



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
OFFICE OF THE CHIEF COMMISSIONER OF CENTRAL EXCISE : CHENNAI ZONE
26/1, MAHATMA GANDHI ROAD : CHENNAI - 600 034.

ADVANCE REMINDER

C. No: II/39/31/2013 - CZO (Admn)

Dated: 21.10.2016

To
The Pr. Commissioner / Commissioner of Central Excise,
Chennai I/II/III/IV/LTU/Puducherry/Audit-I / Audit-II,

Madam/Sir,

Sub: Outsourcing proposals for housekeeping/ security services, etc. for the year 2017-18 in accordance with the guidelines received from Board - Reg.

Please refer to this Office Letters C.No: II/39/07/2011 - CZO (Admn) dated 12.08.2011 communicating Board's guidelines in F.No. C-30013/255/2008-Ad. IVA dated 27.07.2011 and giving further instructions, C.No: II/39/26/2011-CZO (Admn) dated 23.04.2012, and 29.05.2013, communicating Board's guidelines in F.No. C-30013/255/2008-Ad. IVA dated 13.04.2012 and 13.05.2013 respectively, on outsourcing of housekeeping/security services. Pl. also refer to this Office Letter of even No dated 18.12.2013 & 04.07.2014 communicating Board's Letter in F.No. C-30013/255/2008-Ad. IVA dated 28.11.2013 & 20.06.2014 on the above subject. It may please be ensured that the guidelines of Board/instructions given in the above letters are scrupulously followed. Further, the instructions that are issued by the CVC, DGS&D from time to time on tendering process and negotiations with bidders may please be adhered to strictly.

2. Some of the important guidelines/instructions are reiterated below :-

2.1 As per Para 6 of Board's Letter dated 27.07.2011 stated above, the contract has to be awarded **only after obtaining prior approval of the competent authority** and the practice of seeking ex-post-facto approval may not be resorted to and **no proposal for ex-post facto approval would be entertained by the Ministry**. Hence, approval of the Ministry on the proposal for outsourcing of Services for the financial year 2017-18 is required to be obtained before 01.04.2017.

2.2 As per para 3(i) of Board's Letter dated 27.07.2011, the contracts relating to outsourcing of services (housekeeping/security) should be finalized on the basis of **open tendering, duly advertised in the Newspapers, copy of the NIT to be placed on the Notice Board of the Zonal Office and its units and also should be put on the website of the Commissionerate, Zone and CBEC.** As per para 3 (ii) of Board's Letter dated 27.07.2011, the tenderers may be asked to quote the rate per sq. ft. per month and not based on the rate per person per month.

2.3 As reiterated in Board's letter dated 13.04.2012 referred above, the tender process may be initiated and finalised as per the provisions of GFR 2005. As per Rule 152 of the GFR, **two bid (technical/financial bid) procedure** has to be followed for tendering action, the technical bids are to be opened at the first instance and evaluated by a competent committee/authority and at the second stage financial bids of **only the technically acceptable offers** should be opened for further evaluation and ranking before awarding the contract.

2.4 The instructions contained in Board's F.No.30013/02/2012-Ad.IVA dated 03.04.2012 and the OM (No: 10/1/2011-PPC) dated 30.11.2011 issued by the Public Procurement Cell, Department of Expenditure, Ministry of Finance (enclosed thereto) (addressed to all Commissioners) regarding the **mandatory e-publishing of tender enquiries in Central Public Procurement Portal** (which has become mandatory from 01.01.2012) may also be kindly followed. The tender enquiries (NIT) besides being published in www.tenders.gov.in may also please be simultaneously published/mirrored on the portal of Central Public Procurement Portal.

2.5 Further, the Ministry's instructions contained in F.No.6/11/2012-IFU (B&A)EC dated 17.12.2015 communicated vide DGHRD letter F.No.900/33/Admn/e-procument/HRD/2015 dated 01.01.2016 (communicated vide this Office letter of even no. dated 14.01.2016) on **Implementation to comprehensive end-to-end e-procurement** may also be scrupulously followed.

2.6 As per Para 3(iii) of Board's letter dated 27.07.2011 referred above, **the contractor is liable for ensuring compliance with the relevant rules and regulations as notified by the Government in regard to deduction/payment towards PF, ESI, Bonus, payment of minimum wages, etc. Hence, it has to be ensured that the amount quoted by the bidder satisfies all the requirements of relevant rules and regulations that are applicable to the outsourced personnel.** This should be suitably brought out in the Tender conditions.

2.7 Further, instructions contained in D.O. Letter No: 391/1/2/2015-CA.V dated 11.08.2015 from Cabinet Secretary, Government of India forwarded vide the Board's Letter C.No: C-30013/75/2015-AD.IV-A dated 18.09.2015 may please be scrupulously followed. As per the said D.O. Letter that it has to be ensured that the (a) outsourced personnel get social security benefits like Provident Fund, Pension, Insurance, health related security, etc., and in case of default the **Principal Employer is liable to penal action**, (b) the contractor who is providing outsourced staff is

registered with EPFO and ESIC and *that payment to the contractor is made only after verifying that social security cover is being extended to such staff.*

2.8 As per para 4 of Board's Letter dated 28.11.2013 referred above, tender documents are required to be formulated in a manner to *avoid conveying any misleading impression that the contract is for hiring of contract labour*; the tender documents need to be formulated specifying the physical content of the function being outsourced *and that any mention of number of persons to be hired on contract should be scrupulously avoided.*

2.9 The Board vide letter dated 20.06.2014 (referred above) has reiterated that as per para 2 of CVC's OM dated 3rd March, 2007, *in case L-1 bidder backs-out, there should be re-tender.*

2.10 As per Board's Letter F.No: C-30013/08/2015-Ad.IV-A dated 11.02.2015 communicated vide this Office Letter of even No dated 07.04.2015, while outsourcing security services, it may be ensured that the private security agencies engaged by the Commissionerates comply with the Private Security Agencies (Regulation) (PSAR) Act, 2005.

2.11.1 Further, Sl.No.'7' of Board's letter in F.No.15/6/2008-IFU.III dated 15.09.2011, communicated vide this Office letter of even number dated 29.09.2011, has delegated financial powers to the extent of Rs. 30 lakhs per annum to HOD's, under the head "Outsourcing of services" subject to the conditions mentioned therein.

2.11.2 In this connection, para 3 of Boards letter dated 13.05.2013 referred to above may also please be seen, wherein IFU has observed that the delegation of financial powers is for the contract as a whole and as such, *part payments under a contract should not be made on the premise of delegation of powers, if the value of contract as a whole exceeds the limit of delegated powers.* In other words, if the total value of the contract for outsourcing (both House Keeping and Security put together) for a Commissionerate (Hqrs, Divisions and Ranges put together) exceeds Rs. 30 Lakhs, *the entire proposal, consolidated for the Commissionerate (though tendering process may have been done separately for H.qrs / Divisions / Ranges and separate contracts was/were proposed to be awarded) may please be submitted to Ministry for according Administrative approval and expenditure sanction.* In para 4 of the Board's letter dated 13.05.2013, it was advised that *the instructions of CVC on not conducting any negotiation with bidders other than L1 should be adhered to scrupulously.*

2.12 The time limit prescribed in GFR 2005 for the service providers to apply against the NIT may please be strictly adhered to. Objections have been raised by Board regarding non-allowing of prescribed time limit of three weeks. If the service provider selected is *not the lowest bidder*, then reasons for awarding the contract to him may please be justified. Minutes of the meeting may be clearly recorded giving full justification for selecting the Service provider.

2.13 The proposal for outsourcing of House Keeping / Security Services may please be submitted in the proforma prescribed in Board's Letter dated 27.07.2011 (Proforma-I and Proforma-II respectively). The proposal may please be submitted in duplicate. All the relevant documents may please be submitted in duplicate (all the documents like NIT, bids, recommendations/minutes of the meeting of the Tender Evaluation Committee, averment certificate from the Head of the Office, etc. should be submitted in **Original for submitting to Board** (or attested photocopies of the documents - as per Board's Letter F.No: C. 30013/25/2015-AD.IVA dated 17.03.2015 - communicated vide this Office Letter of even No dated 07.04.2015) & copy of the same should also be submitted to this Office. It may please be ensured that **Page Nos & Annexure Nos** are indicated in the **Proforma-I/Proforma-II** in respect of all the enclosures.

3. The Board has also mentioned in the instructions regarding outsourcing services issued vide Letter No: D.15014/06/2004-AD.IVA dated 30.03.2007, which was reiterated in their Letter to this Zone vide F.No:15014/19/2010-AD.IVA dated 18.02.2010, that if any outsourcing is undertaken without following the prescribed procedure and without the prior approval of the Board, the same will be viewed seriously and departmental action shall be taken against the defaulting Officers and the amount may be recovered from the defaulters. The same may please be kept in mind.

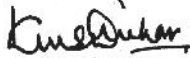
4. As directed by Board in Para 6 of the letter dated 28.11.2013 referred to above, a confirmation on compliance of the provisions of GFR and the instructions of CVC on tendering process and the selection of service providers may be invariably incorporated in the proposals, submitted to the Board for financial concurrence to Outsourcing of Services.

5. As may be seen from para 8 of Board's Letter dated 27.07.2011, proposal for outsourcing of House Keeping / Security Services have to be furnished to the Ministry for consideration/approval at least eight weeks prior to the expiry of the validity of the current contract so as to facilitate timely action by the Ministry for finalization thereof. This time limit may please be strictly adhered to. Also, as stated in par 2.1 above, the contract has to be awarded **only after obtaining prior approval of the competent authority**. Hence, the proposal for outsourcing of House Keeping / Security Services for the financial year 2017-18 may please be sent to this Office (in duplicate) **latest by 31st December 2016** to enable this Office to process and submit the same to the Ministry before January 2017 to enable the Ministry to approve the same before 01.04.2017.

This may please be accorded 'Top Priority'.

This issues with the approval of the Principal Chief Commissioner.

Yours faithfully,



(K.V.G. DIWAKAR)

ADDITIONAL COMMISSIONER (CCO)

