



Ref: A379/56/1

7th May 2010

Mir Hazar Khan Bijran
Federal Minister,
Industries and Production,
Block A, Pak Secretariat, Islamabad

Subject: Violation of PPRA Rules by Sind Engineering Ltd

Dear Sir,

Transparency International has received a complaint from employees of Sind Engineering Ltd on 13-4-10 regarding the violation of Tender terms as per PPRA Rules 2004. A copy has been attached for your ready reference.

Complainant alleged that the tender notices published in newspaper on 20-1-09 and 27-6-09 are illegal and against the PPRA rules 2004

1. **The tenders were not published on PPRA website** which is a violation of Rule 12 (1) of PPRA 2004

12. Methods of advertisement.-

(1) Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency

2. **The advertisement was given in only one paper** whereas **Rule 12(2)** states: That the advertisement in the newspapers shall appear in at least two national dailies, one in English and the other in Urdu.
3. **SEL gave only 7 days time in both the tenders**, whereas according to **Rule 13** of PPRA 2004 the **Response time is minimum 15 days**.
4. **SEL is selling the goods at a very low price** whereas **higher price offers are rejected**. This means that they are giving favors. SEL sold brand new imported buses of chassis no 220 and 243 HP for Rs 14,00,000 and Rs. 10,00,000 whereas the market price is



40,00,000 and SEL also sold imported steel sheets and pipes at a very low cost whereas a higher offer was made by a part which was not accepted by M.D and G.M . It is not allowed under government procedures.

5. **Complainant alleged that Managing Director and General Manager of SEL are involved in bribery and other corrupt practices. PPRA Rule 2(f) is quoted below, which defines corrupt and fraudulent practice.**

(f) "corrupt and fraudulent practices" includes the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

We quote below the Landmark Judgment announce by the Supreme Court on 28th April 2010, in the **Suo Moto** case of award of multibillion dollar LNG contract to GDF-Suez, in which the Court announce that it is the duty of the Court to ensure the application of Public Procurement Rules 2004.

" Here we may observe that it is duty of the court to ensure that the Public Procurement Regulatory Authority Ordinance 2002 read with the Public Procurement Rules 2004 are adhered strictly to exhibit transparency. It is universally recognised principle that such type of transactions must be made in transparent manner for the satisfaction of the people, who are the virtual owners of the national exchequer, which is being invested in these projects."

Transparency International Pakistan requests you to kindly examine the allegations and respond to the complaint.

With Regards,


Syed Ahsan Gilani,
Chairman

cc: Managing Director SEL
Managing Director PPRA