



FORMAT OF INTEGRITY PACT

On this ___ day of _____ 2019, at Nagpur in presence of following two witness, this Integrity Pact is executed between:

Mineral Exploration Corporation Limited hereinafter referred to as “The Principal / MECL” and hereinafter referred as “The Bidder / Contractor” (Which expression shall include all its partners / directors, agent, representative, servants, sub-contractors, (whatever permitted / permissible) & successor in interest etc. including all persons claiming through it.

Whereas, it has been directed by Ministry of Mines, New Delhi and Central Vigilance Commission, New Delhi that Government of India undertakings shall execute Integrity Pact with the Contracting Parties / Bidders in all forthcoming Contracts / Bid Process above prescribed / specified value of Rs.1 Crore, it is necessary to execute Integrity Pact between such parties. Pursuant thereto, the present Integrity pact is being executed.

The terms and conditions of the Integrity Pact are as under:

Commitment of MECL- Section-I

Being the Principal, MECL commits itself to take all necessary steps to prevent corruption & unethical practices and bring transparency in all the processes through the following commitments:-

- A) No official of the Principal, (MECL), personally or through family will accept or demand any gratification, for which he / she is not entitled from any of the counter / contracting parties.
- B) The Principal, (MECL) during the Bid process, will treat all the bidders / Bidder equally and provide level playing fields to all.
- C) The Principal, (MECL) commits to provide to all bidders the same information.
- D) The Principal, (MECL) will not make available any confidential information to any of the bidder which will give him an edge over the others.
- E) The Principal, (MECL) will make public the details of contract awarded.
- F) The Principal, (MECL) will exclude any of the officials who is found prejudice or have conflict of interest in dealing with bidders.
- G) The Principal, (MECL) will take appropriate disciplinary action, as per prescribed Rules, against its official if found guilty of breach of commitment.

Commitment of Bidders-Section-II

The Bidder/Contractor commits himself to take all necessary measures nor to invoke in any type of corrupt practice during the Bid process as well as Execution of Contract including the following:-

- A) The Bidder/Contractor will not offer or promise to offer to any of the MECL’s employee the gratification/benefit for which he/she is not legally entitled to get undue favor/advantage or information related to Bid process or during Execution of the Contractor.
- B) The Bidder / Contractor will not enter into Agreement with other Contenders /



- Contractors to derail / disturb fair Bid Process like price fixing or other unethical understanding like Cartel Formation.
- C) The Bidder / Contractor will not pass on to others the confidential information provided by MECL as a part of Bid documents / Contracts.
 - D) The Bidders / Contractors will not disclose about all the payments made to the agents / intermediaries, wherever such arrangement is permissible, in connection with the award of Contract / Bid Process.
 - E) The Bidder / Contractor will immediately inform MECL, if asked to pay any illegal gratification or bribe, in violation of this integrity pact, by any of MECL's employee or comes to know any illegal payment made to any of the employee. The Bidder / Contractor will do not do any Act by way of commission or omission which may defeat the spirit behind the present Integrity Pact.
 - F) The Bidders / Contractors of foreign origin shall disclose the name and address of the Agents / Representatives in India, if any. Similarly, the Bidders / Contractors of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidders / Contractors. Copy of the "Guidelines on Indian Agents of Foreign Suppliers" as annexed and marked as **Appendix-D(i)**.

Violation and Penalties- Section-III

The Bidder / Contractor, if found to violate the clause of the Integrity Pact, will be liable to the following penalties:-

- A) The MECL will be entitled to disqualify the Bidder / Contractor from Bid Process.
- B) If after award of Contract, the bidder is found guilty of breach of the Integrity Pact, MECL will be entitled to terminate the contract.
- C) The MECL will have right to disqualify the default Bidder / Contractor for participation in future contracts of the Principal (MECL) for a certain period or black list it permanently depending upon seriousness of offence.
- D) The MECL, if the contract is terminated due to violation of the Integrity Pact on part of Bidder / Contractor, will be entitled for material damages as decided by the MECL Management and will be binding to all. The Principal (MECL) will also have right to forfeit the Security Deposit.
- E) The CMD of the Principal will be the final Authority in respect of the aforesaid clauses of Violation and Penalties. The decision taken by CMD of the Principal (MECL) shall be final and acceptable and would not be amendable to any challenge.
- F) If the Bidders / Contractors, before award or during execution has committed a transgression through a violation of Section-II, above or in any other form such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidders / Contractors from the Bid process or take action as per the procedure mentioned in the "Guidelines on Banning of Business dealings". Copy of the "Guidelines on Banning of Business dealings" is annexed and marked as **Appendix-D(ii)**.

Independent Monitor- Section-IV

- A) CMD, of the Principal (MECL) may / will appoint Independent Monitor who are suitably qualified and experienced and are of impeccable integrity to oversee the implementation of the Integrity Pact in cases wherever he feels necessary to do so. The decision taken in this behalf by CMD, MECL shall be final and conclusive and will be agreeable to both the parties. Such decision, about the appointment of Independent



Monitor shall not be amendable to challenge on any ground whatsoever. The independent Monitors will be non-salaried having voluntary status and will have benefits of Independent Directors.

- B) The Independent Monitors will not have administrative or enforcement power and submit his non-binding suggestions or recommendations to the Management of MECL when he observes violation or deviation of any conditions of the Integrity Pact.

General Conditions-Section –V

- A) This agreement is subject to Indian Laws. Place of execution & performance of this Integrity Pact shall be Nagpur. Any dispute rising out of Integrity Pact shall be subject to exclusive jurisdiction of the Courts at Nagpur only.
- B) The Bidder / Contractor will undertake from all subcontractors about the commitment to implement the Integrity Pact in letter & spirit and submit to MECL the said undertaking before sub-contracting the work wherever permitted.
- C) The Bidders / Contractor, who do not sign the Integrity Pact, will not be entitled to participate in the Bid Process or continue with the contract.
- D) The Agreement will commence into force when MECL & Bidder/ Contractor sign it and will come to end twelve months after the last Payment.
- E) The Bidders / Contractor is a Partnership Firm or Association of persons, the Agreement must be signed by all Partners or should be signed by his / their Authorized representative.
- F) MECL will periodically review the effectiveness of the Integrity Pact by conducting 360 degree review with concerned executive & Bidder / Contractor.
- G) Should one or some of the provision of this Integrity Pact turn out to be invalid the reminder clauses of this Agreement shall remain valid.

On behalf of the Principal / MECL
With Official Seal
Place:
Date:

On behalf of Bidder / Contractor
With Official Seal
Place:
Date:

MINERAL EXPLORATION CORPORATION LIMITED



**MINERAL EXPLORATION CORPORATION LIMITED
(A GOVT. OF INDIA ENTERPRISE)**

GUIDELINES FOR INDIAN AGENTS OF FOREIGN SUPPLIERS

- 1.0** There shall be compulsory registration of agents for all global (Open) Tender and Limited Tender. An agent who is not registered with MECL shall apply for registration in the prescribed Application –Form.
- 1.1.** Registered agents will file an authenticated Photostat copy duly attested by a Notary Public / Original certificate of the principal confirming the agency agreement and giving the status being enjoyed by the agent and the commission / remuneration / Salary / retainer-ship being paid by the principal to the agent before the placement of order by MECL.
- 1.2.** Wherever the Indian representatives have communicated on behalf of their principals and the foreign parties have stated that they are not paying any commission to the Indian agents, and the Indian representative is working on the basis of salary or as retainer, a written declaration to this effect should be submitted by the party (i.e. Principal) before finalizing the order.
- 2.0 DISCLOSURE OF PARTICULARS OF AGENTS / REPRESENTATIVES IN INDIA, IF ANY.**
- 2.1.** Tenderers of Foreign nationality shall furnish the following details in their offer:
- 2.1.1. The name and address of the agents / representatives in India, if any and the extent of authorization and authority given to commit the Principals. In case the agent / representative be a foreign Company, it shall be confirmed whether it is real substantial Company and details of the same shall be furnished.
- 2.1.2. The amount of commission / remuneration included in the quoted price(s) for such agents / representatives in India.
- 2.1.3. Confirmation of the Tenderer that the commission / remuneration if any, payable to his agents / representatives in India, may be paid by MECL in Indian Rupees only.
- 2.2.** Tenderers of Indian Nationality shall furnish the following details in their offers.
- 2.2.1. The name and address of the foreign principals indicating their nationality as well as their status, i.e, whether manufacturer or agents of manufacturer holding the Letter of Authority of the Principal specifically authorizing the agent to make an offer in India in response to tender either directly or through the agents / representatives.
- 2.2.2. The amount of commission / remuneration included in the price(s) quoted by the tenderer for himself.
- 2.2.3. Confirmation of the foreign principals of the Tenderer that the commission / remuneration, if any, reserved for the Tenderer in the quoted price(s), may be paid by MECL in India in equivalent Indian Rupees on satisfactory completion of the Project or supplies of Stores and Spares in case of operation items.
- 2.3.** In either case, in the event of contract materializing, the terms of payment will provide for payment of the commission / remuneration, if any payable to the agents / representatives in India in Indian Rupees on expiry of 90 days after the discharge of the obligations under the contract.



- 2.4.** Failure to furnish correct and detailed information as called for in paragraph 2.0 above will render the concerned tender liable to rejection or in the event of a contract materializing, the same liable to termination by MECL. Besides this there would be a penalty of banning business dealings with MECL or damage or payment of a named sum.

MINERAL EXPLORATION CORPORATION LIMITED



**MINERAL EXPLORATION CORPORATION LIMITED
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GUIDELINES ON BANNING OF BUSINESS DEALINGS

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**MINERAL EXPLORATION CORPORATION LIMITED
(A GOVT. OF INDIA ENTERPRISE)**

GUIDELINES ON BANNING OF BUSINESS DEALINGS

1. Introduction

- 1.1.** Mineral Exploration Corporation Limited (MECL), being a Public Sector Enterprise, under the administrative control of the Ministry of Mines and therefore being an authority deemed to be 'the state' within the meaning of Article 12 of Constitution of India, has to ensure preservation of rights enshrined in Chapter III of the Constitution. MECL has also to safeguard its commercial interests. MECL deals with Agencies, who have a very high degree of integrity, commitments and sincerity towards the work undertaken. It is not in the interest of MECL to deal with Agencies who commit deception, fraud or other misconduct in the execution of contracts awarded / orders issued to them. In order to ensure compliance with the constitutional mandate, it is incumbent on MECL to observe principles of natural justice before banning the business dealings with any Agency.
- 1.2.** Since banning of business dealings involves civil consequences for an Agency concerned, it is incumbent that adequate opportunity of hearing is provided and the explanation, if tendered, is considered before passing any order in this regard keeping in view the facts and circumstances of the case.

2. Scope

- 2.1.** The General Conditions of Contract (GCC) of MECL generally provide that MECL reserves its rights to remove from list of approved suppliers / contractors or to ban business dealings if any Agency has been found to have committed misconduct and also to suspend business dealings pending investigation. If such provision does not exist in any GCC, the same may be incorporated.
- 2.2.** Similarly, in case of sale of material there is a clause to deal with the Agencies / customers / buyers, who indulge in lifting of material in unauthorized manner. If such a stipulation does not exist in any Sale Order, the same may be incorporated.
- 2.3.** However, absence of such a clause does not in any way restrict the right of Company (MECL) to take action / decision under these guidelines in appropriate cases.
- 2.4.** The procedure of (i) Removal of Agency from the List of approved suppliers / contractors; (ii) Suspension and (iii) Banning of Business Dealing with Agencies, has been laid down in these guidelines.
- 2.5.** These guidelines apply to all the units of MECL.
- 2.6.** It is clarified that these guidelines do not deal with the decision of the Management not to entertain any particular Agency due to its poor / inadequate performance or for any other reason.
- 2.7.** The banning shall be with prospective effect, i.e., future business dealings.

3. Definitions

In these Guidelines, unless the context otherwise requires:

- i. 'Party / Contractor / Supplier / Purchaser / Customer' shall mean and include a public Limited company or a private limited company, a firm whether registered or not, an individual, a co-operative society or an association or a group of persons engaged in any commerce, trade, industry, etc. 'Party / Contractor / Supplier / Purchaser / Customer' in the context of these guidelines is indicated as 'Agency'.
- ii. 'Inter-connected Agency' shall mean two or more companies having any of the following features:
 - a) If one is a subsidiary of the other;
 - b) If the Director(s), Partner(s), Manager(s) or Representative(s) are common;



- c) If management is common;
- d) If one owns or controls the other in any manner;
- iii. 'Competent Authority' and 'Appellate Authority' shall mean the following:
 - a) For Company (entire MECL) wide Banning:

The Director (Technical) shall be the 'Competent Authority' for the purpose of these guidelines. Chairman-Cum-Managing Director, MECL shall be the 'Appellate Authority' in respect of such cases except banning of business dealings with Foreign Suppliers of imported items.
 - b) Chairman-Cum-Managing Director, MECL shall have overall power to take suo-moto action on any information available or received by him and pass such order(s) as he may think appropriate, including modifying the order(s) passed by any authority under these guidelines.
- iv. 'Investigating Department' shall mean any Department or Unit investigating into the conduct of the Agency and shall include the Vigilance Department, Central Bureau of Investigation, the State Police or any other department set up by the Central or State Government having powers to investigate.
- v. 'List of approved Agencies - Parties / Contractors / Suppliers/ Purchaser / Customers' shall mean and include list of approved / registered Agencies –Parties / Contractors / Suppliers / Purchasers / Customers, etc.

4. Initiation of Banning / Suspension

Action for banning / suspension of business dealings with any Agency should be initiated by the department having business dealings with them after noticing the irregularities or misconduct on their part. Besides the concerned department, Vigilance Department each Region / Unit / Corporate Office may also be competent to initiate such action.

5. Suspension of Business Dealings

- 5.1.** If the conduct of any Agency dealing with MECL is under investigation by any department, the Competent Authority may consider whether the allegations under investigation are of a serious nature and whether pending investigation, it would be advisable to continue business dealing with the Agency. If the Competent Authority, after consideration of the matter including the recommendation of the Investigating Department, if any, decides that it would not be in the interest to continue business dealings pending investigation, it may suspend business dealings with the Agency. The order to this effect may indicate a brief of the charges under investigation. If it is decided that inter-connected Agencies would also come within the ambit of the order of suspension, the same should be specifically stated in the order. The order of suspension would operate for a period not more than six months and may be communicated to the Agency as also to Investigating Department. The Investigating Department may ensure that their investigation is completed and whole process of final order is over within such period.
- 5.2.** The order of suspension shall be communicated to all the Departmental Heads within the unit / region / Corporate Office as the case may be. During the period of suspension, no business dealing may be held with the agency.
- 5.3.** As far as possible, the existing contract(s) with the Agency may continue unless the Competent Authority, having regard to the circumstances of the case, decides otherwise.
- 5.4.** If the gravity of the misconduct under investigation is very serious and it would not be in the interest of MECL, as a whole, to deal with such an Agency pending investigation, the Competent Authority may send his recommendation to Chief Vigilance Officer (CVO), MECL Corporate Office along with the material available.



If Corporate Office considers that depending upon the gravity of the misconduct, it would not be desirable for all the units / regions of MECL to have any dealings with the Agency concerned, an order suspending business dealings may be issued to all the units / Regions / Corporate Office by the Competent Authority of the Corporate Office, copy of which may be endorsed to the Agency and all concerned. Such an order would operate for a period of six months from the date of issue.

- 5.5. It is not necessary to give any show-cause notice or personal hearing to the Agency before issuing the order of suspension. However, if investigations are not complete in six months' time, the Competent Authority may extend the period of suspension by another three months, during which period the investigations must be completed.

6. Ground on which Banning of Business Dealings can be initiated

- 6.1. If the security consideration, including questions of loyalty of the Agency to the State, so warrants;
- 6.2. If the Director / Owner of the Agency, proprietor or partner of the firm, is convicted by a Court of Law for offences involving moral turpitude in relation to its business dealings with the Government or any other public sector enterprises or MECL, during the last five years;
- 6.3. If there is strong justification for believing that the Directors, Proprietors, Partners, owner of the Agency have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolations, etc;
- 6.4. If the Agency continuously refuses to return / refund the dues of MECL without showing adequate reason and this is not due to any reasonable dispute which would attract proceedings in arbitration or Court of Law;
- 6.5. If the Agency employs a public servant dismissed / removed or employs a person convicted for an offence involving corruption or abetment of such offence;
- 6.6. If business dealings with the Agency have been banned by the Govt. or any other public sector enterprise;
- 6.7. If the Agency has resorted to Corrupt, fraudulent practices including misrepresentation of facts;
- 6.8. If the Agency uses intimidation / threatening or brings undue outside pressure on the Company (MECL) or its official in acceptance / performances of the job under the contract;
- 6.9. If the Agency indulges in repeated and / or deliberate use of delay tactics in complying with contractual stipulations;
- 6.10. Wilful indulgence by the Agency in supplying sub-standard material irrespective of whether pre-dispatch inspection was carried out by Company (MECL) or not;
- 6.11. Based on the findings of title investigation report of CBI / Police against the Agency for malafide / unlawful acts or improper conduct on his part in matters relating to the Company (MECL) or even otherwise;
- 6.12. Established litigant nature of the Agency to derive undue benefit;
- 6.13. Continued poor performance of the Agency in several contracts;
- 6.14. If the Agency misuses the premises or facilities of the Company (MECL), forcefully occupies tampers or damages the Company's properties including land, water resources, forest / trees etc. (Note: The examples given above are only illustrative and not exhaustive. The Competent Authority may decide to ban business dealing for any good and sufficient reason).

7. Banning of Business Dealings

- 7.1. Normally, a decision to ban business dealings with any Agency should apply throughout the Company including subsidiaries. However, the Competent Authority



can impose such ban unit-wise only if in the particular case banning of business dealings by respective Unit will serve the purpose and achieve its objective and banning throughout the Company is not required in view of the local conditions and impact of the misconduct / default to beyond the Unit. Any ban imposed by the Company shall be applicable across all Units of the Company.

- 7.2. For Company-wide banning, the proposal should be sent by GM / HOD to the CVO / MECL setting out the facts of the case and the justification of the action proposed along with all the relevant papers and documents except for banning of business dealings with Foreign Suppliers of imported items.

The Corporate Vigilance shall process the proposal for a prima-facie view in the matter by the Competent Authority nominated for Company-wide banning.

The CVO shall get feedback about that agency from all other Regions/ Units. Based on this feedback, a prima-facie decision for banning / or otherwise shall be taken by the Competent Authority.

If the prima-facie decision for Company-wide banning has been taken, the Corporate Vigilance shall issue a show-cause notice to the agency conveying why it should not be banned throughout MECL.

After considering the reply of the Agency and other circumstances and facts of the case, a final decision for Company-wide banning shall be taken by the competent Authority.

- 7.3. There will be a Standing Committee for processing the cases of "Banning of Business Dealings". However, for procurement of HOD (Procurement) items / award of contracts, to meet the requirement of Corporate Office only, the committee shall be consisting of General Manager / Dy. General Manager each from Operations, Finance, Law & HOD (Procurement). Member from HOD (Procurement) shall be the convener of the committee. The functions of the committee shall, inter-alia include:

I. To study the report of the investigating Agency and decide if a prima-facie case for Company-wide / Region wise banning exists, if not, send back the case to the Competent Authority.

II. To recommend for issue of show-cause notice to the Agency by the concerned department.

III. To examine the reply to show-cause notice and call the Agency for personal hearing, if required.

IV. To submit final recommendation to the Competent Authority for banning or otherwise.

- 7.4. If the Competent Authority is prima-facie of view that action for banning business dealings with the Agency is called for, a show- cause notice may be issued to the Agency and an enquiry held accordingly.

8. Removal from List of Approved Agencies – Suppliers / Contractors, etc.

8.1. If the Competent Authority decides that the charge against the Agency is of a minor nature, it may issue a show-cause notice as to why the name of the Agency should not be removed from the list of approved Agencies - Suppliers / Contractors, etc.

8.2. The effect of such an order would be that the Agency would not be disqualified from competing in Open Tender Enquiries but LTE (Limited Tender Enquiry) may not be given to the Agency concerned.

8.3. Past performance of the Agency may be taken into account while processing for approval of the Competent Authority for awarding the contract.

9. Procedure of Issuing Show-cause Notice

9.1. In case where the Competent Authority decides that action against an Agency is called



for, a show-cause notice has to be issued to the Agency. Statement containing the imputation of misconduct or misbehaviour may be appended to the show-cause notice and the Agency should be asked to submit within 15 days a written statement in its defence.

- 9.2. If the Agency requests for inspection of any relevant document in possession of MECL, necessary facility for inspection of documents may be provided.
- 9.3. The Competent Authority may consider and pass all appropriate speaking order:
 - a) For exonerating the Agency if the charges are not established.
 - b) For removing the Agency from the list of approved Suppliers/ Contactors, etc.
 - c) For banning the business dealing with the Agency.
- 9.4. If it decides to ban business dealings, the period for which the ban would be operative may be mentioned. The order may also mention that the ban would extend to the interconnected Agencies of the Agency.

10. Appeal against the Decision of the Competent Authority

- 10.1. The agency may file an appeal against the order of the Competent Authority banning business dealing, etc. The appeal shall lie to Appellate Authority. Such an appeal shall be preferred within one month from the date of receipt of the order banning business dealing, etc.
- 10.2. Appellate Authority would consider the appeal and pass appropriate order which shall be communicated to the Agency as well as the Competent Authority.

11. Review of the Decision by the Competent Authority

Any petition / application filed by the Agency concerning the review of the banning order passed originally by Chief Executive / Competent Authority under the existing guidelines either before or after filing of appeal before the Appellate Authority or after disposal of appeal by the Appellate Authority, the review petition can be decided by the Chief Executive / Competent Authority upon disclosure of new facts / circumstances or subsequent development necessitating such review. The Competent Authority may refer the same petition to the Standing Committee for examination and recommendation.

12. Circulation of the names of Agencies with whom Business Dealings have been banned

- 12.1. Depending upon the gravity of misconduct established, the Competent Authority may circulate the names of Agency with whom business dealings have been banned, to the Government Departments, other Public Sector Enterprises, etc. for such action as they deem appropriate.
- 12.2. If Government Departments or a Public Sector Enterprise requests for more information about the Agency with whom business dealings have been banned, a copy of the report of the Inquiring Authority together with a copy of the order of the Competent Authority / Appellate Authority may be supplied.
- 12.3. If business dealings with any Agency have been banned by the Central or State Government or any other Public Sector Enterprise, MECL may, without any further enquiry or investigation, issue an order banning business dealing with the Agency and its interconnected Agencies.
- 12.4. Based on the above, Regions / Units may formulate their own procedure for implementation of the guidelines.