



TRANSPARENCY INTERNATIONAL-PAKISTAN

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Advisory Committee

13th October 2011

Managing Director,
Sui Southern Gas Company Limited,
SSGC House, Sir Shah Suleman Road,
B-14, Gulshan-e-Iqbal,
Karachi.

Sub: Alleged violation of the Public Procurement Rules 2004 in Tender Notice for the procurement of 24" Diameter Line Pipe and Complaint about Pre-Qualification for pipe laying- TI Letters dated 24th August 2011 & 27th September 2011 and SSGC Reply dated 21st September 2011 & 10th October 2011.

Dear Sir,

This is with reference to the SSGC's reply dated 10th October 2011 in response to TI Pakistan's letter dated 27th September 2011 on the above subject.

SSGC has restricted the bidding to national bidders only, whereas according to point 2 of SSGC's letter, you have accepted the complaint that the raw material (HR Coil) would be imported by M/S Crescent Steel. In this situation, International Bidding should have been conducted, instead of restricting it to National Bidding.

This act of SSGC is a violation of Rule 24 of the Public Procurement Rules 2004. The rule is quoted below for your reference;

24. Reservations and Preference.- (1) *Procuring agencies shall allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which any procuring agency decides to limit such participation to national bidders only or prohibit participation of bidders of some nationalities, in accordance with the policy of Federal Government.*

We would also like to highlight that the Sui Southern Gas Company has not answered the query of TI-Pakistan about the complaint received against SSGC that it has pre-qualified few contractors for pipe laying and has been distributing contracts amongst them only, without open tendering on a rate already determined by SSGC. This act is against Rule 21 of the Public Procurement Rules 2004 and Article 4(2) of the Competition Act 2010. The rules are stated below for your information;

Public Procurement Rules 2004:

Rule 21. Open competitive bidding.- Subject to the provision of rules 22 to 37 the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which is applicable under sub-clause (i) of clause (b) of Rule 42.



The Commission Act 2010:

Article 4. Prohibited agreements.- (2)(a) *fixing the purchase or selling price or imposing any other restrictive trading conditions with regard to the sale or distribution of any goods or the provision of any service.*

(e) *collusive tendering or bidding for sale, purchase or procurement of any goods or service.*

Transparency International Pakistan requests SSGC to cancel all such tenders as it is a collusive practice under Rule 2(f) of the Public Procurement Rules 2004 and conduct all procurements in accordance with Public Procurement Rules 2004.

TI Pakistan is striving to have Rule of Law in Pakistan.

With Regards,

Syed Adil Gilani
Advisor

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court.
4. Auditor General, Islamabad.
5. Chairman, Competition Commission of Pakistan, Islamabad. – SSGC and SNGC have been carrying out similar activities since long. You are requested to take notice of such acts of these two organizations and provide the remedy to citizens.
6. Managing Director, PPRA, Islamabad.