

GUIDELINES FOR INDIAN AGENTS OF FOREIGN SUPPLIERS

- 1.0 Valid Authorized Dealership Certificate from the Foreign Principal/O.E.M. should be submitted by the Indian Agent/Dealer and such firm's name shall be added to the Approved List of O.E.M. and Authorized Dealers.
- 2.0 Registered address of the foreign principal and their Indian Agent should appear in the Authorized Dealership Certificate.
 - i) The tenderer shall submit an undertaking along with their tender offer that they have not made any payment or illegal gratification to any person/authority connected with the tender process so as to influence the tender process and have not committed any offense under the Prevention of Corruption Act in connection with the tender.
 - ii) The tenderer shall disclose any payments made or proposed to be made to any intermediaries (agents etc.) in connection with the tender.
- 2.1 MbPT standard payment terms are as per mutually agreed INCO terms.
Agency Commission: MbPT does not agree to pay any agency commission either in Indian or in Foreign Currency.
- 2.2 Failure to furnish correct and detailed information as called for in paragraph 2.0 above may render the concerned tenderer's offer liable for rejection OR in the event of a contract materializing, the same may be liable for termination by MbPT. Besides, a penalty of payment of a named sum OR banning business dealings with MbPT may be levied.

GUIDELINES ON BANNING OF BUSINESS DEALINGS CONTENTS

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1. Introduction

- 1.1 The Board of Trustees of the Port of Mumbai (The Board / MbPT), incorporated by The Major Port Trusts Act, 1963, as amended by Major Port Trusts (Amendment) Act, 1974 and is an authority within the meaning of article 12 of Constitution of India. MbPT has also to safeguard its commercial interests, MbPT 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 MbPT 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 MbPT 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 Condition of Contract (GCC) of MbPT generally provide that MbPT reserves the 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.
- 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.
- 2.3 However, absence of such a clause does not in any way restrict the right of MbPT 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 departments of MbPT.

- 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 prior / inadequate performances 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 those 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 MbPT Banning
The Head of the Department shall be "Competent Authority" for the purpose of these guidelines. Chairman, MbPT shall be 'Appellate Authority' in respect of such cases except banning of business dealings with Foreign Suppliers of imported material.
 - b) For banning of business dealings with Foreign Suppliers of imported material, MbPT's HOD Committee (MHC) shall be the 'Competent Authority'. The Appeal against the Order passed by MHC shall lie with Chairman as First Appellate Authority.
 - c) In case the foreign supplier is not satisfied by the decision of the First Appellate Authority, it may approach Chairman as Second Appellate Authority.
 - d) MbPT Board 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 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/ Purchasers/ 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 business dealing with any Agency should be initiated by the department having business dealing with them after noticing the irregularities or misconduct on their part. Besides any department, Vigilance Department may also be competent to initiate such action.

5. Suspension of Business Dealings

- 5.1 If the conduct of any Agency dealing with MbPT is under investigation by any department (except Foreign Supplier of imported material), 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 dealings 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. It is decided that inter-connected Agencies would also come within the ambit of the order of suspension, the some 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 the 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 Departmental Heads. 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 regards to the circumstances of the case, decided otherwise.
- 5.4 If the gravity of the misconduct under investigation is very serious and it would not be in the interest of MbPT, as a whole, to deal with such an Agency pending investigation, the competent Authority may send his

recommendations to Chief Vigilance Officer (CVO), MbPT Head of Department (HOD) along with the material available. If HOD considers that depending upon the gravity of the misconduct, it would not be desirable to have any dealings with the Agency concerned an order suspending business dealing may be issued by the Competent Authority, copy of which may be endorsed to the Agency concerned. Such an order would operate for a period of six months from the date of issue.

5.5 For suspension of business dealing with foreign suppliers of imported material, following shall the procedure.

- i) Suspension of the foreign suppliers shall apply throughout MbPT .
- ii) Based on the complaint forwarded or received directly by Vigilance Department, if Gravity of the misconduct under investigation is found serious and it is felt that it would not be in the interest of MbPT to continue to deal with such Agency pending investigations. Vigilance Dept. may send such recommendation on the matter to HOD to place before MHC consisting of the following:
 - 1. Head of Finance Department.
 - 2. Head of Executing Department.
 - 3. Head of User Department.
 - 4. Head of Legal Department.

The Committee shall expeditiously examine the report, give its comments/recommendations within twenty-one days of receipt of the reference by HOD.

- iii) If MHC opines that it is a fit case for suspension, MHC may pass necessary orders which shall be communicated to the foreign supplier by HOD.

5.6 If the Agency concerned asks for detailed reasons of suspension, the Agency may be informed that its conduct is under investigation. It is not necessary to enter into correspondence / argument with the Agency at this Stage.

5.7 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 investigation must be completed.

6 Ground on which Banning of Business Dealing 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 dealing with the Government or any other public sector enterprises or MbPT, 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 bribery, corruption, fraud, substitution of tenders, interpolations, etc.
- 6.4 If the Agency continuously refuses to return/ refund/ the dues of MbPT without showing adequate reason and this is not due to any reasonable dispute which attract proceeding in arbitration of Court of Law.
- 6.5 If the Agency employs a public servant dismissed / removed or employs person convicted for an offence involving corruption or abetment of such offences.
- 6.6 If business dealing with the Agency have been banned by the Govt. or any other public sector enterprises.
- 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 under outside pressure on MbPT or its Official in acceptance/ performances of the job under the contract.
- 6.9 If the Agency indulgence in repeated and / or deliberate use of delay tactics in complying with contractual stipulations.
- 6.10 willful indulgence by the Agency in Supplying sub-standard material irrespective of whether pre-dispatch inspection was carried out by MbPT or not.
- 6.11 Based on the findings of the investigation report of CBI/Police against the Agency for malafide/unlawful acts or improper conduct on his part in matters relating to MbPT or even otherwise;
- 6.12 Establishment litigant nature of the Agency to derive under benefit.
- 6.13 Continued poor performance of the Agency in several contracts.

- 6.14 It the Agency missuses the premises of facilities of MbPT forcefully occupies tampers or damages the properties including land, water resources forests/ 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 MbPT. However, the Competent Authority can impose such ban if in the particular case banning of business dealings will serve the purpose and achieve its objective and banning throughout the MbPT is not required in view of the local conditions and impact of the misconduct/ default. Any ban imposed shall be applicable across the MbPT.

- 7.2 For banning, the proposal should be sent by Head of Executing Department to the CVO setting out the facts of the case and the justification of the action proposed alongwith all the relevant papers and documents except for banning of business dealings with Foreign suppliers of imported material.

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

The CVO shall get feedback about that agency from the HOD, 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 banning has been taken, the Vigilance Department shall issue a show-cause notice to the agency conveying why it should not be banned throughout MbPT. After considering the reply of the Agency and other circumstances and facts of the case, a final decision for banning shall be taken by the Competent Authority.

- 7.3 There will be a Standing Committee to be appointed by HOD for processing the cases of Banning of Business Dealings except for banning of business dealings with foreign suppliers. However, for procurement of items/ award of contracts, to meet the requirement of Department, the committee shall be consisting of HOD from Executing, Finance, Law & User Department. Member from Executing Department 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 it a prima-facie case for MbPT-wide / Local unit, 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 prime-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 as per paragraph 9.1 and an enquiry held accordingly.

7.5 Procedure for Banning of Business Dealings with Foreign supplier of imported material.

- i) Banning of the agencies shall apply throughout the MbPT including subsidiaries.
- ii) Based on the complaint forwarded by HOD or received directly by Vigilance Department, an investigation shall be carried out by Vigilance Department. After investigation depending upon the gravity of the misconduct Vigilance Department may send their report to HOD to be placed before MHC consisting of the following: -
 - (i) Head of Finance Department.
 - (ii) Head of Executing Department.
 - (iii) Head of User Department.
 - (iv) Head of Legal Department.

The committee shall examine the report and give its comments/ recommendations within 21 days of receipt of the reference by HOD.

- iii) If MHC opinion that it is a fit case for initiating banning action, it will direct HOD to issue show-cause notice to the agency for replying within a reasonable period.
- iv) On receipt of the reply or on expiry of the stipulated period, the case shall be submitted by HOD to MHC for consideration & decision.
- v) The decision of the MHC shall be communicated to the agency by HOD.

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 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. 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 misbehavior may be appended to the show-cause notice and the Agency should be asked to submit within 15 days a written statement in its defense.
- 9.2 If the Agency requested for inspection of any relevant document in possession of MbPT, necessary facility for inspection of documents may be provided.
- 9.3 The Competent Authority may consider and pass an 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/Contractors, etc.
 - c) For banning the business dealings with the Agency.
- 9.4 It is to ban business dealing, the period for which the ban would be operative may be mentioned. The order may also mention that the ban would extend to file 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 dealings, etc. The appeal shall lie to Appellate Authority. Such an appeal shall lie 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 HOD 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 HOD 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 gravity of misconduct established, the Competent Authority of the corporate office, 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 request for more information about the Agency with whom business dealings have been banned, a copy of the report of Inquiring Authority together with the 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 of State Government or any other Public Sector Enterprises, MbPT may without any further enquiry or investigation issue an order banning dealing with the Agencies and its inter connected Agencies.
