

No. 14(12)/ 2008- E-II(A)
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, dated the 20th July, 2011.

OFFICE MEMORANDUM

Subject: Use of Integrity Pact by Public Sector Undertakings(PSUs) – Implementation of ARC Recommendation – regarding

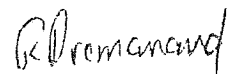
The Administrative Reforms Commission in its report titled 'Ethics in Governance' had made the following recommendation in relation to Integrity Pacts :

"The Commission recommends encouragement of the mechanism of 'Integrity Pacts'. The Ministry of Finance may constitute a Task Force with representative from Ministry of Law and Personnel to identify the type of transactions requiring such Pacts and to provide for a protocol for entering into such a pact. The Task Force may, in particular, recommend whether any amendment in the existing legal framework like the Indian Contract Act, and the Prevention of Corruption Act is required to make such agreements enforceable".

2. Accordingly, a Task Force was constituted in the Ministry of Finance with representatives of Ministries of Law and Defence and Department of Personnel & Training. After examining the recommendations of the Task Force it has been decided that :

- (i) All Government Ministries/Departments, including their attached/ subordinate offices may use the generally applicable Integrity Pact **as at Annexure** in their procurement transactions/ contracts with suitable changes specific to the situation in which the Pact is to be used.
- (ii) Ministries/ Departments may, in consultation with the respective Financial Adviser and with the approval of the Minister-in-charge, decide on and lay down the nature of procurements/ contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions/ contracts concluded by them or their attached/ subordinate offices. This activity should be completed by 31st August 2011.
- (iii) The provision for the Integrity Pact should be included in all Requests for Proposal/ Tender Documents issued in future in respect of the procurements/ contracts that meet the criteria decided in terms of (ii) above.
- (iv) The aforesaid provisions may also be applied to procurements made by autonomous bodies for which also the concerned administrative Ministry/ Department may lay down the nature of procurements/ contracts and the threshold value above which the Integrity Pact would be used.

3. Instructions have been issued for use of the Integrity Pact in Government Ministries/Departments (Copy of O.M. of even No. dated 19.7.2011 is enclosed). It is requested that similar instructions may be issued for the use of the generally applicable Integrity Pact by Public Sector Undertakings(PSUs). It may be mentioned that in the context of the use of the Integrity Pact by PSUs, the Task Force has, inter-alia, recommended that "as the title page of the said Pact is in the name of the President of India, PSUs may change the title page suitably



(R. Prem Anand)

Under Secretary to the Government of India

Secretary,
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Conv to: Chief Vigilance Commissioner, New Delhi.