

**MINUTES OF THE 6<sup>th</sup> MEETING OF PROCUREMENT COMMITTEE OF IRDA HELD ON**

**On 29<sup>th</sup> August, 2011 IN IRDA, HYDERABAD**

**Present :**

1. Shri. A.Krishna Rao (Chairman)
2. Shri R. K. Sharma (CAO) - Convener
3. Shri. Randip Singh Jagpal (JD - Non-Life ) -Member
4. Ms. Mamta Suri (JD - F& A) - Member
5. Shri. Mahesh Agarwal (Sr. AD) - Secretary

**User Depts Invited**

1. Shri. Nityanand (JD- Information Techonology)

It is noted that all the members of the Committee are present. The items on the agenda are taken up for consideration.

**Item No.1 -Integrated Grievances Management System (IGMS) - Software Development 30% payment to WIPRO on completion of mile stone "GO LIVE".**

JD (IT) informed the committee about the progress of Integrated Grievance Management System (IGMS) and requested for release of 30% of payment as per the mile stone achieved. WIPRO was awarded the project for the development and implementation of Integrated Grievance Management system (IGMS), maintenance of the developed application and providing of web hosting facilities (including the Disaster Recovery facility) for a period of 5 years for the total amount of Rs. 2,99,85,009/- of which the total cost of Software Development -with one year warranty was Rs. 50,90,000/- Tender was awarded on 16/6/2010 and the agreement was

signed on 29/9/2010. After 5 years the IGMS system shall be maintained by IRDA internal IT team. IGMS system is developed to handle the size of 15 lacs records and 600 heavy concurrent users and unlimited light user. DRS site of IGMS is located outside Hyderabad. A team of 25 people from Consumer Affairs Department of IRDA is co-coordinating with WIPRO team for this project:

Milestone	Description	Percentage of payment	Amount	Date of release
1	On finalization of agreement, Project Plan and submission of BG valid duration the contract period	10%	509000	14-Jan-2011
2	On acceptance of 'SRS' and 'TO BE' report	20%	1018000	18-May-2011
3	On completion of data migration Testing, Complete Implementation and GO Live	30%	1527000	Now recommended

The committee was informed about the delay in data migration informing about the issues involved in data migration. As the old data is in old format and needs to be converted into the data as per new format, it is involving huge time in co-ordination with the different insurance companies. As the present system is not working on real time basis, companies are busy in implementing the real\_time system and hence data migration has not been taken on priority basis. Data of last 1 year in old format needs to be initially migrated to the new system. Testing for real\_time system has been completed for 2 private insurance companies and testing is in progress for another 2 public sector insurance companies. There are about 8000 complaints of last 1 year in old format which need to be immediately updated in the new system.

The Committee sought the reasons for not taking approval of the Procurement committee for previous payments to WIPRO for IGMS project. Committee instructed Information Technology department of IRDA to give the time frame in writing for completing the pending work of data

migration before coming to committee for next payment. The Committee recommended only 20% payment ( Rs. 10,18,000) to WIPRO instead of 30% as recommended by the user dept. Further, Committee also instructed that all future payments to WIPRO for IGMS even less than Rs. 5 lacs should come to Procurement Committee. Lastly, Information Technology Dept was instructed to also give in writing details of periodicity of all payments to WIPRO pertaining to IGMS totaling to about Rs. 3 crores to Committee in the next meeting Committee also instructed that any office note pertaining to release of payment to the vendor should also include approval of the user dept ( in the present case Consumer affairs dept) henceforth.

#### **Item No.2 –Hiring of services of Deloitte during BAP implementation Phase**

JD (IT) informed that IRDA has selected M/s. L & T Infotech as the implementing agency for the development and implementation of Business Analytics Project (BAP) from 27<sup>th</sup> June, 2011. Since, Deloitte has executed the consulting part of the project (completed prior to the development exercise), it was felt that the association of Deloitte during the ongoing SRS preparation phase by L & T Infotech would be essential in order to ensure that business requirements of IRDA get properly reflected in the developed solution. The Committee was informed that SRS preparation by L & T Infotech would take around 3-4 months and accordingly consultants from Deloitte would support L & T Infotech team for the same period. Further, it was also informed that same set of persons who were associated with different departments of IRDA earlier would be deputed by Deloitte for this assignment. Total cost of the assignment would be Rs. 12lacs ( 4 months x 3 lacs) including all expenses.

Based on above consideration the Committee decided to hire the services of M/s. Deloitte for consideration of Rs. 12 Lacs (plus applicable taxes) for SRS preparation of the BAP .

**Item No.3 – Hiring of Services of M/s. Brickwork Ratings India Pvt. Ltd**

Consideration of appointment of M/s. Brick work Ratings was deferred to next meeting.

**Item No.4 – Appointment of consultant Mr. A.V.Rajwade for financial derivatives**

Chief Accounts officer (CAO) informed the Committee about the appointment of Mr. A.V. Rajwade as a consultant. Chairman of the committee raised the query that User dept being Investment department of IRDA, note should have been moved from Investment Dept instead of F & A department of IRDA.

Committee was informed that IRDA has formed an Investment & Management expenses Committee which comprises of:

- 1) Mr. R. K. Nair (Member – F & A) – Chairman
- 2) Mr. A. Giridhar (ED- Admin. IRDA) – Member
- 3) Mr. A. R. Sekar ( Director and GM – New India Insurance co. Ltd)
- 4) Ms. Bhagyam Ramani, GM, GIC
- 5) Mr. R. Krishnamurthy , Watson Wyatt
- 6) Mr. S.P. Subhedar, Ex MD, LIC
- 7) Mr. Tarun Bajaj , Joint Secretary, Ministry of Finance, Delhi
- 8) Mr. M.V. Suryanarayana, ED, LIC
- 9) Mr. Gaurang Shah, CFO , Kotak Life
- 10) A V Muralidharan , CMD, ECGC
- 11) Mr. D.P. Roy – EX CMD - SBI

Investment committee's main task is to recommend changes in the Investment Regulations keeping in view the changes proposed in the Insurance Amendment Bill. Procurement committee was informed that study was made in other jurisdictions where exposure to the financial derivatives was allowed to the insurers. It was informed that Investment committee had proposed that the insurers be allowed to have exposure to the following financial derivatives :

- 1) Equity – Future and options
- 2) Credit Default Swaps
- 3) Stock Indexed Options
- 4) Commodity Market : Futures in Gold and Silver
- 5) Interest Rate Swap

It was informed that Investment Committee with inputs from CRISIL and CCIL in its meeting has recommended the appointment of Mr. A.V. Rajwade, a renowned Derivative Expert. Mr. Rajwade would be advised to focus on :

- a) Derivatives and financial risk management
- b) Asset : Liability management in the context of the interest rate risk
- c) Valuation principles for bonds and derivatives
- d) MIS, internally and to the regulator
- e) Disclosures

and will include the study of other regulators in six different jurisdiction including Singapore, Japan, and Australia.

Committee was also informed that in present investment forms there are differences in forms and actual accounts submitted by Insurers and reconciliation needs to be done for that. Mr. Rajwade had made presentation to chairman IRDA 15 days back in this regard. Period of the assignment would 3 months and all the inputs shall be used to draft investment regulations. After his report Draft Investment Regulations shall be put in public domain.

Based on above consideration the Committee decided to award the contract to Mr. A V Rajwade for consideration of Rs. 15 Lacs (plus applicable taxes).

**Item No.5 – Appointment of consultant M/s. Hemango Management Concepts (P) Ltd for Mapping of skill sets of IRDA employees.**

Procurement Committee was informed that IRDA had formed an Expert Committee who would prepare a Staff and Skills Action Plan to transform the Authority into a proactive and highly skilled organization comprising of following members on 9/2/2011 :

- a) Mr. Vepa Kamesam , MD, IIRM – Chairman
- b) Mr. B. Sambamurthy, Director, IDRBT – Member
- c) Dr. Rajesh Chakraborti, Asst. Professor , ISB – Member
- d) Mr. A. Giridhar , ED, IRDA - Member Convenor

The main task of Expert committee was to review of skill base requirement, review the result of work study report, suggest means of enhancing the attractiveness of regulatory positions through career growth opportunities, etc. Expert Committee decided that a management consultant be appointed for mapping work flows in IRDA pertaining to risks & skill sets and decided that M/s. Hemango Management Concepts (P) Ltd , Hyderabad could be approached for above assignment.

Chairman of the procurement raised the issue of single vendor contract in the present assignment. Procurement committee was informed that M/s. Hemango Management concepts (P) Ltd on the basis of a presentation they had made to the Expert Committee. Further, it was informed that the said vendor were HR specialists with 6-7 years experience in survey work and were already doing work with IIRM. The time period of the total assignment was mentioned as 8 weeks involving 8 assessors who would discuss with 50 people senior people of IRDA in top down approach, Considering the work involved JD (NL) representing the user department opined

that the quotation of M/s. Hemango Management Concepts (P) Ltd for the assignment is reasonable. Further, Procurement committee informed that no software purchase cost would be debited to IRDA by the vendor. This is a one time assignment and after the as is report is received from vendor the expert committee shall take up the matter. .

Based on above consideration the Committee decided to award the contract to M/s. Hemango Management Concepts (P) Ltd for consideration of Rs. 15 Lacs and does not include any service tax or any other expenses like travel, hotel and miscellaneous expenses incurred at the time of travel and gathering data which shall be reimbursed at actual basis against proof of expenditure.

**Vote of thanks**

The meeting was concluded with a vote of thanks to the Chairman.

**Secretary**

**CAO**

**JD (NL)**

**JD (F &A)**

**Convener**

**Member**

**Member**

**Chairman**