



General Insurance Corporation of India

GIC Re-Procurement Guidelines - 2010

Financial Advisor

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GIC Re - Procurement Guidelines – 2010

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Procurement Guidelines-2010

GIC Re is required to procure materials and services for its operation in various areas including IT, Estate and other establishment related fields. These guidelines have been prepared with a view to regulate the day to day operations of various departments who engage in the activity of procuring goods and services for the Corporation.

CHAPTER - 1

1. EXECUTION OF WORKS

Original works means all new constructions, additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodeling or replacement.

Repair works means works undertaken to maintain building and fixtures.

1.1. Administrative control of works includes:

- (i) Assumption of full responsibility for construction, maintenance and upkeep;
- (ii) Proper utilization of buildings and allied works;
- (iii) Provision of funds for execution of these functions.

1.2. Powers to sanction works:

The powers delegated to various subordinate authorities / officers to accord administrative approval, sanction expenditure and re-appropriate funds for works are regulated by the Delegation of Financial Authority 2005 (FSO-2005) amended from time to time, and other orders contained in the respective departmental regulations.

The initiation, authorization and execution of works shall be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

1.3. No works shall be commenced or liability incurred in connection with it until -

- (i) administrative approval has been obtained from the appropriate authority in each case;
- (ii) sanction to incur expenditure has been obtained from the competent authority;
- (iii) a properly detailed design has been sanctioned;
- (iv) estimates containing the detailed specifications and quantities of various items have been prepared by the panel architect;
- (v) funds to cover the expenses during the year have been provided by competent authority;
- (vi) tenders invited and processed in accordance with rules;
- (vii) A Work Order issued.

Any development of a project considered necessary while a work is in progress, which is not contingent on the execution of work as first sanctioned, shall have to be covered by a supplementary estimate.

For purpose of approval and sanctions, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority to a project which consists of such a group of work should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. This provision, however, shall not apply in case of works of similar nature which are independent of each other.

Any anticipated or actual savings from a sanctioned estimate for a definite project, shall not, without special authority, be applied to carry out additional work not contemplated in the original project.

1.4. Procedure for Execution of Works :

The broad procedure to be followed by Department for execution of works shall be as under

- (i) The detailed procedure relating to expenditure on such works shall be prescribed generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried.
- (ii) Preparation of detailed design and estimates shall precede any sanction for works.
- (iii) No work shall be undertaken before Issue of Administrative Approval and Expenditure Sanction by the competent Authority on the basis of estimates framed.
- (iv) Open tenders will be called for works costing above Rupees Ten lakhs for new work and Rupees Twenty Five lakhs for repair work.
- (v) Limited tenders will be called for works costing less than Rupees Ten lakhs for new work and Rupees Twenty Five lakhs for repair work.
- (vi) Execution of Contract Agreement or Award of work should be done before commencement of the work.
- (vii) For Petty / repair works as per point 2.7 upto the value of Rs. 25,000/- (Rupees Twenty Five Thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I, _____, am personally satisfied that these petty / repair works completed are of the requisite quality and specification and have been executed by a reliable vendor at a reasonable price."

(viii) final payment for work shall be made only on the personal certificate of the officer-in-charge of execution of the work in the format given below:

“ I, Executing Officer of (Name of the Work), am personally satisfied that the work has been executed as per the specifications laid down in the Contract Agreement and the workmanship is upto the standards followed in the Industry.”

1.5. Review of Projects :

After a project costing Rupees ten crores or above is approved, Department will set up a Review Committee consisting of General Managers to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rupees ten crores, it will be at the discretion of the CMD to set up a Review Committee on the above lines.

CHAPTER - 2

2. PROCUREMENT OF GOODS

This chapter contains the general rules applicable to all Departments, regarding procurement of goods required for use of the Corporation. Detailed instructions relating to procurement of goods may be issued by the procuring departments broadly in conformity with the general rules contained in this Chapter.

2.1. Definition of Goods :

The term 'goods' used in this chapter includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, IT Hardware and Software etc. purchased or otherwise acquired for the use Corporation of but excludes books, publications, periodicals, etc. for a library.

2.2. Fundamental principles of public buying:

Every authority / officer delegated with the financial powers of procuring goods shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to procurement and for fair and equitable treatment of suppliers and promotion of competition in procurement.

The procedure to be followed in making procurement must conform to the following yardsticks:-

- (ii) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the Corporation. The specifications so worked out should meet the basic needs of

the Corporation without including superfluous and non-essential features, which may result in unwarranted expenditure.

- (iii) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
- (iv) Offers should be invited following a fair, transparent and reasonable procedure.
- (v) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.
- (vi) The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.
- (vii) At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

2.3. Authorities competent to purchase goods:

An authority which is competent to incur contingent expenditure may sanction the purchase of goods required for use in accordance with the Delegation of Financial Authority 2005 (FSO-2005) amended from time to time, following the general procedure contained in the following rules.

2.4. Powers for procurement of goods :

Departments have been delegated powers in terms FSO to make arrangements for procurement of goods.

2.5 Rate Contract:

The Central Purchase Organisation (e.g. DGS&D) maintains rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Central Government Ministries or Departments. The Central Purchase Organisation will furnish and update all the relevant details of the rate contracts in its web site.

The Departments shall follow those rate contracts to the maximum extent possible. In case it is not possible to acquire goods under this process within reasonable time the normal method of procurement has to be followed.

2.6. Registration of Suppliers :

- (viii) With a view to establishing reliable sources for procurement of goods commonly required for Corporation's use, the Department will prepare and maintain item-wise lists of eligible and capable suppliers. Such approved suppliers will be known as "Registered Suppliers". All Departments may utilise these lists as and when necessary. Such registered suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. They are also ordinarily exempted from furnishing bid security along with their bids.

- (ix) Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- (x) The supplier(s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration are to apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfill all the required conditions.
- (xi) Performance and conduct of every registered supplier is to be watched by the concerned Department. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration.

2.7. Purchase of goods without quotation:

Purchase of goods upto the value of Rs. 25,000/- (Rupees Twenty Five Thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I, _____, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

2.8 Purchase of goods by purchase committee:

Purchase of goods costing above Rs. 25,000/- (Rupees Twenty Five Thousand) only and upto Rs. 1,00,000/- (Rupees One lakh) only on each occasion may be made on the recommendations of a duly constituted Purchase Committee of the department consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

"Certified that we _____, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question. "

2.9 Purchase of goods directly under rate contract:

- (i) In case a Department directly procures Central Purchase Organisation (e.g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the rate contract. Department shall make its own arrangement for inspection and testing of such goods where required.
- (ii) The Central Purchase Organisation (e.g. DGS&D) hosts the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by the procuring Department.

A demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

2.10 Purchase of goods by obtaining bids:

Departments shall procure goods under the powers by following the standard method of obtaining bids in :

- (i) Advertised Tender Enquiry (Open Tender Enquiry)
- (ii) Limited Tender Enquiry
- (iii) Single Tender Enquiry

2.10.1. Advertised Tender Enquiry (Open Tender Enquiry):

- (i) Invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 25 lakh (Rupees Twenty Five Lakhs) and above for IT Goods and Rs. 5 lakhs (Rupees Five Lakhs) and above for Non-IT Goods. Advertisement in such case should be given in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily having wide circulation.
- (ii) Department should also publish all its advertised tender enquiries on the Corporation's web site and provide a link with NIC web site. It should also give its web site address in the advertisements in ITJ and newspapers.
- (iii) The Department should also post the complete bidding document in the web site and permit prospective bidders to make use of the document downloaded from the web site. If such a downloaded bidding document is priced, there should be clear instructions for the bidder to pay the amount by demand draft etc. along with the bid.
- (iv) Where the Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Department may send copies of the tender notice to the Indian embassies abroad as well as to the

foreign embassies in India. The selection of the embassies will depend on the possibility of availability of the required goods in such countries.

- (v) Ordinarily, the minimum time to be allowed for submission of bids should be two weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the department also contemplates obtaining bids from abroad, the minimum period should be kept as three weeks for both domestic and foreign bidders.

2.10.2. Limited Tender Enquiry.

- (i) This method may be adopted when estimated value of the goods to be procured is up to Rupees Twenty-five Lakhs for IT Goods and up to Rupees Five Lakhs for Non-IT Goods. Copies of the bidding document should be sent directly by speed post/registered post/courier/e-mail to firms which are borne on the list of registered suppliers for the goods in question as referred under above. The number of supplier firms in Limited Tender Enquiry should be more than three. Further, web based publicity should be given for limited tenders. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.
- (ii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five Lakhs, in the following circumstances.
- a. The competent authority in the Department certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The Department should also put on record the nature of the urgency and reasons why the procurement could not be anticipated.
 - b. There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
 - c. The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.
 - d. Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.

2.10.3. Two bid system:

For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under:-

- (i) Technical bid consisting of all technical details along with commercial terms and conditions ; and
- (ii) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed. The technical bids are to be opened by the purchasing Department at the first instance and evaluated by a competent committee or authority.

At the second stage financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.

2.10.4. Late Bids:

In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e. bids received after the specified date and time for receipt of bids) should not be considered.

2.10.5. Single Tender Enquiry.

Procurement from a single source may be resorted to in the following circumstances:

- (i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
- (iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm.

Note: Proprietary Article Certificate in the following form is to be provided by the Department before procuring the goods from a single source:

- (i) The indented goods are manufactured by

M/s.....

- (ii) No other make or model is acceptable for the following reasons:

.....
.....
.....

- (iii) Concurrence of Financial Advisor to the proposal vide :

.....

(iv) Approval of the competent authority vide :.....

(Signature with date and designation of the procuring officer)

2.10.6.Contents of Bidding Document:

All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters as below:-

Chapter – 1 : Instructions to Bidders.

Chapter – 2 : Conditions of Contract.

Chapter – 3 : Schedule of Requirements.

Chapter – 4 : Specifications and allied Technical Details.

Chapter – 5 : Price Schedule (to be utilised by the bidders for quoting their prices).

Chapter – 6 : Contract Form.

Chapter – 7 : Other Standard Forms, if any, to be utilised by the purchaser and the bidders.

2.10.7.Maintenance Contract:

Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

2.10.8.Bid Security (EMD):

- (i) To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The exact amount of bid security, should be determined accordingly by the Department and indicated in the bidding documents. The bid security may be accepted in the form of Account

Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the commercial banks in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

- (ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract.

2.10.9. Performance Security :

- (i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status etc. Performance Security should be for an amount of five to ten per cent. of the value of the contract. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank in an acceptable form safeguarding the purchaser's interest in all respects.
- (ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
- (iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

2.10.10. Advance payment to supplier:

Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:-

- (i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
- (ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.

Such advance payments should not exceed the following limits :

- (i) Thirty per cent. of the contract value to private firms;
- (ii) Forty per cent. of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- (iii) in case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.

Departments may relax, in consultation with their Financial Advisers concerned, the ceilings (including percentage laid down for advance payment for private firms) mentioned above.

2.10.11. Part payment to suppliers:

Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it despatches the goods from its premises in terms of the contract.

2.10.12. Arbitrariness in the procurement process:

All purchases should be made in a transparent, competitive and fair manner, to secure best value for money. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. Some of the measures for ensuring the above are as follows:-

- (i) the text of the bidding document should be self-contained and comprehensive without any ambiguities. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the bidding document in simple language. The bidding document should contain, inter alia;
 - (a) the criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc.;
 - (b) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc which may required to be met by the successful bidder;
 - (c) the procedure as well as date, time and place for sending the bids;
 - (d) date, time and place of opening of the bid;
 - (e) terms of delivery;
 - (f) special terms affecting performance, if any.
- (ii) Suitable provision should be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/ or rejection of its bid.
- (iii) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.

- (iv) The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.
- (v) The bidders should be given reasonable time to send their bids.
- (vi) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.
- (vii) The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry.
- (viii) Pre-bid conference : In case of turn-key contract(s) or contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.
- (ix) Criteria for determining responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding documents.
- (x) Bids received should be evaluated in terms of the conditions already incorporated in the bidding documents; no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.
- (xi) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.
- (xii) Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation against an ad-hoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder.
- (xiii) In the rate contract system, where a number of firms are brought on rate contract for the same item, negotiation as well as counter offering of rates are permitted with the bidders in view and for this purpose special permission may be given by the competent authority.

- (xiv) Contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder.
- (xv) The name of the successful bidder awarded the contract should be mentioned in the notice board and web site.

2.10.13. Efficiency, Economy and Accountability in Public Procurement System:

Public procurement procedure is also to ensure efficiency, economy and accountability in the system. To achieve the same, the following keys areas should be addressed :-

- (i) To reduce delay, appropriate time frame for each stage of procurement should be prescribed by the Department. Such a time frame will also make the concerned purchase officials more alert.
- (ii) To minimise the time needed for decision making and placement of contract, every Department, with the approval of the competent authority, may delegate, wherever necessary, appropriate purchasing powers to the lower functionaries.
- (iii) The Departments should ensure placement of contract within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.
- (iv) The department should bring into the rate contract system more and more common user items which are frequently needed in bulk should also ensure that the rate contracts remain available without any break.

2.10.14. Buy-Back Offer:

When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

CHAPTER - 3

3 PROCUREMENT OF SERVICES

The Departments may hire external professionals, consultancy firms or consultants (referred to as consultant hereinafter) for a specific job, which is well defined in terms of content and time frame for its completion or outsource certain services.

This chapter contains the fundamental principles applicable to all Departments regarding engagement of consultant(s) and outsourcing of services. Detailed instructions to this effect may be issued by the concerned Departments. However, Departments shall ensure that they do not contravene the basic rules contained in this chapter.

3.1. Identification of Work / Services required to be performed by Consultants:

Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Department does not have requisite expertise. Approval of the competent authority should be obtained before engaging consultant(s).

3.2. Preparation of scope of the required work / service:

The Departments should prepare in simple and concise language the requirement, objectives and the scope of the assignment. The eligibility and pre-qualification criteria to be met by the consultants should also be clearly identified at this stage.

3.3. Estimating reasonable expenditure:

Department proposing to engage consultant(s) should estimate reasonable expenditure for the same by ascertaining the prevalent market conditions and consulting other organisations engaged in similar activities.

3.4. Identification of likely sources:

- (i) Where the estimated cost of the work or service is upto Rupees twenty-five lakhs, list of potential consultants may be done on the basis of formal or informal enquiries from other companies or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.
- (ii) Where the estimated cost of the work or service is above Rupees twenty-five lakhs, in addition to (i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published in at least one national daily and the corporations' web site. The web site address should also be given in the

advertisements. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the Department, eligibility and the pre-qualification criteria to be met by the consultant(s) and consultant's past experience in similar work or service. The consultants may also be asked to send their comments on the objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested consultants.

3.5. Short listing of consultants:

On the basis of responses received from the interested parties, consultants meeting the requirements should be short listed for further consideration. The number of short listed consultants should not be less than three.

3.6. Preparation of Terms of Reference (TOR):

The TOR should include

- (i) Precise statement of objectives;
- (ii) Outline of the tasks to be carried out;
- (iii) Schedule for completion of tasks;
- (iv) The support or inputs to be provided by the Department to facilitate the consultancy.
- (v) The final outputs that will be required of the Consultant;

3.7. Preparation and Issue of Request for Proposal (RFP):

RFP is the document to be used by the Department for obtaining offers from the consultants for the required work / service. The RFP should be issued to the short listed consultants to seek their technical and financial proposals. The RFP should contain :

- (i) A letter of Invitation.
- (ii) Information to Consultants regarding the procedure for submission of proposal.
- (iii) Terms of Reference (TOR).
- (iv) Eligibility and pre-qualification criteria incase the same has not been ascertained through Enquiry for Expression of Interest.
- (v) List of key position whose CV and experience would be evaluated.
- (vi) Bid evaluation criteria and selection procedure.
- (vii) Standard formats for technical and financial proposal.
- (viii) Proposed contract terms.
- (ix) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.

3.8. Receipt and opening of proposals:

Proposals should ordinarily be asked for from consultants in ‘Two-bid’ system with technical and financial bids sealed separately. The bidder should put these two sealed envelopes in a bigger envelop duly sealed and submit the same to the Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Department at the specified date, time and place.

3.9. Late Bids:

Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

3.10. Evaluation of Technical Bids:

Technical bids should be analysed and evaluated by a Consultancy Evaluation Committee (CEC) constituted by the competent authority. The CEC shall record in detail the reasons for acceptance or rejection of the technical proposals analysed and evaluated by it.

3.11. Evaluation of Financial Bids of the technically qualified bidders:

The Department shall open the financial bids of only those bidders who have been declared technically qualified by the Consultancy Evaluation Committee for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

3.12. Consultancy by nomination:

Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.

3.13. Monitoring the Contract:

Department should be involved throughout in the conduct of consultancy, preferably by taking a task force approach and continuously monitoring the performance of the consultant(s) so that the output of the consultancy is in line with the Department’s objectives.

CHAPTER-4

4 OUTSOURCING OF SERVICES

A Department may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the following basic guidelines.

4.1. Identification of likely contractors:

The Department should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other Organisations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, web site etc.

4.2. Preparation of Tender enquiry:

Department should prepare a tender enquiry containing, inter alia :

- (i) The details of the work or service to be performed by the contractor;
- (ii) The facilities and the inputs which will be provided to the contractor by the Department;
- (iii) Eligibility and qualification criteria to be met by the contractor for performing the required work / service; and
- (iv) The statutory and contractual obligations to be complied with by the contractor.

4.3. Invitation of Bids:

- a) For estimated value of the work or service upto Rupees ten lakhs or less:

The Department should scrutinize the preliminary list of likely contractors as identified, decide the prima facie eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard practice. The number of the contractors so identified for issuing limited tender enquiry should not be less than six.

- b) For estimated value of the work or service above Rupees ten lakhs:

The Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the corporation.

4.4. Late Bids:

Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

4.5. Evaluation of Bids Received:

The Department should evaluate, segregate, rank the responsive bids and select the successful bidder for placement of the contract.

4.6. Outsourcing by Choice:

Should it become necessary, in an exceptional situation to outsource a job to a specifically chosen contractor, the Competent Authority in the Department may do so in consultation with the Financial Adviser. In such cases the detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve shall form an integral part of the proposal.

4.7. Monitoring the Contract:

The Department should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor.

CHAPTER-5

5 DISPOSAL OF GOODS

An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.

The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable. The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilized.

5.1. Modes of disposal

5.1.1 Surplus or obsolete or unserviceable goods of following assessed residual value should be disposed of by :

- a) Obtaining bids through advertised tender for value above Rs.5 lakhs.
- b) Public auction for value above Rs.2 lakhs and less than Rs.5 lakhs

5.1.2 For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also, deterioration in value of goods to be disposed of.

5.2. Disposal through Advertised Tender

5.2.1 The broad steps to be adopted for this purpose are as follows:

- a) Preparation of bidding documents.

- b) Invitation of tender for the surplus goods to be sold.
- c) Opening of bids.
- d) Analysis and evaluation of bids received.
- e) Selection of highest responsive bidder.
- f) Collection of sale value from the selected bidder.
- g) Issue of sale release order to the selected bidder.
- h) Release of the sold surplus goods to the selected bidder.
- i) Return of bid security to the unsuccessful bidders.

5.2.2 The important aspects to be kept in view while disposing the goods through advertised tender are as under:

(a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.

(b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.

(c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.

(d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held **only** with that bidder.

(e) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.

(f) Full payment, i.e. the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.

(g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.

5.2.3 Late bids i.e. bids received after the specified date and time of receipt should not to be considered.

5.3. Disposal through Auction

(i) Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.

(ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.

(iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc., (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.

(iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent. of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favour of the GIC. The goods should be handed over to the successful bidder only after receiving the balance payment.

(v) The composition of the auction team will be decided by the competent authority. The team should however include an officer of the Finance department.

5.4. Disposal at scrap value or by other modes

If the department is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose off the same at its scrap value with the approval of the competent authority in consultation with Financial Advisor.

In case the department is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner.

CHAPTER-6

6 CVC Guidelines

All the guidelines issued from time to time from CVC are applicable to the procurement guidelines of GIC Re.

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