



Systemic Improvements initiated by Vigilance department, MIDHANI

System studies were carried out in the areas of HR, Procurement, Scrap sale, Labour contracts etc. Points requiring systemic correction as noted during system studies and investigations were brought to the notice of the Management for suitable intervention.

A total of 35 Systemic Improvements and good practices are suggested by the Vigilance department and considered by the Management during the period October 2019 till 25-Jun-2022.

Systemic Improvements		
S. No.	File Number & Date	Systemic Improvement carried out
1	MIDHANI/VIG/SI-01/10/2019 dated 04.10.2019	On review of the company procedure for Probation confirmation on Initial appointments & Departmental Promotions with DoPT, advised Management to modify the system inline with DoPT.
2, 3 & 4	SI-02, 19.10.2019 & SI- 5, 04.12.2019 & SI -11, 22.02.2020	On review of the company CDA rules with DPE guidelines, the differences noticed are informed to the Management for issuing suitable amendments.
5	MIDHANI/VIG/SI-03/11/2019 dated 06.11.2019	Management advised to include a Penalty clause as a part of proactive and preventive approach in all civil work tenders as well as in work orders.
6	MIDHANI/VIG/SI-04/11/2019 dated 09.11.2019	On examination of the company Outpatient Medical bills for last 3 years, observations made along with the suggestions forwarded to Management for suitable implementation.
7	MIDHANI/VIG/SI-06/12/2019 dated 07.12.2019	HoD (Civil) advised to incorporate a separate clause in company Township Annual Maintenance Contract works, w.r.to entry of materials by the contractor in a specific register for accountability.
8	MIDHANI/VIG/SI-07/12/2019 dated 28.12.2019	To address the issue of delay in getting the responses to Post Qualification experience verification letters, suggested Management to ascertain e-mail addresses and send the verification letters through mails, since the responses are swift through mails.
9	Confidential report dated 13.01.2020	Based on Investigation carried out on purchase of Housekeeping items, advised to purchase these items from retail stores only in future, where Electronic printed bills are generated to have a fool-proof system.
10	MIDHANI/VIG/SI-08/01/2020 dated	On source verification of “ genuineness of the Solvency certificates ” it was found that the



	25.01.2020	certificates are fake in some cases. To eliminate these malpractices, advised to obtain the Solvency certificate “in original” and to check the genuineness of the certificate of L1 party with source before placement of Purchase Order.
11	MIDHANI/VIG/SI-09/02/2020 dated 05.02.2020	On review of Vigilance clearance procedure, suggested to introduce the system of taking the prior vigilance clearance for the below purposes: i. While recommending the names of employees for “Conferment/ grant of Individual and Group awards for their outstanding contribution”. ii. While nominating the employees for any “National and International awards.”
12	MIDHANI/VIG/SI-10/02/2020 dated 17.02.2020	On study of petrol consumption data for the company vehicles, HoD (Admin.) suggested to explore the possibility of entering into a direct contract with IOCL pumps operated and maintained by the State Jails dept, to have the accurate measurement and to avoid the adulteration of fuel.
13	MIDHANI/VIG/SI-10A/05/2020 dated 27.05.2020	Inline with the CVC advice on incorporation of In-service training module on “Preventive Vigilance awareness” as part of sensitization program in all CPSEs, study material with title: “ BE VIGILANT ” prepared by the Vigilance dept has been uploaded on the company’s Intranet portal for the benefit of all the employees.
14	MIDHANI/VIG/SI-06A/05/2020 dated 27.05.2020	Advised Management to review the existing Pre-Qualification / Eligibility criteria for Procurement inline with the CVC O.M. no. 12-02-1-CTE-6 dtd 17.12.2012 & Manual for Procurement of Goods – 2017.
15	MIDHANI/VIG/SI-12/06/2020 dated 04.06.2020	To finalize the list of Transfers as per the company Job Rotation policy i.e., by 31 st March of the respective year and if any subsequent transfers are made, the same to be routed through Vigilance, since the Agreed List and ODI list are under CVO custody.
16	MIDHANI/VIG/SI-13/06/2020 dated 10.06.2020	An advise note given to Management to review the existing Pre-Qualification / Eligibility criteria w.r.to Annual Turnover for Civil and Electrical works in-line with the CVC O.M. no’s. 12-02-1-CTE-6 dated 17.12.2002 & 07.05.2002.
17	MIDHANI/VIG/SI-14/08/2020 dated 11.08.2020	On analysis of procurement data for the last five years , advised Management to continue the efforts to follow the DPE guidelines for procurement of Goods and Services from GeM portal.
18	MIDHANI/VIG/SI-15/08/2020 dated 31.08.2020	INTEGRITY SURVEY: To assess the extent of Integrity orientation, a questionnaire prepared by Vigilance covering Workplace Ethics, Personal



		Integrity & Organizational Integrity circulated to all employees. Survey results shared with Management and advised to work upon to channelize the ethical attributes at work place towards the Organizational Integrity.
19	MDN/VIG/APR/2020 dated 18.12.2020	Annual Property Returns: To include an additional column i.e., “ Whether intimated to Management and reference number and date ” to the existing format inline with CDA rules.
20	MDN/VIG/FTC/2021 dated 09.01.2021	On verification of All-India Open recruitment notification, observations made in respect of “ Upper age limit as per company policy & ensuring the Reservation representation as per Reservation brochure issued by DPE ” forwarded to Management.
21	MIDHANI/VIG/SI-16/02/2021 dated 02.02.2021	Based on CTE type examination conducted for Equipment foundation Civil works for installation of 8T VIM furnace, suggested Management to form an Internal Technical Audit Committee as a Standing committee to carry out inspections/ checks on quality, specifications, technical aspects, payment procedures and also to recommend the remedial actions etc. Also, suggested to amend the existing Works Manual incorporating the Technical Audit committee and its role.
22	MIDHANI/VIG/SI-17/02/2021 dated 16.02.2021	On study of existing procedure in MIDHANI for Departmental Promotions in cases of Non-Executives / Workmen forwarded suggestions to remove Interview component and the weight-age therein for the promotion of the non-executives. Suitable further amendments to the CDP may be made accordingly on priority.
23	MIDHANI/VIG/SI-18/03/2021 dated 10.03.2021	On scrutiny of a Procurement file, gaps noticed in calculation of Landed Cost (in cases of import offers) in the Reverse auction procedure are informed to Management and suggested to resolve these gaps with the help the help of National Informatics Centre (NIC) and till such time advised to HOLD the said procedure.
24	MIDHANI/VIG/SI-19/05/2021 dated 31.05.2021	On scrutiny of a Procurement file, suggestion had been forwarded to Management not to put any discriminatory clauses in the tender document w.r.t. choosing of few line items for Contract finalization after choosing L1 on overall cost basis, to ensure efficient and transparent procurement.
25	MIDHANI/VIG/SI-20/06/2021 dated 16.06.2021	On study of existing procedure in MIDHANI for Award of Contract through “ Emergency Purchase ” procedure and Delegation of Power (DOP) Appendix suggested Management to formulate a specific SOP



		for processing the procurement cases for “Placement of order without calling any tender”. It was also suggested to include a separate specific DOP for “Emergency Procurement” in clause no. 6.0 of Appendix – II(B) of present Delegation of Power (DOP) document, with details.
26	MIDHANI/VIG/SI-21/07/2021 dated 23.07.2021	Further to the Visit of CVO/MIDHANI to Rohtak plant , it was suggested “to work out a suitable HR plan for positioning in order to carry out marketing, production, support functions etc.”, “to have provision of appropriate AMC for trouble-free operations of all new state-of-art equipments”, “to have a perspective business plan over a period of ten years” and “to identify complementary roles for all the new modern equipments that can be played by this new plant to supplement any activity related to main plant at Hyderabad for ensuring optimal utilisation of HR and equipments of Rohtak plant”.
27	MIDHANI/VIG/SI-22/08/2021 dated 12.08.2021	it was suggested to review & formulate necessary format/provisions to include the certain points in various MIDHANI Policy & Procedures documents with respect to Manual of Office Procedure & notings of Ministry of Personnel, Public Grievances and Pensions and to follow them without any deviations.
28	MIDHANI/VIG/SI-23/08/2021 dated 17.08.2021	It was suggested for all scenarios, during raising of MPR/CPAR , indent raising official should clearly bring out the related clause of extant MIDHANI Purchase Policy & Procedures and Delegation of Power Appendix in the proposal. Two specific rows with required columns need be added in the present format of administrative approval for indent prepared by Indenter. These could be (a) Type of tender i.e. GTE/OTE/LTE/ST, etc and under which clause of Purchase Policy it is covered; (b) the designation of the competent authority and financial limit vested with that authority along with relevant DOP clause for administrative approval of the MPR/CPAR. All justifications for deviations from the laid down procedures for both these clauses should be put up for decision of competent authority in the same administrative proposal.
29	MIDHANI/VIG/SI-24/09/2021 dated 16.09.2021	To streamline MIDHANI Purchase Procedure for “ Placement of order without calling any tender ” & “ Emergency Purchase ”, with other PSUs under Ministry of Defence, following are suggested. (a) (i) To review the financial limit of DOP for

		<p>award of contract without calling tenders, which is Rs. 50 Lakh at present. In other words, Clause no. 6.5 of Appendix – II(B) of DOP having description “Award of Contract without calling for tender” need to be replaced with ‘Emergency Procurement’ <u>with much lower Financial provision with prescription of annual ceiling.</u></p> <p>(ii) The said provision of Clause no. 6.5 of Appendix – II(B) of DOP, as pointed out earlier is quite vague and against the extant government guidelines. The provision of Nomination already exists in a restrictive way, as per policy of government. This particular clause. [clause 6.5 of Appendix – II(B) of DOP] need to be limited <u>only for Emergency Procurements for production items</u> to ensure that production is not hampered. <u>This need to be used in extraordinary contingencies and adequate safeguards to be placed and the financial limit to be drastically reduced as advised at para 4(a)(i).</u></p> <p>(b) Separate SOP of such emergent procurements may also be worked out and introduced in-line with the procedures adopted in other Defence PSUs. The same SOP shall be included in the extant MIDHANI Purchase Policy & Procedures, by amending appropriately.</p> <p>(c) It need to be ensured that, the provision as noted at 4(a) & 4(b) above, need to be <u>not used</u> for works or services or procurement of any items, <u>not connected</u> with production or running of plant and machinery.</p> <p>(d) Suitable Purchasing formats need to be devised/refined in above cases.</p> <p>(e) As noted in the clause 6.5 of Appendix – II(B) of DOP, such emergent procurements made as suggested above need to be mandatorily brought to the notice of Board, without delay.</p>
30	MIDHANI/VIG/SI-25/10/2021 dated 06.10.2021	Existing leaves rules in MIDHANI CDA rules & Standing order documents has been studied. Accordingly, with regards to Provision of Deemed



		<p>Resignation for absence from duty exceeding 5 years in MIDHANI Leave Rules, followings are suggested</p> <ol style="list-style-type: none">1. In view of the above observation, it is recommended that following provisions may be included in the Leave Rules of the Company-<ol style="list-style-type: none">i) No employee shall be granted leave of any kind for a continuous period of exceeding five years.ii) Unless the C&MD, in view of exceptional circumstances of the case, otherwise determines, an employee who remains absent from the duty for a continuous period exceeding five years, with or without leave, shall be deemed to have resigned from the Service and his/her resignation will be accepted forthwith, provided that a reasonable opportunity to explain the reasons for such absence shall be given to that employee, before taking a decision on continued absence.2. The above provision will not alter the existing provisions available in CDA Rules, Standing Order or Leave Rules of the Company which deals with Leave or Absenteeism. In normal circumstances, these provisions must be followed. Only in chronic absence cases, the above provision may be resorted to.3. Consequent on invoking deemed resignation, the name of the employee stands deleted from the muster roll of MIDHANI.4. In addition to invoking provisions of deemed resignation, there is no bar to institute appropriate disciplinary proceedings as deemed fit for any alleged misconduct as per provisions of Company CDA Rules.
31	MIDHANI/VIG/SI-26/11/2021 dated	SOP for periodic review of officials on the lines of FR 56(j) was studied. It was observed that in the



	03.11.2021	<p>SOP, the rule quoted was DOPT No. 25013/01/2013-Estt.A-IV dated 11.09.2015. In order to align with current policy of government on this, Followings are suggested:</p> <ol style="list-style-type: none">1. Revised SoP in line with the prescribed revised procedure for CPSE Vide OM No. 25013/03/2019-Estt.A-IV dated 28.08.2020 may be issued and implemented.2. Suitable formats for issuing notice / order under the said rules shall be prescribed.3. Periodical meetings, as specified, in advance shall be held with all seriousness and with due regard to the rules / instructions. <p>It was also advised that since government is stressing periodical reviews with due diligence and CVC/D-Vigilance is monitoring the periodic review and periodic reports are being sent, ensuring compliance on priority is necessary.</p>
32	MIDHANI/VIG/SI-27/11/2021 dated 11.11.2021	<p>In view of requirement of First and Second stage advice of Chief vigilance Officer (CVO) in disciplinary cases against below Board-Level officials – Reiteration of CVC instructions issued vide Circulars dated 03rd December 2014 and 10.07.2018 and in order to align with policy of Government of India, it is suggested that in all future cases of disciplinary action against any below board-level officials, advice of CVO may please be ordered to be obtained without fail so that instructions of CVC are fully followed and thereby no disciplinary authority is exposed for the possible adverse view against them.</p>
33	MIDHANI/VIG/SI-28/11/2021 dated 24.11.2021	<p>In view of the gaps observed in the Executive Promotion Rules in MIDHANI, necessary immediate rectification by way of suitable amendment in the Promotion Policy for MIDHANI Executives(Revised) are suggested as below:</p> <ol style="list-style-type: none">i. Incorporate 'time frame' for the submission of the recommendations of Selection Committee/DPC to appointing authority for approval or otherwise.ii. Prescribe 'time-limit' for the appointing authority to accord its approval or otherwise.iii. Frame and incorporate 'Resolve mechanism' in case appointing authority do not agree with recommendations of Selection Committee/DPC.iv. Frame a system of maintaining a panel of eligible



		<p>candidates valid for a specific period of time.</p> <p>v. The selection committee member, including the chairman are ought to give certificate well in advance as prescribed in DoPT OM so that conflict of interest is checked.</p> <p>vi. Further, the best parts of the above said DOPT OM may be incorporated by suitably amending the Promotion Rules wherever required so that the selection/ promotion process is free from bias, fair and comply to the extant instructions.</p>
34	MIDHANI/VIG/SI-29/12/2021 dated 03.12.2021	<p><u>Suggestions for implementation subsequent to visit to Goa Shipyard Limited by CVO , MIDHANI:</u></p> <p>1. E-Procurement:</p> <p>i. Value of tenders published through GeM is also being included as e-Procurement value by Commercial dept in the Actionable Points Quarterly report submitted to CVC and MoD. Henceforth, MIDHANI Purchase department may include the value of tenders published in GeM in e-Procurement data and the same may be furnished to Vigilance department.</p> <p>ii. Also, the current list of exemption categories under e-Procurement may be reviewed on priority to increase the e-Procurement percentage.</p> <p>2. e-RA Start price:</p> <p>i. The Auction Start Price shall be either the quoted L1 rate or the estimated price, whichever is lower and decrement value will be decided on case to case basis. The same is being also followed in Bharat Dynamics Limited (BDL), a Defence PSU.</p> <p>ii. By implementing this e-RA in BDL, Rs. 75.56 Cr. is the saving over estimated amount and Rs. 24.33 Cr. is the saving over price bids achieved from 08.06.2020 to till date, against 50 tenders valuing Rs. 240.87 Cr. estimated cost. (copy enclosed)</p> <p>iii. e-Reverse auction mechanism may be reviewed while revising the MIDHANI Purchase Policy document. This will ensure saving of crore of rupees as evident from the experience of BDL. Copy of e-RA mechanism being followed in BDL is</p>



		<p>enclosed.</p> <p>3. Uploading of documents in GeM:</p> <p>i. In GeM custom bid, provision to upload the documents is enabled by GeM authorities recently. But the uploading and downloading the document is in Word format only.</p> <p>ii. This issue may be taken up by MIDHANI Purchase dept with GeM authorities to enable this provision for PDF format, so that the chance of editing the document by Bidder can be avoided.</p>
35	MIDHANI/VIG/SI-30/12/2021 dated 10.12.2021	<p>In order to have control on the quality and authenticity in final supply of Raw material, suitable clause may please be included in Tender documents and PO both, so that supplier shall submit the OEM Test certificate during bid submission & final supply and they should deliver Raw material from the same Original manufacturer, of which they had submitted sample test certificate during bid submission.</p>
36	MIDHANI/VIG/SI-31/02/2022 dated 02.02.2022	<p>In view of the O.M. No. F.1/20/2018-PPD on “Guidelines on Debarment of firms from Bidding” and the directives contained therein, necessary immediate amendments are suggested as below:</p> <ol style="list-style-type: none"> 1. Incorporate detailed provision for debarment of firms from Bidding in Purchase Policy Sub Clause under main Clause No.4.3 for “Ban for dealing with a Firm(as per revised guideline, the term “banning of firm”, ‘suspension’, ‘Black-listing’, etc. convey the same meaning as of “Debarment”). 2. Incorporate the same provisions in the Integrity Pact since Integrity Pact is a part of Bidding document. Detailed provision for debarment should form part of Integrity Pact. 3. Keeping into consideration para (i), (ii) and (iii) of the O.M. dated 2nd November, 2021 referred above, a condition should be made part of registration process of new vendors that “prospective vendors have to give a self-declaration that he the entity has not been convicted of an offence under Prevention of Corruption Act, 1988 or under the Indian Penal Code or any other law for the time being in force, etc”. 4. Vendor Registration Committee(VRC) to be appraised with the revised guidelines for implementation while recommending any case based on the merits of the case for banning, etc.



37	MIDHANI/VIG/SI-32/03/2022 dated 16.03.2022	<p>After Surprise Check by Vigilance team on the returnable Gate Pass process for material going out of MIDHANI, following are suggested</p> <ol style="list-style-type: none">1. The movement of material going outside of MIDHANI plant is regulated only through Gate Passes, which are generated in ERP intranet system. Therefore, in backside of every Gate Pass generated, Rules and Regulations of current procedure may be printed to increase awareness among Gate Pass holders to close gate passes timely.2. Security Department is presently working in manual method for record keeping in Physical registers. Instead of using manual method, they may be instructed to work in ERP intranet system to close gate pass in ERP system. In that case, the ERP system shall work as REMINDER of 'Not-closed Gate Pass'. (As per vigilance dept checking since February 2020, there were some gate passes not yet closed, due to various reasons and no reminders were given from Security(Materials) Department to Gate Pass Holders.3. Till that time of ERP System development, monthly Reminders (in Physical form) to Gate Pass holders may be forwarded by Security Dept for non-returned materials Gate Passes in due time with sending copy to Higher Management.4. IT Dept should develop tracker system in ERP, including alert message to Gate Pass holders, Security Dept etc. on delay of closing of these Gate Passes.5. Including all above, a specific SOP may be prepared by Security Department and circulated among all User departments in MIDHANI in order to streamline the procedure.
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38	MIDHANI/VIG/SI-33/05/2022 Dt 24.05.2022	<p>With respect to the Purchase order No. MDN/PUR/PO/14220009, it has been noticed that during tendering stage of this procurement, Reverse Auction has been re-conducted (with co-ordination from National Informatics Center (NIC), service provider for MIDHANI e-Procurement portal) after obtaining approval from Competent Authority due to the genuiness of the error from one of the bidders, while submitting their bid in the initial Reverse Auction process.</p> <p>It may be noted that, re-Conducting of Reverse Auction should be done sparingly and after affording equal opportunity to all bidders. The tendering process should be transparent and should posses fair & equal opportunity to every vendor. In this particular case, the process has been carried out after obtaining a specific case-to-case basis approval from Competent Authority. However, in order to avoid any complexity & possible legal dispute in future procurement cases, Management may instruct the concerned to explore & prepare a written Standard Operating Procedure (SOP) for all such scenarios, which necessitates and warrants re-conducting the Reverse Auction with due justification. In this regard, procedure adopted in other Defence PSU like M/s. Bharat Dynamics Limited (BDL) may also be explored before drafting such SOP.</p>
39	MIDHANI/VIG/SI-34/06/2022 Dt 04.06.2022	<p>It is observed that vigilance clearance system is made online In ERP and the clearance is accorded in the ERP system. As per present system, when a request is forwarded to CVO for his approval, he has the option of either reject or approve(two buttons). However, there are situations, where, the request is returned back to HR Dept.(they are nodal agency to forward vigilance clearance request) by clicking the “reject” button if there is any deficiency in the application and again after removing the deficiency it is sent back to vigilance dept. and vigilance clearance is accorded. Therefore, strictly speaking this is not a case of permanent rejection of the request.</p> <p>In view of the above & in line with earlier issued DOPT OM No. F.No.22034/4/2012 -Estt. (D) Date 02-Nov-2012, O.M. No. 22012/1/99-Estt. (D) dated 25.10.2004 issued based on the O.M. No. 22011/4/1991-Estt. (A) dated 14.09.1992, following is</p>



		<p>suggested as Systemic Improvement for consideration of Management by modifying the On-line Vigilance Clearance Form in ERP for</p> <p>(a) To create an option of “withheld” in the Form (b) To create an option of “returned to HR” in the Form</p>
40	MIDHANI/VIG/SI-35/06/2022 Dt 21.06.2022	<p>Various anomalies were observed in Appendix – II(B) & Appendix – II(C) of current Delegation of Power (DOP) Appendix and the existing procedure in MIDHANI for Major, Minor penalties mentioned in MIDHANI Conduct, Discipline and Appeal (CDA) Rules with regards to “Appointing Authority for Executives” and “Disciplinary Authority, Appellate Authority & Reviewing Authority for Executives”.</p> <p>In view of this and in order to avoid ambiguity, it was suggested for all such scenarios, suitable modifications/amendments may be incorporated to bring all the clauses Delegation of Power (DOP) and MIDHANI Conduct, Discipline and Appeal (CDA) Rules under same line of interpretation.</p>