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No. 28(75)/2020-D(Res-1)
Government of India
Ministry of Defence
(Department of Ex-servicemen Welfare)

New Delhi, dated 13 May 2021

**SUBJECT : GUIDELINES FOR OPERATION/ FUNCTIONING OF DGR
EMPANELLED EX-SERVICEMEN (ESM) SECURITY SERVICES**

References:

- (a) DESW/ MoD OM No. 28(3)/ 2012-D (Res 01) dated 09 July 2012 & Amendment in OM dated 16 Jan 2013.
- (b) DPE-GM- 12/0001/2016-GM-FTS-5410 dated 13 Sep 2018.

1. Due to Operational and administrative reasons, around 60,000 skilled Armed Forces Personnel (*skilled to undertake security guards related duties*) are retired every year to maintain a youthful profile of the Armed Forces. Deptt of ESM Welfare/ DGR inturn, is mandated to facilitate their re-settlement through various Govt sponsored schemes. "Provision of Security Services" through DGR empanelled Security Agencies (*with ESM Officer as proprietor and other ESM as Security Supervisors/ Guards*) is **one of the 'Flagship Project' that generates maximum employment for ESM.**

2. Towards above, DGR under directives of Ministry of Defence had evolved ESM Security Agency Scheme in 1992. In pursuance of the same, Ministry of Defence vide its letter Number **4(20)/US(RES)/93 dated 04 Feb 1994** regarding provision of personnel for security services on contract in CPSE's, approached Ministry of Industries & Heavy Industries and Public Enterprises, Department of Public Enterprises (DPE) , Government of India for issuing appropriate directions. Accordingly DPE vide their **OM No 6 / 23 / 93 – DPE (SC/ST) dated 11 Nov 1994** issued instructions on the subject matter and further amended it vide their letter No. **DPE-GM- 12/0001/2016-GM-FTS-5410 dated 13 Sep 2018.**

3. In order that larger number of individual ESM can avail sponsorships from DGR to the ESM, provisions are made to make the process of sponsorships for security agencies transparent through online registration, data updation by DGR and hosting on their website (www.dgrindia.com) the list of ESM registered/ empanelled and sponsored. To further increase employment for ESM, DGR is concurrently migrating to "GeM Portal" for contractual process and enable all PSU's/Government and other Departments to requisition Security Guards only through 'DGR'. For implementation and also to ensure transparency in operations/ sponsorship for running security agencies, **guidelines are given in succeeding paragraphs in supersession of all earlier orders/ instructions issued by DGR and Deptt of ESW/ MoD.**

4. **Categories of DGR Empanelled Security Agencies:** The following categories of DGR Empanelled ESM Security Agencies are eligible for sponsorship -



- (a) **Individual ESM Security Agency** – Open to "Ex Servicemen Class Gazetted Commissioned officers" {hereafter referred to as "ESM (officers)"} in the form of Proprietorship concerns.
- (b) **State Government Owned ESM Corporations** (specific instructions for Empanelment / renewal are attached as **Appendix 'A'**).
- (c) **Widow of ESM (Officer) in case of Death while availing benefit under Security Agency Scheme under DGR** (specific instructions are incorporated in Para 15 below).

5. **Empanelment.** The Empanelment will be done 'State wise' and the applicants will be given the option of choosing only "one State" for operation. Change of State will be permitted only once during the entire period of empanelment (**i.e only if no benefit taken from the State empanelled initially**). Empanelment to the DGR Security Agency Scheme is subject to fulfilling the following conditions:-

- (a) The Individual should be an ESM (Officer/ Proprietor) as per definition promulgated by Government of India, Ministry of Personnel, Public Grievances & Pensions (DOP&T) OM No 36034/1/2006-Estt(Res) dated 10 Oct 2012 (last amendment issued on 13 Feb 2020 vide DOP&T F.No.36034/1/2019-Estt.-Res dated 13 Feb 2020) and as revised from time to time.
- (b) Should be a Resident of the Union of India.
- (c) Registered ESM (Officers) can apply for empanelment for the scheme **before attaining the age of 60 years**.
- (d) **No Dual Income:**
- (i) The ESM (officers) should not have availed any other **Employment/ Self Employment/ Re-settlement benefits through DESW (ECHS/ KSB/ RSB/ ZSB/ DGR)**. An undertaking to this effect will be provided at the time of empanelment.
 - (ii) Should not be re-employed with the Indian Armed Forces or any other Government/ Semi-Government organisation, Central Public Sector Undertakings, Public Sector Banks after retirement or employed in the Private Sector once they are awarded the contract.
 - (iii) An affidavit by the officer to the effect that he will resign from any such job / own business venture / consultancy if he takes up the contract should be submitted in this regard at the time of **empanelment**.
 - (iv) The officer will confirm in writing (**i.e. 'Self Declaration'**) to DGR that he has resigned from such job after getting the contract. Any false declaration in this regard will make the applicant liable for dis-empanelment and followed by cancellation of all sponsorships/ contracts.
 - (v) Consultancy/ Honorarium income of repetitive nature after award of contract with DGR will also be construed as dual income and will be the criteria for Disempanelment.

6. **Empanelment Certificate**



(a) The 'Empanelment Certificate' will be issued for a duration of five years (05) or up to the date when Proprietor turns Sixty (60) years whichever is earlier.

(b) This certificate is only valid for earning Security Agency Contracts through DGR and not through any other Deptts/ Agencies.

7. Empanelment Certificate by DGR will be issued to the Proprietor of ESM Security Agency only after submission of the following documents:-

(a) **PSARA License for the "entire State" in the name of the ESM (Officer).** Partial PSARA (i.e a licence not valid for entire State) for a State will not qualify for Empanelment with DGR.

(b) **Affidavit** Format attached as **Appendix 'B'**.

(c) **Proof of Office Setup**. An office should be setup duly compliant with the provisions of PSARA Act. All correspondence will be sent at the office address. The ESM will submit Notarized Rent Agreement for office space in the local area within 30 days of first award of contract. In case of self/ spouse/ dependent owned premises, no such agreement is required in which case notarized supporting documents will be submitted.

(d) **Change of Address**. The Proprietor of the Security Agency will not change its office address without intimation and acknowledgment from PSARA issuing authority and will be further intimated (*in writing with proof*) to DGR/ DRZ. In case of change of residential address, the Empanelled ESM Security Agency will intimate change of residential address / email / telephone number within its empanelled State in form of a Notarized Affidavit on Rs 50/- Stamp Paper.

(e) **GeM Vendor Code**. It will be mandatory for Security Agency to be registered with GeM as a "Vendor" and acquire a unique vendor code. The ibid code will be submitted to DGR for obtaining Empanelment Certificate. The Vendor Code will also be endorsed on the Empanelment Certificate issued under the aegis of DGR. A self attested email copy from GeM to the proprietor (*ESM officer/ Applicant*) duly confirming his registration with GeM will be submitted to DGR at the time of Empanelment.

(f) **Outcome of Tender Process on GeM Platform**. Details of outcome of the tender process shall be intimated simultaneously via GeM Portal to DGR and the Requisitioning Agency/ Principal Employer.

8. **Functioning of Security Agencies:**

(a) **Employment of Security Supervisor Personnel**. The Security Agency will obtain a labour license for provision of contract labour in accordance with the Government order on the subject and will also abide by the following guidelines regarding appointment and employment of ESM Guards:-

(i) **Employment of ESM as Security Supervisor/ Guard**. Security Supervisor/ Guards employed by DGR empanelled Security Agencies and empanelled State ESM Corporations providing Security services at Principal Employer's complex must be ESM (**as per the DOP&T Gazette Notification**). A maximum of 10% of Non ESM personnel can be

employed by the Security Agency/ State ESM Corporation. Any violation in this aspect will lead to dis-empanelment.

- (ii) **Employment/ Appointment of ESM Security Supervisor/ Guards.** Antecedents of ESM being employed should be ascertained by the Proprietor. The ESM employed by the agency should fill recruitment forms as mandated by Govt directives on contract labour. The terms of engagement of security guards must be clearly spelt out in writing. All Security Guards employed by DGR Empanelled Security agencies will be given a **"Letter of Appointment" as given at Appendix 'C'**. The copies of the same will be provided to DGR/ DRZ. Terms and conditions given therein will be binding on both ESM Security Agency and the Security Guards.
- (iii) **Number of Security Guards.** Allotment of number of Security Guards to a Proprietor/ESM Corporation is subject to number of empanelled agencies & requisitions from Principal Employers in a State and shall be regulated by DGR. In case of specific requirement of 'Female Guards' it shall be mentioned in the "Requisition Form". These **female guards will be over and above 10% of Non-ESM in the DGR sponsored contract.**
- (iv) **Age of Security Guard and Supervisor.** The upper age limit of a Security Guard and Supervisor will be 65 Years in consonance with PSARA Act - 2005.
- (v) **Training of Security Guards and Supervisors.** In compliance with Section 9 of PSARA Act 2005, Private Security Agency will ensure imparting of prescribed training and skills to its Private security guards and supervisors.
- (vi) **Security Supervisors.** Security Supervisors will be deployed compulsorily as per scales given in State PSARA Rules (*i.e. not below one Supervisor each for every 20 Security Guards*).
- (vii) **List of Employees** deployed by the respective Security Agency as Security Guards and Supervisors and a **copy of latest DGR Wage Notification (Appendix 'D')** will be displayed at all the worksites, locations and Office of the Security Agency giving out the details.
- (b) **Reports and Returns.** The following reports and returns will be submitted to DGR in the prescribed format as per laid down periodicity:-
- (i) **Award of Contract.** All Sponsored Security agencies will forward "Award of Contract Report" duly countersigned by the Principal Employer within seven days of signing of contract.
- (ii) **Strength Return.** All Proprietors will forward **Half Yearly Strength return and Nominal Roll of all the Supervisors/ Guards** duly countersigned by authorised representative of Principal Employer as on 01 January and 01 July as per Format attached at **Appendix 'E'**. These Half

yearly strength returns should reach the concerned office within 15 days of the due date and within 30 days of the new contract being signed. This Strength Return will also include the nominal Roll of ESM and Civilian guards employed as 1/6th relief.

(iii) **Form AS 26.**

(aa) Form 26A will be downloaded in the office of DGR during the process of Empanelment.

(ab) Thereafter, Form AS 26 will also be submitted by the Proprietor on a notarized affidavit confirming the correctness of the details mentioned in the Form AS 26 to DGR /DRZ office as applicable by 30th July every year.

(ac) In addition, the AS 26 form will be downloaded at DGR / DRZ as and when directed/asked for.

(iv) **Half yearly report of ECR (Electronic Challan cum Return) and EPF (Employee Provident Fund)** details duly signed by the Security Supervisor/ guards and countersigned by the Proprietor will be forwarded.

(v) DGR reserves the right to seek any other document for corroboration (when/ if need arises).

9. **Requisitions by Principal Employer.** The CPSUs/Principal Employers will seek fresh sponsorship from DGR minimum three (03) months in advance from the intended date of deployment of manpower for security, including the exact number of Female Guards (if) required. With regard to Sponsorship letter, under no condition, additional/ Female Guards will be employed by the Principal Employee, if not requisitioned to DGR/ DRZ. The format for requisition of "Manpower for Security" is given at **Appendix 'F'**.

10. **Sponsorships and Duration of Contracts.** To ensure that Principal Employers gets efficient and effective security agencies, DGR will sponsor more than one Security Agency for contractual process on the GeM Platform/ Portal. **Sponsorships will be done in 'cyclic order' by DGR through** duly constituted Board of officers (BOO) in accordance with the guidelines. The sponsorships will be done in the name of DGR Empanelled Security Agency/ Proprietors only. The Sponsorship letter will clearly mention the GeM Vendor Codes of all Security Agency sponsored.

(a) **Validity of Sponsorship Letters.** All Sponsorship letters will be valid for duration of 90 days and its validity can be extended only once for another 45 days on written request from the concerned Principal Employer. Any further extension (i.e beyond 45 days and upto maximum of 90 days) will be approved by PD / ADG on noting on case to case basis. **In case the tender process of awarding contract does not materialise within the extended period of maximum 90 days then the ibid sponsorship letter will be deemed as 'Cancelled'.** Fresh requisition will then be forwarded by the Requisitioning Agency. All Sponsorship letters will clearly indicate its date of issue and duration of its validity.

(b) **Sponsorship Duration.** All Sponsorships will be done for duration of maximum of two years only.



(c) **Extension of Contract.** Principal Employer, cannot suo-moto extend duration of the Contract of Security Agency/ Proprietor. DGR will reserve the right in this regard. Any violation in this regard, will lead to cancellation of the contract as well as dis-empowerment of the Proprietor.

(d) All DGR sponsored agencies declared "Overage" (refer Para 17(a) below) subsequent to issue of DGR sponsorship letter will be allowed to participate in the selection process and will be awarded contract if found compliant and the existing contracts will be allowed to run to completion.

11. **Conclusion of Selection Process and Award of Contract** The Principal Employer must ensure that the selection process is concluded and finalized within the valid duration of DGR sponsorship letter. A report will be submitted by the Principal employer to this effect as per the format attached at Appendix 'G' within 30 days of the award of the contract.

(a) **Tendering Processing through GeM Platform.** On receipt of Sponsorship Letter, PSU will call for sponsored Security Agencies on GeM Portal through their unique vendor code and initiate the tendering action.

(b) **Adherence to DGR Wage Notification.** All sponsored security agencies will mandatorily submit requisite details as sought by the Principal Employer wrt DGR Sponsorship. **All Tender rates (except Service Charge) will be as per 'DGR Wage Notification' and be prefilled by the system.**

(c) The rates of wages, allowances, statutory deductions and service charges will also be updated regularly on GeM Portal in accordance with the DGR wage notification (also available on its site www.dgrindia.com) as revised from time to time.

(d) **Earnest Money Deposit / Contract Performance Guarantee (CPG)/ Bank Guarantee.** DGR sponsored ESM are not required to deposit Earnest Money Deposit (EMD). However, depending on the nature of service being provided a DGR sponsored ESM (Proprietor) may be asked to deposit EMD/ CPG or Bank Guarantee up to a maximum limit not exceeding 10 % of One month's wage bill. The same will be deducted from the Proprietors Monthly service charges in instalments as mutually agreed by the ESM and the Principal Employer.

(e) **Cancellation of Requisition / Sponsorship letters.**

(i) In case DGR / DRZ cancels any sponsorship letter or the Principal Employer decides to cancel its requisition / tender, **the sponsorship letter will be treated as cancelled and seniority of all the sponsored ESM (Officer) will remain unchanged. Fresh sponsorship will be carried out only on the basis of written confirmation from the Principal Employer.**

(ii) Cancellation of requisition/ sponsorship (on occurrence) by the Principal Employer will be intimated to DGR/ DRZ immediately.

(f) **Duration of Contract** Agreement between the Principal Employer and the DGR sponsored ESM Security Agency should be for a period for which the DGR has sponsored the ESM(Officer) i.e it will not exceed a maximum of two (02) years of duration.

12. **Brief Procedure.** Consequent to migration to GeM Portal, under mentioned procedure of sponsorship/ award of guards will be followed (*detailed instructions will also be issued subsequently*):-

- (a) **Stage I.** Requisition clearly specifying **number of guards** required and **duration** is made to **DGR only** by Principal Employer/ Requisitioning Agencies.
- (b) **Stage II.** DGR processes requisition received from Principal Employers and issues Sponsorship Letter addressed to Requisitioning Agency (*notifying sponsored Proprietors*) through GeM Portal/ Platform. Sponsorship Letter contains Vendor Code & other details of the Sponsored Agencies.
- (c) **Stage III.** Using Vendor Code available on Sponsorship Letter issued by DGR, Principal Employer/ Requisitioning Agency calls for sponsored agencies through GeM Platform to initiate tendering/ bidding process.
- (d) **Stage IV.** Post completion of Tendering action based on competitive bidding, **contract is awarded to successful bidder (L1) and concurrently intimation sent by Principal Employers to DGR.** As all rates are prefilled by the system as per DGR Wage Notification, **bidding is purely based on "Service Charge" quoted by the sponsored bidders.**
- (e) **Stage V.** Contract commences with successful & compliant bidder (*any other allowances/ rates would be taken into consideration by the Principal Employer and would be built into the contract with L1 bidder*).

13. **Wage Rates.** All employees engaged by DGR sponsored Security Agency for security work will be paid monthly wages as per **DGR Wage Notifications** in accordance with minimum wages notified by Ministry of Labour & Employment, GOI from time to time for employment of personnel for **Watch and Ward** duties. All statutory deposits and deductions will be governed by the DGR Wage Notifications (***Latest DGR Wage Notification issued as part of this OM is attached as Appendix 'D'***).

- (a) DGR sponsored Security Agencies will not quote the wage rates **below the rates as given in respective DGR Wage Notifications at any of the stages of selection procedure to the Principal Employer.** Similarly, Service charge can be quoted upto a maximum of upto 10% for mandatory competitive bidding on the 'GeM Platform'/ Portal.
- (b) With migration of Security Agency Scheme onto GeM Platform, submission of Tender data gets simplified.
- (c) Bidding is competitive and purely based on service charge quoted by compliant bidders (*maximum up to 10% in the present instance*) and applicability of DGR notified wage rates. EPF rates and other data would be taken into consideration by the Principal Employer as per formulation of contract with the selected (L1) bidder (as per rules in vogue).

- (d) **Payment to all the Guards** Employed by a DGR Empanelled Security Agency to perform duties will be exactly as per DGR wage Notifications and no discrimination on the basis of ESM / Non ESM / Female Guards will be made.
- (e) **Wage of a Security Supervisor will be @ 1.33 times of an unarmed security guard.**
- (f) **Additional Charges.** Additional charges will be levied in case of service being provided in **Central/ State Government Notified** remote/disturbed/ hazardous areas as Field Allowance @ 25 percent on Basic Pay plus VDA will be entitled to ESM security guards when working in remote/ distributed areas such as North Eastern States, J & K etc. or when working in areas hazardous to health such as Coal Fields, Mines and Pipelines.
- (g) **Service Charges**
- (i) The ESM Security Agency will be paid service charges as approved in the **Competitive bidding on GeM Platform @ a maximum upto 10% of the total bill (including Additional Charges if Applicable)** by the Principal Employer. This will be reviewed periodically by DGR and issued through its Wage Notification.
- (ii) Service charge of all on-going security agency contracts through DGR (*i.e those contracted or under negotiation before migration to GeM Portal*) will be @ 10% (fixed) w.e.f the date of issue of the **ibid OM/ DGR Wage Notification (Feb 2021)**.
- (h) **Death Gratuity.** In an unfortunate event of the death of a Security Guard/ Supervisor, Death Gratuity will be paid to the nominee by the Principal Employer as per the Gratuity Act.

14. **Payment of Wages.** Principal employer will pay wages due to the Security Agency by 1st of every month. **Payment to security guards/ supervisors will be done only by ECS in his/her pension account with the bank/ Cheque by the Security Agency by 7th of each month as per Payment of Wages Act, Govt of India.** In case the Security Agency is not able to pay salary by ECS in his/her pension account with the bank/ Cheque due to compelling reasons, DGR will be intimated and the waiver will be sought accordingly. **Failure to comply this will lead to actions under Para 17(b).**

15. **Change of Proprietorship to Widow of ESM(Officer) in case of Death.** Post unfortunate demise of a Proprietor (officer) while availing benefit under DGR Security Agency Scheme (*benefit availed will only be considered once ex proprietor has been sponsored and awarded / running a contract*), financial hardships are faced by the widow of ESM Proprietors. As the widow of the officer is Next of Kin (NoK) and the legal nominee for pension etc. it is deemed fair to transfer the proprietorship on humanitarian grounds following due legal procedures. Following procedure will be adhered to prior carrying out the transfer of proprietorship:-

- (a) Cancellation of all running contracts at the earliest by DGR/DRZ/ Requisitioning Agency/ Deptt.
- (b) Receipt of Closure Report countersigned by respective PSU/ Principal Employer.



- (c) Surrender of original Empanelment Certificate of the ex Proprietor (officer) at DRZ/DGR.
- (d) Obtaining Fresh PSARA in name of Spouse for same State (i.e as of ex Proprietor).
- (e) Apply for Empanelment certificate at DGR with all requisite documents for empanelment on spouse name.
- (f) On obtaining Empanelment Certificate in name of **spouse-benefit under security agency scheme will be governed by the residual benefits of the ex Proprietor (de-mised ESM officer/ Proprietor)**. The spouse will be eligible (as per ex Proprietor) for Seniority for sponsorship, Quota of Guards and Age limit.
- (g) All the instructions/ guidelines of this OM will be applicable immediately on the spouse after her being Empanelled with DGR under Security Agency Scheme.

16. **Legal Aspects**

(a) The proprietors should have a thorough knowledge and should be compliant with the following **(an undertaking to this effect will be part of the Affidavit submitted to DGR during Empanelment) :-**

- (i) Payment of Wages Act.
- (ii) Minimum Wages Act.
- (iii) ESIC Act.
- (iv) Industrial Disputes Act.
- (v) Employees Provident Funds and Miscellaneous Provisions Act.
- (vi) Payment of Bonus Act.
- (vii) Contract labour (Regulation and Abolition) Act.
- (viii) Payment of Gratuity Act.
- (ix) Equal Remuneration Act.
- (x) Workmen Compensation Act.
- (xi) Other statutory Directions as revised from time to time.

(b) The Proprietor will present himself in person for all dealings with Principal Employers/ Prospective Principal Employers. **No dealing through representatives even on Power of Attorney / any other letter or document of authorization is permitted.**

(c) At DGR, no representatives/ representations on behalf of Security Agency will be entertained. Proprietors will make themselves available at DGR or its **Regional offices (DRZ's) and Principal Employers Premise as and when directed.**

(d) **Police verification of all employees should be done by the Proprietors.** The proprietors are directly responsible for the action of their employees wherever employed.

17. **Non Operational (Non Ops) Status of Security Agency**. Security Agencies will be removed from the active panel of DGR under the following conditions *(list of such ESM Security Agencies will be updated regularly by DGR on their website www.dgrindia.com):-*

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(a) Overage / End of laid down Period (60 Years / 05 Years whichever is earlier) When an Individual ESM is declared Overage / Non operational (i.e in accordance with 'Exit Policy').

- (i) Only ongoing contracts will be allowed to run till completion of the contract period. All DGR sponsored agencies declared "Overage" subsequent to issue of DGR sponsorship letter will be allowed to participate in the selection process and will be awarded contract if found compliant.
- (ii) In this regard there would be no requirement for change in validity of Empanelment Certificate, once sponsorship letter has been issued in the name of ESM/ Security Agency before attaining the age of 60 years.

(b) Disempanelment Following acts by a DGR Empanelled Security Agency (once established) will lead to Dis-empanelment (i.e cancellation of existing sponsorships and termination of all running contracts):-

- (i) Violation of any of the MoD's Instructions / Norms on Empanelment and functioning of DGR Sponsored Security Agencies, or has provided false information in the Affidavit.
- (ii) Concealed any material information having a bearing on his empanelment and sponsorship which may have come to the notice of DGR /DRZ at any time of the validity period.
- (iii) Seeking/ bidding for 'Security Contracts' anywhere without sponsorship from DGR/ DRZ.
- (iv) Non-submission of 'Reports and Returns' as per details given above.
- (v) Non submission of bids in response to Principal Employer's enquiry wrt to DGR Sponsorship Letter.
- (vi) Violation of any of the clauses referred wrt DGR wage Notification.
- (vii) Violation of Affidavit.
- (viii) Voluntary Exit.
- (ix) If he/she is convicted of an offence involving moral turpitude or has been convicted under any offence by a Court of Law.

18. These guidelines are issued with the approval of the 'Competent Authority' and it supersedes all earlier guidelines/ instructions issued by Deptt of ESW/ MoD and DGR

19. The instructions/ guidelines will be effective from the date of issue of this OM.



(Sushil Kumar)
Director

To

- Director General Resettlement, R.K. Puram, New Delhi. (wide publicity may please be given to these guidelines by uploading it on website)

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- Secretary, Kendriya Sainik Board, R.K. Puram, New Delhi.(wide publicity may please be given to these guidelines by uploading it on website)
- Secretary, ECHS
- All Service HQs

Copy to:

- Chief Vigilance Commissioner
- Secretary to the Government of India, Department of Public Enterprises
- Adviser (Defence), GeM.

Copy for information to:

- PPS to Secretary(ESW)/PPS to Joint Secretary(ESW)
- Technical Director, NIC Sena Bhawan for display in the 'Circulars' Section of MoD website.

