide circulation please.

The above procedure for suspension and banning of
business dealings has since been approved by the Board
of Directors of CIL in its 171st Meeting held on 29th
December, 1997.

Encl : As above (seven pages)

Yours faithfully,

(A. Kumar)

General Manager (Vigilance)

cc : 1) All Executives of CIL (HQ) Vigilance Division.
2) Guard file.

(274) (3) 000019

SUSPENSION OF BUSINESS

- 1.1 If the performance of any contractor/supplier is found to be unsatisfactory, or if the conduct of the contractor/supplier (firm) is under suspicion or in the event of any breach of the conditions as stipulated in the general terms and conditions of the contract, committed by the contractor/supplier or a partner of the contractor/supplier, the competent authority (CMD) of the Subsidiary Company/D(T), CIL as the case may be) may consider whether such default on the part of the contractor/supplier, consequence of breach or the allegations are of a serious nature and whether pending full examination/investigation, it would be advisable to continue business dealing with the contractor/firm. If the competent authority decides that it would not be in the interest of the Company to continue such business, pending full investigation/examination, it may suspend business dealings with the contractor/firm. The order of suspension should specify whether all subsisting contracts/Supplies are suspended or whether the order relates to specific Contracts/Supplies. The order of suspension would operate for a period of not more than six months unless withdrawn earlier.
- The competent authority of the Subsidiary Company/CIL may suspend the entire business dealings covered under the existing contract in whole or any part thereof any time by giving the contractor/supplier notice in writing of such effect and the anticipated duration of such suspension, as per the relevant clauses and sub-clauses of the general terms and conditions of contract
- The concerned deptt. of the Subsidiary Company/CIL should ensure that the final examination/investigation of the case is completed well within period of six months or within the anticipated duration of suspension order notified to the contractor/supplier firm whichever is earlier.
- 1.2 The order of suspension must be communicated to all HODs within the Subsidiary/CIL as the case may be. Copy of the order of suspension relating to any Subsidiary Company must be forwarded to the concerned deptt. and Vigilance deptt. of the concerned Subsidiary Companies and CIL for such action as may be necessary. The concerned deptt. of CIL on receipt of any such suspension order will ascertain the performance of the contractor/firm from the other subsidiary Companies where the contractor/firm is engaged under any other contract. On examining the performance report as well as the relevant investigation report, CIL will decide whether the suspension order issued by one Subsidiary Company is required to be imposed or extended to other Subsidiary Companies where the contractor/firm was engaged against any other contract in the Subsidiary Companies. If it is felt necessary to impose suspension of business dealing with the contractor/firm by those Subsidiary Companies too, CIL with the approval of Chairman, CIL will issue suspension order suspending business dealings in all the Subsidiary Companies.

During the period of suspension, the competent authority may review the order of suspension on receipt of a representation from the contractor/firm, if any. If the competent authority considers in the light of its review that the order may be revoked, it may do so. Order revoking the suspension order should be communicated to the contractor/firm, with copy to all concerned.

1.4 However, if full investigation/examination is not completed within six months and the competent authority considers that suspension order should continue beyond that period, the contractor/firm may be issued a show cause notice by the competent authority giving 21 days time to furnish a written statement of defence. If the reply is not satisfactory, the suspension period beyond six months may be extended till the full investigation is completed. However, it must be ensured that the investigation/examination of the case is not delayed indefinitely. Extension of suspension beyond one year should have the approval of Chairman, CI/D(T), CIL.

1.5 After full investigation of the matter is completed, the Subsidiary Company/CIL will take the following action:

(a) If the facts and evidences justify any penal action against the contractor/firm as detailed at Para 2.0 such action should be taken.

(b) Otherwise, the suspension order should be revoked forthwith, under intimation to all concerned.

1.6 For further actions the relevant stipulations contained in the relevant clauses of the General terms & conditions of the contract will prevail upon.

2.0 BANNING OF BUSINESS

2.1 Banning of business should be considered in the following cases:

i) If the Directors, Proprietors, Employees, Partners or any Representative of the contractor/firm is/are found guilty of offences involving any security consideration including loyalty to the state, in connection with business dealings with CIL or its Subsidiaries.

ii) If the Director, Proprietor or Partner, Manager or any Representative of the contractor/firm is convicted by a court of law for offences in relation to its business dealings with any State Government/Central Government or any Public Sector Undertaking.

iii) If there are strong reasons to believe that the Directors, Proprietors, Managers or any representative of the contractor/firm has/have been guilty of malpractice's such as bribery, corruption, fraud, substitution of tenders, interpolation etc.

iv) Wilful suppression of facts or furnishing of wrong information or manipulated or forged documents by the firm or using any other illegal/unfair means.

- v) Drawing double payment or submitting invoice for double payment for the supply of same materials or carrying out the same job/work.
- vi) Supplying defective materials and failure to replace the defective materials even after reasonable extension is given to the firm for rectification/repalcement of the defective materials or carrying out defective/poor quality job, not conforming to specifications of the contract and failure to rectify it within the stipulated time.
- vii) Failure to pay legitimate dues to CIL/Subsidiary Companies including dues arising out of Risk Purchase and when CIL and/or its Subsidiary Companies are satisfied that this is not due to any reasonable dispute which would attract proceedings in arbitration or a Court of Law.
- viii) Commission of economic offence like evasion of Excise Duty, Sales Tax, Customs Duty or any other legitimate taxes, levies, duties, etc. imposed by the Government or local authorities etc.
- ix) Continued and repeated failure to meet contractual obligations.
- x) Revision of price and terms of offers within the validity period of the tender on a habitual basis, in order to undermine the decision making process.
- xi) Canvassing and lobbying to get undue favour from the Company.
- xii) Formation of price cartels with other suppliers/contractors with a view to artificially hiking the prices.
- xiii) Any other misdeed which may cause financial loss or commercial disadvantage to the Company.

2.2. APPROVING AUTHORITY FOR BANNING

If the ban is applicable within a Subsidiary Company, CMD of that Subsidiary Co. is the competent authority to order banning of business with a firm. For banning of business with CIL and all Subsidiary Cos. approval is to be accorded by Chairman, CIL.

2.3 PERIOD OF BANNING

The period should be a minimum of three years and should be decided based on the gravity of the offence and the quantum of loss suffered by CIL or the Subsidiary Company.

2.4 Copies of all orders of banning of business issued by Subsidiary Companies must be forwarded to CIL and all other Subsidiaries of CIL and CIL Hqrs. Vigilance for such action as may be considered necessary.

2.5 PROCEDURE FOR BANNING

Any proposal of banning of business should be put up by the concerned Executive of the Department to the Head of the Department along with all relevant documents. The HOD, in turn, will have the case investigated, if necessary with the assistance of the Vigilance Department and submit the case with his recommendation to the competent authority i.e. CMD of the Subsidiary Company, D(T), CIL.

In case the competent authority decides that action against a contractor/firm is called for, it may recommend issue of a notice to the firm asking it to show cause why it should not be banned for a specified period in view of the allegations against it. Details of the allegations/Charges may be appended to the show cause notice and the firm should be asked to submit within 21 days a written statement of defence. All the correspondence with the firm may be made by the registered post with A/D. The show cause notice should be sent by the HOD-of the concerned Department.

2.7 On receipt of a reply to the show cause notice or where no reply is received, the HOD may put up a proposal for either -

(a) Exonerating the firm if the statement of defence of the firm is found to be satisfactory and the charges framed against the firm are not substantiated.

(b) Banning of business dealings with the firm for a specified period.

2.8 On receipt of the order of banning of business with any contractor/firm by any Subsidiary Company, CIL Hd. Qtrs will consider whether the offence committed by the firm is serious enough to warrant banning of business with the contractor/firm across all Subsidiaries of CIL. For this purpose the record of performance of the contractor/firm in respect of contracts/supplies with other Subsidiary Companies will have to be examined by CIL Hqs. If it is decided to resort to banning of business of the contractor/firm with all Subsidiaries, a fresh show cause notice will have to be issued to the firm giving it reasonable time to reply to the notice. Thereafter, the usual procedure for banning of business is to be followed and a final order is to be issued with the approval of Chairman, CIL.

Any copy of the order of banning of business received from the Subsidiary Companies in the CIL Hqs. must be put up to D(T), CIL within a period of 30 days indicating whether further action is to be taken on the same. This time limit is to be observed strictly.

2.9 If the competent authority, after going through the proposal of the HOD, decides to ban business dealings with a contractor/firm, an order to that effect should be issued to the contractor/firm. The order imposing banning on the business dealings with the contractor/firm should specifically mention whether the ban would extend to all the Subsidiary Companies, in case it is decided to do so and also the period of banning in number of years.

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- 2.10 Copies of the order of the competent authority banning business dealing with any contractor/firm should be sent to all HODs of the Subsidiary Companies concerned and during the period of banning, no business dealing can be entered into with the contractor/firm. As far as possible, the existing on going contracts may also be terminated after observing the formalities regarding termination as stipulated in the contracts.
- 2.11 If, after an order is issued banning business with a contractor/firm, the contractor/firm comes up with any appeal or representation seeking withdrawal or any modification of the order, the matter should be decided under the order of Chairman, CIL.