

No.C.31011/7/2021-CVO /2647.  
GOVERNMENT OF PUDUCHERRY  
CONFIDENTIAL AND CABINET DEPARTMENT  
(CHIEF VIGILANCE OFFICE)

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Puducherry, dt.03.08.2023

**CIRCULAR/I.D.NOTE**

Sub: CVO – CVC order for adoption of Integrity Pact in major Govt. Procurement activities & revised SOP therefor - Communicated - Reg.

Ref: 1. Office Order No.41/12/07 dated 04.12.2007 and  
2. Circular No.04/06/23 dated 14.06.2023 of the Central Vigilance Commission, New Delhi.

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Attention is invited to the Office Order first cited above wherein the Central Vigilance Commission, New Delhi has recommended the Integrity Pact (IP) concept, which envisages a panel of Independent External Monitors (IEM) and encouraged its adoption and implementation in respect of all procurements of the Government Organizations. Revised Standard Operating Procedure (SOP) to adopt the Integrity Pact has also been communicated by CVC vide Circular second cited above.

2. 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 that meet the criteria laid down by the department in terms of Department of Expenditure, Govt. of India's OM dated 19.07.2011 as detailed below:

i) All Government Departments, including their attached/subordinate offices, may use the generally applicable Integrity pact (Annexure to OM dated 19.07.2011) in their procurement transactions/contracts with suitable changes specific to the situation in which the Pact is to be used.

ii) Departments may, in consultation with the Administrative Secretary/Finance Department, 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/subordinate offices.


iii) 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 (ii) above.

iv) The aforesaid provisions may also be applied to procurements made by autonomous bodies for which also the concerned Administrative Department may lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used.

3. The Office Order & Circular of CVC cited under reference above as well as OM dated 19.07.2011 of Department of Expenditure are hosted in the official website <https://cvo.py.gov.in>.

4. The instructions of CVC are to be adopted and implemented by all Govt. organizations in all procurements that meet the above criteria and submit compliance report in this regard.

//By order of the Chief Vigilance Officer//

  
(M. KANNAN) 03.08.23

**UNDER SECRETARY TO GOVT.**

To  
All Head of Departments/Offices, Puducherry.  
All Local Bodies/Societies/Corporations/Autonomous Institutions, Puducherry.

Copy to  
All Secretaries/Special Secretaries to Govt., Puducherry.  
All Deputy Secretaries/Under Secretaries to Govt., Puducherry.

No.007/VGL/033  
Government of India  
Central Vigilance Commission  
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Satarkta Bhawan, Block-A  
GPO complex, INA,  
New Delhi-110023  
Dated the 4<sup>th</sup> December 2007

**Office Order No.41/12/07**

**Subject: Adoption of Integrity Pact in major Government Procurement Activities- regarding.**

Ensuring transparency, equity and competitiveness in public procurement has been a major concern of the Central Vigilance Commission and various steps have been taken by it to bring this about. Leveraging technology specially wider use of the web-sites for disseminating information on tenders, tightly defining the pre-qualification criteria and other terms and conditions of the tender are some of the steps recently taken at the instance of the Commission in order to bring about greater transparency and competition in the procurement/award of tender.

2. In this context, Integrity Pact, a vigilance tool first promoted by the Transparency International, has been found to be useful. The Pact essentially envisages an agreement between the prospective vendors/bidders and the buyer committing the persons/officials of both the parties, not to exercise any corrupt influence on any aspect of the contract. Only those vendors/bidders who have entered into such an Integrity Pact with the buyer would be competent to participate in the bidding. In other words, entering into this Pact would be a preliminary qualification. The Integrity Pact in respect of a particular contract would be effective from the stage of invitation of bids till the complete execution of the contract.


3. The Integrity Pact envisages a panel of Independent External Monitors (IEMs) approved for the organization. The IEM is to review independently and objectively whether and to what extent parties have complied with their obligations under the Pact. He has right of access to all project documentation. The Monitor may examine any complaint received by him and submit a report to the Chief Executive of the organization, at the earliest. He may also submit a report directly to the CVO and the Commission, in case of suspicion of serious irregularities attracting the provisions of the PC Act. However, even though a contract may be covered by an Integrity Pact, the Central Vigilance Commission may, at its discretion, have any complaint received by it relating to such a contract, investigated.

4. The Commission would recommend the Integrity Pact concept and encourage its adoption and implementation in respect of all major procurements of the Govt. organizations. As it is necessary that the Monitors appointed should be of high integrity and reputation, it has been decided that the Commission would approve the names of the persons to be included in the panel. The Government Organizations are, therefore, required to submit a panel of names of eminent

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persons of high integrity and repute and experience in the relevant field through their administrative Ministry, for consideration and approval by the Commission as Independent External Monitors. The terms and conditions including the remuneration payable to the Monitors need not be a part of the Integrity Pact and the same could be separately communicated. It has also to be ensured by an appropriate provision in the contract that the Integrity Pact is deemed as part of the contract in order to ensure that the parties are bound by the recommendation of the IEMs, in case any complaint relating to the contract, is found substantiated.

5. A copy of the Integrity Pact, which the SAIL got vetted by the Addl. Solicitor General is available on the Commission's web-site i.e. [www.cvc.nic.in](http://www.cvc.nic.in) as an attachment to this Office Order in downloadable form, which may be used in original or may be suitably modified in order to meet the individual organization's requirements.

  
4/12/2007 (Vineet Mathur)  
Deputy Secretary

All Secretaries to the Govt. of India  
All CMDs of PSUs  
All CMDs of PSBs  
All CVOs



New Delhi, dated the 19<sup>th</sup> July, 2011.

**OFFICE MEMORANDUM**

**Subject: Use of Integrity Pact by Ministries/ Departments – Implementation of ARC Recommendation – regarding**  
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The Administrative Reforms Commission in its report titled 'Ethics in Governance' had made the following recommendation in relation to Integrity Pacts:

"The Commission recommends encouragement of the mechanism of 'Integrity Pacts'. The Ministry of Finance may constitute a Task Force with representative from Ministry of Law and Personnel to identify the type of transactions requiring such Pacts and to provide for a protocol for entering into such a pact. The Task Force may, in particular, recommend whether any amendment in the existing legal framework like the Indian Contract Act and the Prevention of Corruption Act is required to make such agreements enforceable".

2. Accordingly, a Task Force was constituted in the Ministry of Finance with representatives of Ministries of Law, Defence and Department of Personnel & Training. After examining the recommendations of the Task Force it has been decided that:

- (i) All Government Ministries/Departments, including their attached / subordinate offices, may use the generally applicable Integrity Pact **as at Annexure** in their procurement transactions/ contracts with suitable changes specific to the situation in which the Pact is to be used.
- (ii) 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/ subordinate offices. This activity should be completed by 31<sup>st</sup> August, 2011.
- (iii) The provision for the Integrity Pact should 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 (ii) above.
- (iv) The aforesaid provisions may also be applied to 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. All Ministries/ Departments may take prompt action to ensure compliance with the aforesaid decisions, inter-alia, by attached/ subordinate offices and autonomous bodies. In regard to Public Sector Undertakings(PSUs), the Department of Public Enterprises is being separately requested to issue suitable instructions

  
(R. Prem Anand)

Under Secretary to the Government of India

1. All the Ministries/ Departments of Govt.of India.
2. FAs of all Ministries/ Departments of Govt. of India

Copy to Chief Vigilance Commissioner, New Delhi



**PRE CONTRACT INTEGRITY PACT****General**

This pre-bid pre-contract Agreement (hereinafter called the Integrity Pact) is made on \_\_\_\_\_ day of the month of \_\_\_\_\_ 2010, between, on one hand, the President of India acting through Shri....., Designation of the officer, Ministry/Department, Government of India (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 Ministry/Department of the Government of India/PSU performing its functions on behalf of the President of India.

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, organisation 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, organisation 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/authorised 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, agents, 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.

#### **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)**

5.1 While submitting commercial bid, the BIDDER shall deposit an amount \_\_\_\_\_ (to be specified in RFP) as Earnest Money/Security Deposit, with the BUYER through any of the following instruments:

- (i) Bank Draft or a Pay Order in favour of \_\_\_\_\_
- (ii) A confirmed guarantee by an Indian Nationalised Bank, promising payment of the guaranteed sum to the BUYER on demand within three working days without any demur whatsoever



and without seeking any reasons whatsoever. The demand for payment by the BUYER shall be treated as conclusive proof of payment.

- (iii) Any other mode or through any other instrument (to be specified in the RFP).

5.2 The Earnest Money/Security Deposit shall be valid upto a period of five years or the complete conclusion of the contractual obligations to the complete satisfaction of both the BIDDER and the BUYER, including warranty period, whichever is later.

5.3 In case of the successful BIDDER a clause would also be incorporated in the Article pertaining to Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for 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.

5.4 No interest shall be payable by the BUYER to the BIDDER on Earnest Money/Security Deposit for the period of its currency.

## **6. 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 country 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 utilised 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 Government of India 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 to be given).

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/Secretary in the Department/ 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 its signing and extend upto 5 years or the complete execution of the contract to the



satisfaction of both the BUYER and the BIDDER/Seller, including warranty period, whichever is later. 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 \_\_\_\_\_

BUYER

BIDDER

Name of the Officer:

CHIEF EXECUTIVE OFFICER

Designation

Deptt./MINISTRY/PSU

Witness

Witness

1. \_\_\_\_\_

1. \_\_\_\_\_

2. \_\_\_\_\_

2. \_\_\_\_\_

\* Provisions of these clauses would need to be amended/ deleted in line with the policy of the BUYER in regard to involvement of Indian agents of foreign suppliers.





सत्यमेव जयते

केन्द्रीय सतर्कता आयोग  
CENTRAL VIGILANCE COMMISSION



सतर्कता भवन, जी.पी.ओ. कॉम्प्लैक्स,  
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023  
Satarkta Bhawan, G.P.O. Complex,  
Block A, INA, New Delhi-10023

सं./No.....015/VGL/091.....

दिनांक / Dated. 14.06.2023.....

**Circular No. 04/06/23**

**Subject : Adoption and implementation of Integrity Pact-Revised Standard Operating Procedure- regarding.**

The Commission has reviewed the Standard Operating Procedure (SOP) for adoption of Integrity Pact (IP) by all Government Organizations, Public Sector Enterprises, Public Sector Banks, Insurance Companies, other Financial Institutions and Autonomous bodies etc. A copy of the revised SOP is enclosed, which would be applicable for adoption and implementation of the IP by the organizations concerned.

2. The present SOP is in supersession of the earlier SOP issued vide Circular No. 05/01/22 dated 25.01.2022.

*WJ Keishing*

(Wormila Jasmine Keishing)  
Deputy Secretary

**Encl.: As above**

To

- (i) All Secretaries of Ministries / Departments. **(This Circular may also be shared with the existing IEMs in the organizations concerned)**
- (ii) All CMDs/Head of CPSUs/Public Sector Banks/Organisations. **(This Circular may also be shared with the existing IEMs in the organizations concerned)**
- (iii) All CVOs of Ministries/Departments/CPSUs/Public Sector Banks/Organisations. **(This Circular may be brought to the notice of the Chief Executive of the organization concerned)**
- (iv) All Independent External Monitors.

# **STANDARD OPERATING PROCEDURE FOR IMPLEMENTATION OF INTEGRITY PACT**

## **1.0 BACKGROUND**

- 1.1 In order to ensure transparency, equity and competitiveness in public procurement, the Commission recommends adoption and implementation of the concept of Integrity Pact (IP) by Government organizations, Public Sector Enterprises, Public Sector Banks, Insurance Companies, other Financial Institutions and Autonomous Bodies, etc.
- 1.2 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.
- 1.3 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.
- 1.4 The Commission vide Circular No. 05/01/22dated 25.01.2022, issued a revised Standard Operating Procedure (SOP) for adoption and implementation of Integrity Pact by Organizations.

## **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;
- Promise on the part of bidder not to offer any benefit to the employees of the Principal not available legally;
- Principal to treat all bidders with equity and reason;
- 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 public/government organization that may impinge on the anti-corruption principle. The date of such transgression, for the purpose of disclosure by the bidders in this regard, would be the date on which cognizance of the said transgression was taken by the competent authority. The period for which such transgression(s) is/are to be reported by the bidders shall be the last **three years** to be reckoned from date of bid submission. The transgression(s), for which cognizance was taken even before the said period of three years, but are pending conclusion, shall also be reported by the bidders.

2.2 Any violation of Integrity Pact would entail disqualification of the bidders and exclusion from future business dealings, as per the existing provisions of GFR, 2017, PC Act, 1988 and other Financial Rules/Guidelines etc. as may be applicable to the organization concerned.

- 2.3 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 on receipt of any complaint by them from the bidder(s).
- 2.4 Integrity Pact, in respect of a particular contract, shall be operative from the date IP is signed by both the parties. The IEMs shall examine all the representations/grievances/complaints received by them from the bidders or their authorized representative related to any discrimination on account of lack of fair play in modes of procurement and bidding systems, tendering method, eligibility conditions, bid evaluation criteria, commercial terms & conditions, choice of technology/specifications etc.
- 2.5 For ensuring the desired transparency and objectivity in dealing with the complaints arising out of the tendering process, the matter should be examined by the full panel of IEMs jointly, who would look into the records, conduct an examination, and submit their joint recommendations to the Management. In case the full panel is not available due to some unavoidable reasons, the available IEM(s) will conduct examination of the complaints. Consent of the IEM(s), who may not be available, shall be taken on record.
- 2.6 The role of IEM is advisory and the advice of IEM is non-binding on the Organization. However, as IEMs are invariably persons with rich experience who have retired as senior functionaries of the government, their advice would help in proper implementation of the IP.
- 2.7 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. CVO and /or the officials of the vigilance wing should not be associated by IEMs during examination of the complaints in any manner.



### **3.0 APPOINTMENT OF IEMs**

- 3.1 The IEMs appointed should be eminent persons of high integrity and reputation. A periodical notice inviting applications from eligible persons will be published on the Commission's website. After due scrutiny and verification of the applications and accompanying documents, as may be deemed appropriate by the Commission, the name(s) would be included in the panel for consideration for nomination as IEM.
- 3.2 The zone of consideration of eminent persons for empanelment as IEMs would consist of:-
- (i) Officers who have held the post of Additional Secretary to Govt. of India or were in equivalent or higher pay scale, at the time of retirement (whether serving with Govt. of India or any State Govt.).
  - (ii) Persons who have held the post of CMD of Schedule 'A' Public Sector Enterprise and were equivalent to Additional Secretary to Govt. of India, at the time of retirement.
  - (iii) Persons who have held the post of CMD/MD and CEO of Public Sector Banks, Insurance Companies and other Financial Institutions, at the time of retirement.
  - (iv) Chief Executive Officer of an organization (other than listed above and were equivalent or higher to Additional Secretary to Govt. of India, at the time of retirement).
  - (v) Officers of Armed Forces, who were in the pay scale of equivalent or higher to Additional Secretaries to Govt. of India, at the time of retirement.
- 3.3 The Commission would not include a retired person in the panel being maintained by it for consideration for nomination as IEM, if that retired person has accepted a full time assignment, post retirement, either in government sector or private sector or elsewhere. All those empanelled persons, who accept full time assignment elsewhere, would cease to remain on the panel, from the date on which they have accepted the said assignment. In

this regard, it would be incumbent upon the empanelled persons to immediately inform the Commission about the acceptance of full time assignment by them.

- 3.4 The Commission would nominate IEMs for an organization, from the panel of IEMs maintained by it. The concerned organization should send a request for nomination of IEMs in case of adoption of Integrity Pact by them. Whenever a vacancy is likely to arise due to completion of tenure of an existing IEM, the organization should send the request for nomination of IEM three months before the expiry of tenure. Similarly, in case of resignation of IEM(s), intimation along with request for nomination should be sent immediately by the organization to the Commission.
- 3.5 Three IEMs shall be nominated for appointment in Maharatna and Navratna PSUs and two IEMs shall be nominated in all other organizations.
- 3.6 A person may be appointed as an IEM in a maximum of three organizations at a time.
- 3.7 An empanelled person cannot be appointed in one organization for a period of more than three years.
- 3.8 Age of IEM should not be more than 70 years at the time of appointment.

#### **4.0 IMPLEMENTATION PROCEDURE**

- 4.1 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 that meet the criteria laid down by the Ministry/Department in terms of Department of Expenditure's OM dated 19.07.2011.
- 4.2 In all tenders covered under the IP, particulars of all IEMs, including their email IDs, should be mentioned, instead of mentioning details of a single IEM.



- 4.3 The Purchase / procurement wing of the organization would be the focal point for the implementation of IP.
- 4.4 It has to be ensured, through an appropriate provision in the tender document, that Integrity Pact is deemed as part of the contract so that the parties concerned are bound by its provisions.
- 4.5 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.
- 4.6 In case of a joint venture, all the partners of the joint venture should sign the Integrity Pact. In case of sub-contracting, the Principal contractor shall take responsibility of the adoption of IP by the sub-contractor. It is to be ensured that all sub-contractors also sign the IP. In case of sub-contractors, the IP will be a tri-partite arrangement to be signed by the Organization, the contractor, and the sub-contractor.
- 4.7 The final responsibility for implementation of IP vests with the Head of organization/CMD/CEO of the organization.

## **5.0 ROLE OF IEMs**

- 5.1 The IEMs would be provided access to all documents/records pertaining to the tender for which a complaint or issue is raised before them, as and when warranted.
- 5.2 The Procurement wing of the organization shall hold quarterly meetings with the IEMs. A summary of contracts awarded in the previous quarter, which are covered under the IP, shall be shared with the IEMs during the quarterly meeting. Such summary of contracts should include details like tender number, mode of tendering, period allowed for publicity, number of bids received, number of bidders considered eligible, and name and address of the successful bidder.

- 5.3 The above summary of contracts is to help the IEMs in analyzing whether appropriate mode of tendering is being adopted by the organization i.e. limited tender mode or nomination mode are not unduly used, number of bidders are not too low, large number of bidders are not excluded while judging the eligibility or during technical bid evaluation stage, and whether particular firm or set of particular firms is repeatedly getting contracts etc. Based on their analysis, the IEMs can suggest to the Management suitable systemic improvement(s) and measures to improve objectivity in decision making, capacity building etc.
- 5.4 It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organization on a half yearly basis to discuss / review the information on tenders awarded during the preceding six months' period. Additional such meetings, however, can be held as per requirement. All such meetings with the Procurement wing or with the Chief Executive of the organization should be minuted.
- 5.5 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 Organization.
- 5.6 In the event of any dispute between the management and the contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle dispute through mediation before the panel of IEMs in a time bound manner. If required, the organizations may adopt any mediation rules for this purpose. However, not more than five meetings shall be held for a particular dispute resolution. The fees/expenses on dispute resolution shall be equally shared by both the parties.

In case, the dispute remains unresolved even after mediation by the panel of IEMs, the organization may take further action as per the terms & conditions of the contract.



- 5.7 All IEMs should sign non-disclosure agreements with the organization in which they are appointed.
- 5.8 The IEMs would also be required to sign a declaration of absence of conflict of interest. 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, and it is not a full time 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.

## **6.0 ENTITLEMENTS OF IEMs**

- 6.1 In any organization, the IEMs shall be paid per sitting a fees of ₹ 25,000/- . However, the maximum amount payable to IEMs in a calendar year shall not exceed ₹ 3,00,000/- with respect to the sitting fees.
- 6.2 The travel and stay arrangement for the IEMs for such meetings shall be equal to their entitlements at the time of retirement. Booking of tickets for travel, as per the mode of travel indicated by the IEM in writing (including email), local transport and stay shall be done by the organization.
- 6.3 The fees for meetings held by IEMs for mediation between the Management and the contractor as per Para 5.6 above shall be the same as fee payable to IEMs otherwise and in addition to the fees for the regular meetings of IEMs, over and above the ceiling of ₹ 3,00,000/- annually, to be calculated as per calendar year. The travel and stay arrangement for such meetings shall be same as given in Para 6.2 above.
- 6.4 The organization concerned shall provide place for meeting and secretarial assistance to IEMs for rendering his/her job as IEM. No payment in lieu of secretarial assistance shall be paid to the IEMs.

**7.0 REVIEW SYSTEM**

- 7.1 CVOs of all organizations would keep the Commission posted with the implementation status through their annual reports and special reports, wherever necessary.
- 7.2 All organizations are called upon to make sincere and sustained efforts to imbibe the spirit and principles of the Integrity Pact and ensure its effective implementation.