



**MOIL LIMITED**  
(A Government of India Enterprise)

# VIGILANCE VANI

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## CVO's Desk:

Objective of providing reservations to the Scheduled Castes(SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs) in services is not only to give jobs. It basically aims at empowering them and ensuring their participation in the decision making process of the State.

On attainment of Independence, instructions were issued on 21-9-47 providing for reservation of 12 ½ per cent of vacancies for SCs in recruitment by open competition. After the Constitution was promulgated, provision was made for 5 percent reservation for STs apart from SCs reservation. The 1961 Census revealed that the SC and ST population in proportion to the Indian population stood at 14.64 per cent and 6.80 per cent respectively. Accordingly, the percentage of reservation for SCs and STs was increased from 12 ½ and 5 per cent to 15 per cent and 7 ½ per cent respectively on 25-3-70. The Government in 1993 introduced reservation for Other Backward Classes in direct recruitment broadly at the rate of 27%. After introduction of reservation for OBCs and as per various judgments of the Supreme Court, total reservation for these communities cannot exceed the limit of 50%.

Reservation till 1.7.1997 was computed on the basis of number of vacancies filled. The Supreme Court in the case of R. K. Sabharwal Vs. State of Punjab held that the reservation should be determined on the basis of number of posts in the cadre and not on the basis of vacancies. Accordingly post based reservation was introduced w.e.f. 2.7.1997. The basic principle of post based reservation is that the number of posts filled by reservation by any category in a cadre should be equal to the quota prescribed for that category. Prior to introduction of post based reservation, there was a provision of exchange of reservation between SCs and STs. After implementation of the post based reservation such exchange is no more permissible. In order to ensure effective implementation of above constitutional provisions, maintenance of reservation roster becomes very important which needs to be audited regularly.

*Sharat Chandra Tiwari*

Sharat Chandra Tiwari, ITS

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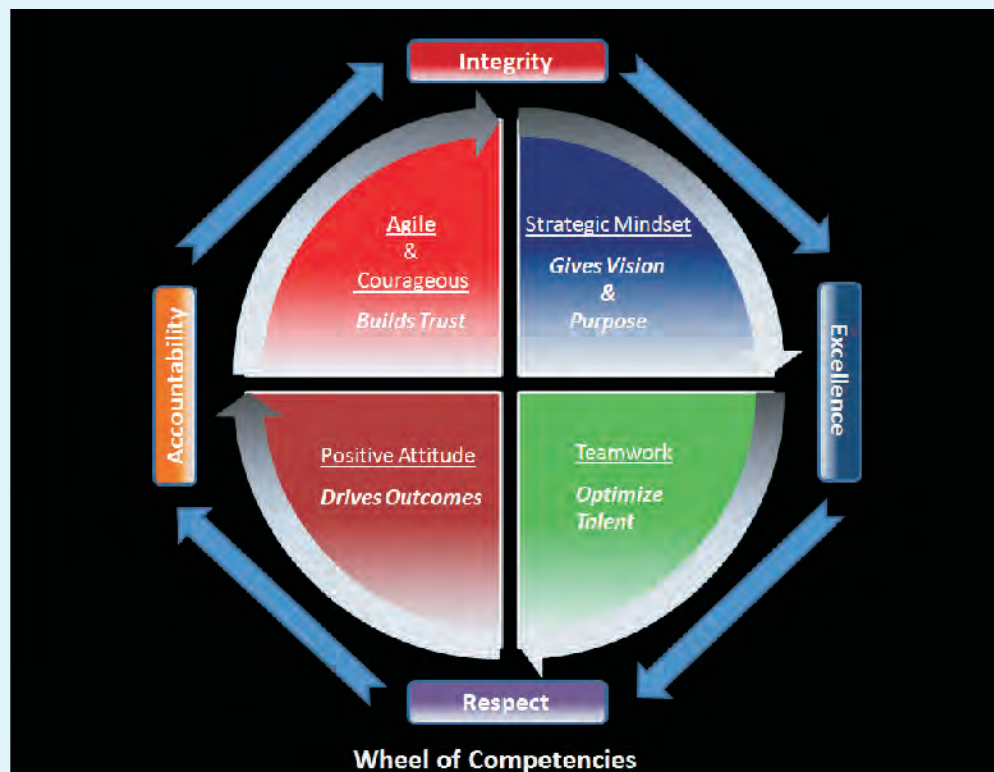
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## Illustrative Check Points for Various Stages Of Public Procurement-Part 9

### 12.0 Payment to the Contractors

12.1 Payment to the contractors/suppliers should be made strictly as per the terms of contract. Any payment outside the contract agreement should have proper & specific approval of the Competent Authority highlighting the need/necessity for the same as well as rule position.

Various types of advances such as Mobilization Advance, Plant & Machinery Advance, Advance on Materials (Secured Advance) etc. may have been provided in the contracts, which need to be paid and recovered as per the stipulation in the contract agreement. The basic purpose of Mobilization advance is to extend financial assistance within the terms of contract to the contractor to mobilize the man and material resources for timely and smooth take off of the project or procurement of equipment material or other services contract. There could be possibility of misuse of Mobilization Advance, especially the interest free advance, either due to absence of necessary safeguards or due to non-implementation of these safeguards provided in the contracts. The Mobilization Advance so paid could be misused by the contractors either in building their own capital or for the purpose other than the one for which it was disbursed, rendering to be counter-productive. In view of the susceptibility of its misuse, Commission vide its Circular No. NU/POL/19 dated 8th December 1997, banned the provision of interest free Mobilization. However, in view of representations from various organization, Commission has reviewed the earlier instructions and allowed the organizations to stipulate interest free advance with elaborate mechanism for safeguards against its misuse vide circular No.10/4/07 issued vide letter No.4CC-1-CTE-2 dated 10.04.2007. More importantly the BGs taken in lieu of Mobilization Advance need to be properly examined within respect to the acceptable format and any condition deterrent to the Govt.'s interest should be got withdrawn before acceptance besides verifying the genuineness of the Bank Guarantees from the bankers. Timely action for revalidation/ encashment of BGs also needs to be taken so as to protect the Govt. interest. Similarly, Plant & Machinery Advance should be allowed only for the purchase of Plant & Machinery for the bona-fide use in the project and it should be allowed only on the production of genuine documents.

Tax evasion in the procurement contracts could be another area of concern; therefore, it is necessary that tax liability of the contractors/suppliers is examined properly with reference to as per the extant instructions of the Government.

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## 12.2 Following check-points are suggested:

- i. Whether the payment is made as per the terms of the contract?
- ii. Whether there is any possibility of duplicate payment being made to the contractor/supplier?
- iii. Whether any over payment is being made to the contractor/supplier?
- iv. Whether the rates for extra / substituted items have been derived as per the provision in the contract agreement / Procurement Manual?
- v. Whether the payment for extra / substituted items have been made after due approval of the Competent Authority?
- vi. Whether advances are paid to the contractors/suppliers for the amount specified in the contract agreement?
- vii. Whether recovery of advances is being made as per the terms of the contract agreement?
- viii. Whether recovery of mandatory taxes and duties is being done as per the extant instructions of the Government and as per the terms of the contract agreement?
- ix. Whether reimbursement of service tax, excise duty etc. is being done after obtaining the actual proof of depositing the same with authorities concerned?
- x. Some of the contracts provide escalation clause, with detailed formula in order to compensate the contractors for increase in the material cost during the contract period. Whether the formula for escalation is applied correctly or not?
- xi. Whether hire charges of Plant and Machineries are being recovered from the contractor as per the specified rate?

- As Per CTE's Organization





**Inspection at Tirodi Mine**



**Inspection at Dongri Buzurg Mine**



**Inspection at Gumgaon Mine**



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