

GOVERNMENT OF TELANGANA  
ITE & C DEPARTMENT

From

Commissioner  
ESD (MeeSeva)  
Road No.7 Banjara Hills  
Hyderabad - 500 034

To

Principal Secretary to Government,  
ITE&C Department,  
Government of Telangana,  
Hyderabad.

Lr.Rc.No:51/ESD/MeeSeva/2014

Dated:27-11-2017

Sir,

Sub: ESD (MeeSeva) - M/s. Madras Security Printers Pvt. Ltd. - Printing and Supply of Secured Base Stationery Certificates - Non Supply of Certificates as per Agreement - Agreement Cancelled duly forfeiting EMD and Security Bank Guarantee amount - Detailed remarks called for by the Principal Secretary to Govt. ITE&C Department - submitted- Reg.

Ref: 1.Govt.Memo.ITEC-11/PMU/9/2017- eGov dated 01.08.2017 from Principal Secretary to Govt., ITE&C Department, Hyderabad.  
2. Agreement between Commissioner, ESD and M/s. Madras Security Printers Pvt. Ltd. entered during November'2016.  
3. This office show cause notice No. 51/ESD/MeeSeva/2014 Dt.26-05-17.  
4. No.MSP/747/2017 Dated: 31-05-2017 from M/s. Madras Security Printers Pvt. Ltd.,  
5. The office LrNo.51 /ESD/MeeSeva /2014 Dt. 11-07-17 addressed to M/s. Madras Security Printers Pvt. Ltd.

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Vide reference 1<sup>st</sup> cited, Principal Secretary ITE&C Department forwarded the representation of M.D., M/s. MadrasSecurity Printers PvtLtd Chennai, referred as MSP from hereafter, for remarks from ESD for taking necessary action.

Commissioner, ESD (MeeSeva) has entered into a contract agreement on 22.11.2016 with MSP Ltd., for printing and supply of Secured Stationery Certificates for a period of (1) year from December'2016 to November'2017. The agency MSP Ltd. was selected through an open competitive bidding and the price determined was @ Rs.0.96 Paise per certificate. As part of the agreement, Bank Guarantee of Rs.30.00 Lakhs was submitted by MSP to ESD on 01.11.2016. As per the contract with MSP Ltd. it was to start supply of the stationery from March'2017 for a period of (1) year.

As per the Clause-3 of the Agreement MSP Ltd. was to supply 60,000 certificates approximately per day.

As per Clause-6 in the Agreement, M/s. Madras Security Printers have to commence the supply of MeeSeva Certificates within (30) days from the date of signing of Agreement.

As per Clause-6 of the agreement the supply should be completed within (5) days of the placing of indent.

P.T.O.

*Rd. from Mr. Suresh 13/1/18  
file*



The supply did not start in one month of the agreement. Lot of reasons were mentioned which were accepted.

Suddenly during April/May 2017 there was shortage of supply of stationery and the time taken by MSP for delivery of Stationery Certificates was much more than (5) days which is the time for supply as per the agreement. This was in spite of repeated requests made by Deputy Director (Admin), ESD who also sent mails to MSP highlighting that inspite of continuous discussions with the supply of Secured Stationery was getting delayed. There were series of reports from the field officers e-DMs and Joint Collectors about non availability of stationery which in turn was affecting the service delivery by the ESD.

The details of timelines of stationery supplied in one indent is as under.

Indent Date	Indent	Received date
20.03.2017	1000000	
		21.03.2017
		03.04.2017
		03.04.2017
		10.04.2017
		11.04.2017
		19.04.2017
		22.04.2017
		26.04.2017
		27.04.2017
		27.04.2017

As can be seen from the above table the delay from the date of indent to date of last delivery is (37) days.

The details of timelines of stationery supplied in another indent is as under

Indent Date	Received date	Quantity
12.05.2017	10.06.2017	50000
	14.06.2017	100000
	19.06.2017	25000
	Total	175000

As can be seen from the above table the delay from the date of indent to date of last delivery is about (37) days.



The details of timelines of stationery supplied to another the **other** VLEs are as under

For OSS VLEs						
S.No.	VLE ID	Indent Date	Received date	No. of Stationary Asked	status	Delay Period
1	OSS170307-1	15/03/2017	18/04/2017	1000	Processed	34 Days
2	OSS214225-1	13/03/2017	17/04/2017	1000	Processed	35 Days
3	OSS210816-1	13/03/2017	17/04/2017	1000	Processed	35 Days
4	OSS150707-1	03-03-2017	18/04/2017	500	Processed	46 Days
5	OSS232403-1	03-03-2017	18/04/2017	500	Processed	46 Days
6	OSS235210-1	03-01-2017	17/04/2017	500	Processed	47 Days
7	OSS222301-1	27/02/2017	17/04/2017	500	Processed	49 Days
8	OSS214225-1	20/02/2017	17/04/2017	1000	Processed	56 Days
9	OSS232404-1	14/02/2017	17/04/2017	500	Processed	62 Days
10	OSS145308-1	20/05/2017		500	Not Processed	51 Days

As can be seen from the above table the delay from the date of indent to date of last delivery is 34 days to 62 days.

Secured Stationery is a crucial component of the Service delivery by ESD Mee Seva as every certificate issued by Mee Seva is on Secured Stationery. Any delay in supplying certificates affects the delivery of citizen services.

As can be seen that there are multiple instances where the delay for supply of stationery exceeded (30) days. Few meetings were held with M/s. Madras Security Printers Pvt. Ltd. advising to improve the supply of Certificate but there is no improvement in Supplying of Certificates.

A show cause notice was issued to MSP directing them to explain the reasons for not supplying the Secured Stationery as per the agreement. The reply furnished by M/s. Madras Security Printers Pvt. Ltd. is not satisfactory and not convincing.

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Due to lethargic and casual attitude of MSP Ltd., Commissioner, ESD (MeeSeva) was not in a position to supply sufficient Secured Base Certificates to the Franchisees. This shortage was noticed by Media and it was published in the Print Media making adverse comments against the functioning of the MeeSeva centres and Government. In view of the above situation the ESD Mee Seva took the matter very seriously and directed MSP to take necessary action for immediate supply of secured base certificates. Even after that M/s. Madras Security Printers Pvt. Ltd. was not able to meet the demand forcing ESD (MeeSeva) to identify alternative supplier for printing and supply of Secured Base Certificates to M/s. Gemini Graaphics Pvt. Ltd., who was L-2 Bidder in the tender as per the rate @ 1.19 in the tender.

As per clause-9(C) (III) of agreement, if the delay exceeds more than (30) days, Commissioner, ESD will reserve the right to cancel the agreement without giving any notice by forfeiting security deposit but the supply is not meeting delivery schedules out lined in the agreement.

Considering all the above circumstances, vide this office letter No.51/ESD/MeeSeva/2014 dated 11.07.2017 the **agreement entered with M/s. Madras Security Printers Pvt. Ltd., for printing and supply of secured base certificates was cancelled by invoking clause 9(c)(iii) of agreement duly forfeiting the security deposit (EMD and Bank Guarantee) submitted by them for Rs.36.00 Lakhs. Further, the supplier i.e. M/s. Madras Security Printers Pvt. Ltd., Chennai, is also barred from the bidding in future tender of ESD (MeeSeva). BG amount is since transferred to ESD (MeeSeva).**

The difference between the rate of M/s. Madras Security Printers Pvt. Ltd. and M/s. Gemini Graphics Pvt. Ltd. of 0.23 Paise per Certificate is yet to be paid which is approximately Rs. 38,00,000/-.

It was ordered in the letter that this amount will be paid from the BG amount since it happened because of the inability of the M/s. Madras Security Printers Pvt. Ltd. Further the difference amount of Rs.0.23 Paise has to be paid to M/s. APTOnline and M/s. Netxcell till the new identified agency supplied the stationery certificates.

Vide the letter No. MSP/1041/2017 dated 18.07.2017 before Pr. Secretary to Govt., ITE&C Department some reasons have been given explaining the delay. The gist of the reasons is as under.

Since there was a sudden steep increase in demand for the stationery in the month of May 2017, the supply of the stationery were delayed due to non receipt of secured water mark paper and hologram from their suppliers.

Further they have informed that they have managed to supply the stationery on daily basis to the SCAs, through the separate left trucks for the continuous operations of SCAs, in which they incurred a heavy loss, as the trucks left with part loaded and paid for the entire truck to avoid the delay in transit time.

As this separate truck concept also took 3 to 4 days to deliver the consignment and they again changed the mode of transport through Railways by the railway agencies, who delivered the materials on next day, in which they incurred again 30% extra additional transportation cost.



In view of the above, they have informed that they will incurred heavy loss, if any penalty is implemented on them.

They have requested the Principal Secretary to Govt. ITE&C Department to return their EMD and Bank Guarantee without encashing it and also allow them to participate in the ESD Tenders in future.

The reasons quoted are same as those advocated before Commissioner ESD Mee Seva and cannot constitute strong reasons. With proper planning this could have been avoided. There was no such issue from any supplier so far and this was the first time.

Given the detailed discussion due to casual attitude of MSP ESD Mee Seva was put to inconvenient situation and quality of service delivery was affected. ESD Mee Seva was forced to procure the certificates urgently from the next Lowest bidder at a higher cost. This cost obviously has to be paid by MSP and otherwise has to be paid by the Government. Such amount is more than Rs 36 lakhs.

In view of the above Circumstances, it is not advisable to return back the forfeited amount of Rs.36.00 Lakhs relating to EMD and BG to the M/s. Madras Security Printers Pvt. Ltd., and also not advisable to revoke the cancellation of Agreement issued vide reference 5<sup>th</sup> cited.

M/s. Madras Security Printers Pvt. Ltd., have been barred from bidding in the future tender of ESD vide reference 5<sup>th</sup> cited hence, they may be permitted to participate in the bidding in future Tenders of ESD.

Yours faithfully

Commissioner, ESD

*[Signature]*  
27/11/17

*[Signature]*  
27/11/17  
(Admin)

*[Signature]*  
27/11/17  
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