



29th August, 2010

Mr. Imtiaz Lodhi,
Actg. CEO,
Pakistan Steel Mills Corporation Limited
Karachi

Sub: Complaint of State Life Insurance Corporation on the violation of Rule No 32 in
Tender of Group Insurance Policy of Management and Executives

Dear Sir,

TI Pakistan has received the copy of complaint dated 27 August 2010 from the Chairman State Life Insurance Corporation, made to you and a copy also sent to TIP, in the Tender of Group Insurance Policy of Management and Executives. From the Evaluation report dated 19th August 2010, it has come to our knowledge that the Criteria of qualification was tailor made by the in charge Insurance Pakistan Steel, for only one Insurance Company in Pakistan. As ISO Certification was obtained only by EFU Life Insurance Company Ltd, all the other companies, were made non responsive, which are SLIC, The Dawood Family Takaful Ltd, East West Life Insurance, New Jubilee Life Insurance and Pak Qatar Family Takaful Ltd.

This manipulation, which is in fact a collusive practice under Rule No 2(f), is prohibited under Rule No 32.

32. Discriminatory and difficult conditions.-

Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.

It is reported that although SLIC which was declared responsive in the technical evaluation report by Pakistan Steel on 19th July 2010, and after the financial bids of three bidder whose technical offers were accepted, and the financial bids were then opened as per Rule 36, SLIC was the lowest bidder.

Rates SLIC, Rs. 5.25 per thousand, NJIC Rs. 5.68 per thousand and EFULACL Rs. 5.70 per thousand.

It may be noted that once the Technical Evaluation has been approved, under the Rule No 32 (b), only financial offers are to be evaluated, and the lowest evaluated bidder has to be awarded the Contract.

Single stage – two envelope procedure.- Rule 36 (b) (viii) after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically nonresponsive shall be returned



Date: 27.8.2010

Syed Adil Gilani
Chairman
Transparency International Pakistan
Karachi.

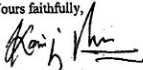
Sir,

Sub: Group Insurance Policy of Management and Executives.

I have been directed to forward herewith a copy of letter dated 27.8.2010 addressed to Acting Chairman, Pakistan Steel for information and further necessary action at your end please.

Thanking you,

Yours faithfully,



(Kassim Jahan)
P.S. to Chairman