

Coal India Limited

(A GOVT OF INDIA Enterprise)

"COAL BHAWAN"

Premises No. 04 MAR, Plot No.AF-III
Action Area-1A, New Town, Rajarhat
Kolkata 700156 (WB)

CIN/कॉ.प.सं. : L23109WB1973GOI028844

Website वेबसाइट:: www.coalindia.in



A MAHARATNA COMPANY
महारत्न कंपनी

कोल इण्डिया लिमिटेड

(भारत सरकार का उपक्रम)

"कोल भवन"

Premises No. 04 MAR, Plot No.AF-III
Action Area-1A, New Town, Rajarhat
Kolkata 700156 (WB)

CIN/कॉ.प.सं. : L23109WB1973GOI028844

Website वेबसाइट:: www.coalindia.in

Ref. No.: CIL/VIG/2017/36019/01/5/6

Date: 30 May, 2017

CIRCULAR

During examination of a tendering for development of an underground mine by a Subsidiary company, it has been observed that the tender was evaluated including obtaining opinion of different Authorities for about two and half years' time and finally cancelled citing commercial non viability. It is obvious that the decision should have been taken immediately when fact of commercial non viability came to notice.

Needless to mention that after completing the different process of tendering, cancelation of tender on some consideration, which needed prior examination, leads to waste of time, money and effort. Cancellation of tender in such manner reflects poorly on the decision making process in the Organization. In case of tender cancelled on commercial non-viability, the CVC has observed as under;

- i) If commercial viability really weighs heavily in overall decision on not to go ahead with the tender, the decision should be taken early.... after all an established fact of commercial non viability, under changed circumstances, may lead to discharge of tender. Further, in such situation, there would be no need for any reference to anybody, wasting lot of time, money and efforts.
- ii) As far as issue of commercial viability / non viability is concerned, the same may be inferred only after considering overall condition of the coal market, practices/trend regarding coal production prevailing at the material time, especially in respect of similar modus operandi (as adopted through the projects under scrutiny) to produce coal and relevant policies / instructions on coal pricing.

In the light of above, it should be ensured that henceforth any tender process is initiated after due consideration of all aspect including viability of the Project, so that no occasion arise for subsequent cancellation. If at all circumstances develop where cancellation is unavoidable, the same should be done at earliest possible opportunity without wasting further time and energy.

(Sutirtha Bhattacharya)

Chairman-cum-Managing Director

Distribution:

- D(T)/D(F)/D(M)/D(P), CIL
- All CMDs of CIL Subsidiaries
- All CVOs of CIL & Subsidiaries
- GM/TS to Chairman, CIL