



General Insurance Corporation of India

Procurement Guidelines – 2019

Financial Advisor

1st April, 2019

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Procurement Guidelines-2019

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/offices in India 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, site preparation, additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodeling or replacement.

Minor works mean works which add capital value to existing assets but do not create new assets.

Repair works means works undertaken to maintain building and fixtures. Works will also include services or goods incidental or consequential to the original or repair works.

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 to accord administrative approval, sanction expenditure and re-appropriate funds for works are regulated by the Delegation of Financial Authority (FSO) 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.

Departments at its discretion may directly execute repair works estimated to cost up to Rupees Thirty Lakhs after following due procedure indicated in 1.4 & 2.14.

Departments may, at its discretion, assign repair works estimated to cost above Rupees thirty Lakhs and original/minor works of any value to any Public Works Organisation (PWO) such as Central Public Works Department (CPWD), State Public Works Department, others Central Government organisations authorised to carry out such civil or electrical works.

As an alternative to the above rule, a Department may award repair works estimated to cost above Rupees Thirty Lakhs and original works of any value to:

- (i) any Public Sector Undertaking set up by the Central or State Government to carry out civil or electrical works or

- (ii) to any other Central / State Government organisation /PSU which may be notified by the Ministry of Urban Development (MoUD) for such purpose after evaluating their financial strength and technical competence.

For the award of work under this sub-rule, the Department shall ensure competition among such PSUs /Organisations. This competition shall be essentially on the lump sum service charges to be claimed for execution of work.

In exceptional cases, for award of work under (i) and (ii) above, on nomination basis, the conditions contained in 3.13 point number 3 would apply. The work under these circumstances shall also be awarded only on the basis of lump sum service charge.

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; while designing the projects etc., principles of Life Cycle cost may also be considered.

- (iv) estimates containing the detailed specifications and quantities of various items that have been prepared by the panel architect

- (v) funds to cover the expenses charged during the year have been provided by competent authority;

- (vi) tenders invited and processed in accordance with rules;

- (vii) A Work Order issued.

On grounds of urgency or otherwise, if it becomes necessary to carry out a work or incur a liability under circumstances when the provisions set out above cannot be complied with, the concerned executive officer or /department committee may do so on his own judgement and responsibility. Simultaneously, he should initiate action to obtain approval from the competent authority as per FSO.

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.

1.3. Procedure for Execution of Works:

The broad procedure to be followed by Department for execution of works under its own arrangements shall be as under:-

- (i) The detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with and approval of General Manager of respective departments, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works
- (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 2.10 upto the value of ` 1,00,000/- (Rupees One Lakh) 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 up to the standards followed in the Industry.”

1.4. 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 suitable mechanism for review and acceptance of variation within 10% of the approved estimates.

1.5. Opening of Tenders

- (i) Tenders will always be opened by a Tender Committee constituted by the Competent Authority.
- (ii) Contracts for execution of works, for new work as well as repairs work, if estimated cost is above Rupees Five Lakhs, the quotations will be opened by the Tender Committee as constituted by the competent authority.
- (iii) Contracts for execution of works, for new work as well as repairs work, if estimated cost is up to Rupees Five Lakhs, the tenders will be opened by a committee of any three officials, duly approved by Head of Department.

The clauses of Chapter 2 i.e. 2.14.11, 2.14.12, 2.14.13, 2.14.14 and 2.14.16 are applicable here.

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, commodity, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, IT Hardware and Software etc. vehicles, aircraft, ships, medicines, railway rolling stock, assemblies, subassemblies, accessories, a group of machineries comprising of an integrated production process or such other category of goods or intangible products like software, technology transfer, licenses, patents or other intellectual properties purchased or otherwise acquired for the use of Corporation but excludes books, publications, periodicals, etc. for a library. The term 'goods' also includes works and services which are incidental or consequential to the supply of such goods, such as, transportation, insurance, installation, commissioning, training and maintenance. The term goods will also include purchase of immovable property.

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 and 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:-

- i. The description of the subject matter of procurement to the extent practicable should -
 - a) be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.
 - b) not indicate a requirement for a particular trade mark, trade name or brand.
- 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.

Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or

- building codes, wherever such standards exist, and in their absence, be based on the relevant international standards.
- 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.
 - viii. a complete schedule of procurement cycle should be published when the tender is issued.

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 provisions in the Delegation of Financial Authority (FSO) 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 of FSO to make arrangements for procurement of goods.

2.5. Rate Contract

The GeM portal shall be utilized whenever feasible by the Departments for direct on-line purchases.

The Central Purchase Organisation [e.g. Directorate General of Supplies & Disposal (DGS&D)] concludes rate contracts with the registered suppliers for such goods, which are not available on GeM, and are identified as common use items and are needed on recurring basis by various Central Government Ministries or Departments. The Central Purchase Organisation furnishes and updates all the relevant details of the rate contracts in its website.

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.

For Drawals against Rate Contract (RC)/Framework Contract (FC), point number 4.8 of Manual for Procurement of Goods, 2017 issued by Ministry of Finance shall be referred.

For details in regard to Rate Contract and other contracts with special features, chapter 8 of Manual for Procurement of Goods, 2017 issued by Ministry of Finance shall be referred.

2.6. Registration of Suppliers:

- i. 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 utilize 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. A Head of Department may also register suppliers of goods which are specifically required by that Department periodically. Registration of the supplier should be done following a fair, transparent and reasonable procedure and after giving due publicity.
- ii. Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- iii. 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.
- iv. 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.
- v. The list of registered suppliers for the subject matter of procurement be exhibited on the Central Public Procurement Portal and website of the Corporation/e-Procurement portal before undertaking the procurement.

2.7. Debarment from bidding:

- I. A bidder shall be debarred if he has been convicted of an offence—
 - a. under the Prevention of Corruption Act, 1988; or
 - b. the Indian Penal Code or any other law for the time being in force, for causing any loss of life or property or causing a threat to public health as part of execution of a public procurement contract.
- II. A bidder debarred under sub-section (i) or any successor of the bidder shall not be eligible to participate in a procurement process of any procuring entity for a period not exceeding three years commencing from the date of debarment.

- III. A procuring entity may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity. The Department will maintain such list which will also be displayed on their website.
- IV. The bidder shall not be debarred unless such bidder has been given a reasonable opportunity to represent against such debarment.

2.8. Reserved Items and other Purchase/Price Preference Policy:

- i. The Central Government, through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC). It has also reserved all items of handloom textiles required by Central Government departments for exclusive purchase from KVIC and/or the notified handloom units of Association of Corporations and Apex Societies of Handlooms (ACASH).
- ii. Ministry of Micro, Small and Medium Enterprises (MSME) have notified procurement policy under section 11 of the Micro, Small and Medium Enterprises Development Act, 2006 **.
- iii. The Central Government may, by notification, provide for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.

****Reservation of specific items for procurement from Micro and Small Enterprises (MSE) – Applicable for both Procurement of Goods and Services**

To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure items reserved for procurement exclusively from MSE. The latest list may be seen from the website of the MSME Ministry.

Public Procurement Policy for Micro and Small Enterprises (MSEs), 2012

From time to time, the Government of India lays down procurement policies to help inclusive national economic growth by providing long-term support to small and medium enterprises and disadvantaged sections of society and to address environmental concerns. Details of the policy are available on the MSME website.

Micro and Small Enterprises (MSE) must, along with their offer, provide proof of their being registered as MSE (indicating the terminal validity date of their registration) for the item tendered, with any agency mentioned in the notification of the Ministry of Micro, Small and Medium Enterprises (Ministry of MSME).

The MSEs are provided tender documents free of cost and are exempted from payment of earnest money, subject to furnishing of relevant valid certificate for claiming exemption.

Chapter V of the MSME Act, 2006 also has provision for ensuring timely payments to the MSE suppliers. The period agreed upon for payment must not exceed forty-five days

after the supplies. For delays in payment the buyer shall be liable to pay compound interest to the supplier on the delayed amount at three times of the bank rate notified by the Reserve Bank. For arbitration and conciliation regarding recovery of such payments and interests, Micro and Small Enterprises Facilitation Council has been setup in states.

In tender, participating Micro and Small Enterprises (MSE) quoting price within price band of L1+15 (fifteen) per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply up to 20 (twenty) per cent of total tendered value. The 20 (twenty) per cent quantity is to be distributed proportionately among these bidders, in case there are more than one MSMEs within such price band.

Within this 20% (Twenty Percent) quantity, a purchase preference of four per cent (that is, 20 (twenty) per cent out of 20 (twenty) per cent) is reserved for MSEs owned by Scheduled Caste (SC)/Scheduled Tribe (ST) entrepreneurs (if they participate in the tender process and match the L1 price). Provided that, in event of failure of such SC/ST MSE to participate in tender process or meet tender requirements and L1 price, four per cent sub-target shall be met from other MSE. MSEs would be treated as owned by SC/ST entrepreneurs:

- a) In case of proprietary MSE, proprietor(s) shall be SC /ST
- b) In case of partnership MSE, the SC/ST partners shall be holding at least 51% (fifty-one percent) shares in the unit
- c) In case of Private Limited Companies, at least 51% (fifty-one percent) share shall be held by SC/ST promoters.

In case of tender item is non-split-able or non-dividable, etc. MSE quoting price within price band L1+15% (fifteen percent) may be awarded for full/complete supply of total tendered value to MSE, considering spirit of policy for enhancing the Govt. procurement from MSE, as mentioned above.

Ministry of MSME has permitted relaxation of condition of prior turnover and prior experience with respect to Micro and Small Enterprises in all public procurements subject to meeting of quality and technical specifications.

Where any Aggregator has been appointed by the Ministry of MSME, they can quote on behalf of some MSE units and such offers will be considered as offers from MSE units and all such facilities would be extended to them also.

This Policy is meant for procurement of only goods produced and services rendered by MSEs and not for any trading activities by them. An MSE Unit will not get any purchase preference over another MSE Unit.

2.9. Procurement Preference for Domestically Manufactured Products:

Ministry of Electronics and Information Technology (MeitY) had notified a policy for Preferential Market Access (PMA) in Government procurement for Domestically Manufactured Electronic Products (DMEP), having a specified minimum domestic Value Addition (VA) for notified items of Electronics and Networking. Subsequently eligible

products have been notified and guidelines have been issued for implementation of the policy.

Ministry of Finance vide circulars dated 22nd January 2019 and Ministry of Commerce and Industry vide circular dated 15th June 2017 has issued orders relating to preference to Make in India.

Departments may follow the same, wherever feasible, in respect of all procurements.

2.10. Purchase of goods without quotation:

Purchase of goods upto the value of ₹ 1,00,000/- (Rupees One Lakh) 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."

Terms and Conditions

i) Competent Authority can initiate and complete this purchase after diligent enquiries from the market and filling the certificate in this regard. Such powers to a limited extent can also be given to various user sections for operational needs;

ii) Normally an imprest amount (with facilities for cheque payments) sufficient for two months' estimated procurements can be sanctioned for such officers to handle such procurements. The imprest amount can be recouped on monthly basis by submission of expense vouchers;

iii) In a summary form, records should be kept of the vendors/contractors approached and prices indicated by them;

iv) Selection of seller by diligent market enquiry is of essence of this mode of procurement;

v) In larger cities, the presence of reputed Shopping Malls may also be included in the market survey. Reputed internet shopping portals may also be explored.

2.11. Purchase of goods by purchase committee:

Purchase of goods costing above ₹ 1,00,000/- (Rupees One Lakh) only and upto ₹2,50,000 (Rupees two lakh and fifty thousand) 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, and it is not debarred by Department of Commerce or Ministry/Department concerned."

2.12. 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.

2.13. E-Publishing:

- i. It is mandatory for all Departments of the Corporation and attached Subordinate Offices to publish their tender enquiries, corrigenda thereon and details of bid awards on the Central Public Procurement Portal (CPPP).
- ii. The above instructions apply to all Tender Enquiries, Requests for Proposals, Requests for Expressions of Interest, Notice for pre-Qualification/Registration or any other notice inviting bids or proposals in any form whether they are advertised, issued to limited number of parties or to a single party.
- iii. In the case of procurements made though DGS&D Rate Contracts or through any other Central Procurement Organizations (CPOs) only award details need to be published.
- iv. These instructions would not apply to procurements made in terms of provisions of point 2.10 (Purchase of Goods without quotation) or 2.11 (Purchase of Goods by Purchase Committee)

E-Procurement:

Departments may receive all bids through e-procurement portal in respect of all procurements, wherever feasible.

2.14. Purchase of goods by obtaining bids:

Except in cases covered under point, 2.10, 2.11 and 2.12 (i), Departments shall procure goods under the powers referred to in point 2.4 by following the standard method of obtaining bids in:

1. Advertised Tender Enquiry (Open Tender Enquiry)
2. Limited Tender Enquiry
3. Two-Stage Bidding
4. Single Tender Enquiry
5. Electronic Reverse Auctions

2.14.1. Advertised Tender Enquiry (Open Tender Enquiry):

Subject to exceptions incorporated under point 2.10, 2.11, 2.14.2 and 2.14.6, Invitation to tenders by advertisement should be used for procurement of goods of estimated value ₹ 25 lakhs (Rupees Twenty Five Lakhs) and above for IT Goods and ₹ 5 lakhs (Rupees Five Lakhs) and above for Non-IT Goods. Advertisement in such cases may be given on Central Public Procurement Portal (CPPP) at www.eprocure.gov.in and newspaper. Department should also publish all its advertised tender enquiries on the Corporation's web site.

- (i) The Department should also post the complete bidding document in the website and on CPPP and permit to enable prospective bidders to make use of the document by downloading from the website.
- (ii) The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.
- (iii) In order to promote wider participation and ease of bidding, no cost of tender document may be charged for the tender documents downloaded by the bidders.
- (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, whichever is later.

2.14.2. 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 point 2.6. The number of supplier firms in Limited Tender Enquiry should be minimum three. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.
- (ii) The unsolicited bids should not be accepted. However, Departments should evolve a system by which interested firms can register and bid in next round of tendering.

- (iii) 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.
 - e. Nature of items to be procured is such that pre-verification of competence of firm is essential, hence requires registration of firms; and
 - f. Government policy designates procurement from specific agencies.

2.14.3. Single Stage Two bid system (simultaneous receipt of separate technical and financial bids):

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.

In case e-Procurement is not feasible, 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 after intimating them the date and time of opening the financial bid for further evaluation and ranking before awarding the contract.

2.14.4. Two-Stage Bidding (Obtain bids in two stages with receipt of financial bids after receipt and evaluation of technical bids):

- i. Department may procure the subject matter of procurement by the method of two-stage bidding, if
 - a. it is not feasible to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders; or
 - b. the character of the subject matter of procurement is subject to rapid technological

- advances or market fluctuations or both; or
- c. Department seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of items in quantities sufficient to establish their commercial viability or to recover research and development costs; or
 - d. The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement.
- ii. The procedure for two stage bidding shall include the following, namely:
- a. in the first stage of the bidding process, the Department shall invite bids through advertised tender containing the technical aspects and contractual terms and conditions of the proposed procurement without a bid price;
 - b. all first stage bids, which are otherwise eligible, shall be evaluated through an appropriate committee constituted by the Department;
 - c. the committee may hold discussions with the bidders and if any such discussion is held, equal opportunity shall be given to all bidders to participate in the discussions;
 - d. in revising the relevant terms and conditions of the procurement, the procuring department shall not modify the fundamental nature of the procurement itself, but may add, amend or omit any specification of the subject matter of procurement or criterion for evaluation;
 - e. in the second stage of the bidding process, the procuring department shall invite bids from all those bidders whose bids at the first stage were not rejected, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement;
 - f. any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalised in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification.

2.14.5. 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.

2.14.6. 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)

2.14.7. Handling Procurement in urgencies/Emergencies and Disaster Management:

There are sufficient fast track procurement modalities to tackle procurements in urgent/emergent and Disaster Management situations. Enhanced delegations of procurement powers in Financial Standing Order may be considered to handle such situations. Use of following modes of procurements may be utilised in order of speed (under Disaster Management situations, threshold limits of modes of procurement may be increased, with the sanction of CMD):

i) Direct Procurement Without Quotation

ii) Direct Procurement by Purchase Committee

iii) SLTE/Limited/Single Tender Enquiry, with reduced time for submission of Bids

2.14.8. Electronic Reverse Auction:

(i) Electronic Reverse Auction means an online real-time purchasing technique utilised by the Corporation to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period of time and automatic evaluation of bids;

(ii) The Corporation may choose to procure a subject matter of procurement by the electronic reverse auction method,

2.14.9. 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.

2.14.10. 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.

For further procedural aspects in this regard, point number 8.6 of Manual for Procurement of Goods, 2017 may be referred.

2.14.11. 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 except Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME) or are registered with the Central Purchase Organisation or the concerned Ministry or Department. 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 or payment online 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. However, in case the Bid Security is more than a threshold (Rupees five lakh) and in case of foreign bidders it may also be allowed in the form of a bank guarantee (in equivalent Foreign Exchange amount) issued/confirmed from any of the scheduled commercial bank in India in an acceptable form, and so on, safe guarding the purchaser's interest in all respects.

- (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.
- (iii) In place of a Bid security, the Departments may require Bidders to sign a Bid securing declaration accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids document, they will be suspended for the period of time specified in the request for bids document from being eligible to submit Bids for contracts with the entity that invited the Bids.

In appropriate cases, submission of the Bid Security may be waived with the Competent Authority's (CA's) approval, especially in the case of indigenisation/development tenders, limited tenders and procurements directly from the manufacturer or authorised agents.

2.14.12. 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. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of five to ten percent of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of an Account payee Demand Draft, Bank Transfer, 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 is to be furnished by a specified date (generally 14 (fourteen) days after notification of the award) and it should remain valid for a period of 60 (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.
- (iv) Submission of Performance Security is not necessary for a contract value upto Rupees 5 (Five) lakhs for IT Goods and Rupees 1 (One) lakh for Non-IT Goods.
- (v) The Performance Security will be forfeited and credited to the Corporation's

account in the event of a breach of contract by the contractor. It should be refunded to the contractor without interest, after he duly performs and completes the contract in all respects but not later than 60 (sixty) days of completion of all such obligations including the warranty under the contract.

2.14.13. 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:
 - a. Thirty per cent. of the contract value to private firms;
 - b. Forty per cent. of the contract value to a State or Central Government agency or a Public-Sector Undertaking; or
 - c. 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 Financial Advisor, the ceilings (including percentage laid down for advance payment for private firms) mentioned above. While making any advance payment as above, adequate safeguards in the form of bank guarantee etc. should be obtained from the firm.

2.14.14. Part payment to suppliers:

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

2.14.15. Transparency, competition, fairness and elimination of 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 condition of prior turnover and prior experience may be relaxed for Startups (as defined by Department of Industrial Policy and Promotion) subject to meeting of quality & technical specifications and making suitable provisions in the bidding document. The bidding document should contain, inter alia;
 - (a) Description and Specifications of goods including the nature, quantity, time and place or places of delivery.

- (b) 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. or limitation for participation of the bidders, if any.
 - (c) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc. which may be required to be met by the successful bidder;
 - (d) the procedure as well as date, time and place for sending the bids;
 - (e) date, time and place of opening of the bid;
 - (f) Criteria for evaluation of bids
 - (g) terms of delivery;
 - (h) special terms affecting performance, if any.
 - (i) Essential terms of the procurement contract
 - (j) Bidding Documents should include a clause that “if a firm quotes NIL charges /consideration, the bid shall be treated as unresponsive and will not be considered”.
- (ii) Any other information which is considered necessary for the bidders to submit their bids.
- (iii) Modification to bidding document:
- a) In case any modification is made to the bidding document or any clarification is issued which materially affects the terms contained in the bidding document, the department shall publish or communicate such modification or clarification in the same manner as the publication or communication of the initial bidding document was made.
 - b) In case a clarification or modification is issued to the bidding document, the Corporation shall, before the last date for submission of bids, extend such time limit, if, in its opinion more time is required by bidders to take into account the clarification or modification, as the case may be, while submitting their bids.
 - c) Any bidder who has submitted his bid in response to the original invitation shall have the opportunity to modify or resubmit it, as the case may be, or withdraw such bid in case the modification to bidding document materially affect the essential terms of the procurement, within the period initially allotted or such extended time as may be allowed for submission of bids, after the modifications are made to the bidding document by the Corporation:
Provided that the bid last submitted or the bid as modified by the bidder shall be considered for evaluation
- (iv) 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. The reasons for rejecting a tender or non-issuing a tender document to a prospective bidder must be disclosed where enquiries are made by the bidder.

- (v) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.
- (vi) The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.
- (vii) The bidders should be given reasonable time to send their bids.
- (viii) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.
- (ix) 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.
- (x) 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 one or more rounds of 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 etc. 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. The records of such conference shall be intimated to all bidders and, shall also be exhibited on the website(s) where tender was published.
- (xi) Criteria for determining responsiveness are to be taken into account for evaluating the bids such as:
 - (a) time of delivery.
 - (b) Performance/efficiency/environmental characteristics.
 - (c) the terms of payment and of guarantees in respect of the subject matter of procurement
 - (d) price.
 - (e) cost of operating, maintaining and repairing etc.
- (xii) 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.
- (xiii) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.
- (xiv) 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. For further clarification in this regard, point number 7.5.9 of Manual for Procurement of Goods, 2017 may be referred.

- (xv) 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 to the bidders in view and for this purpose special permission may be given by the competent authority.
- (xvi) 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.
- (xvii) Procurement of Energy Efficient Electrical Appliances: Departments while procuring electrical appliances notified by Department of Expenditure shall ensure that they carry the notified threshold or higher Star Rating of Bureau of Energy Efficiency (BEE).
- (xviii) The name of the successful bidder awarded the contract should be mentioned in CPPP, website and notice board or bulletin.
- (xix) Rejection of all Bids is justified when
 - a. effective competition is lacking.
 - b. all Bids and Proposals are not substantially responsive to the requirements of the Procurement Documents.
 - c. the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget; or
 - d. none of the technical Proposals meets the minimum technical qualifying score.
- (xx) Lack of competition in point xix above shall not be determined solely on the basis of the number of Bidders. Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied:
 - a. the procurement was satisfactorily advertised and sufficient time was given for submission of bids.
 - b. the qualification criteria were not unduly restrictive; and
 - c. prices are reasonable in comparison to market values

Consideration of Lack of Competition in Open Tender Enquiry/Global Tender Enquiry and Limited Tender Enquiry:

Sometimes, against advertised/limited tender cases, the Corporation may not receive a sufficient number of bids and/or after analyzing the bids, ends up with only one responsive bid – a situation referred to as 'Single Offer'. Such situation of 'Single Offer' is to be treated as Single Tender. Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied:

- a) The procurement was satisfactorily advertised and sufficient time was given for submission of bids;
- b) The qualification criteria were not unduly restrictive; and
- c) Prices are reasonable in comparison to market values.

However restricted powers of Single tender mode of procurement would apply. In case of price not being reasonable, negotiations (being L1) or retender may be considered as justifiable.

Unsolicited offers against Limited Tender Enquiries should be ignored, however Departments should evolve a system by which interested firms can register and bid in next round of tendering. However, under the following exceptional circumstances, these may be considered for acceptance at the next higher level of competency:

- a) Inadequate Competition;
 - b) Non-availability of suitable quotations from registered vendors;
 - c) Urgent demand and capacity/capability of the firm offering the unsolicited being known, etc.
- (xxi) When a limited or open tender result in only one effective offer, it shall be treated as a single tender contract.
- (xxii) In case a purchase Committee is constituted to purchase or recommend the procurement, no member of the purchase Committee should be reporting directly to any other member of such Committee in case estimated value of procurement exceeds ₹ 25 lakhs.
- (xxiii) **Firm Price vis-à-vis Variable Price:** Short-term contracts where the delivery period does not extend beyond 18 (eighteen) months should normally be concluded with a firm and price fixed by inviting tenders accordingly. However, even for shorter deliveries, the Price Variation Clause (PVC) may be stipulated for items with non-ferrous and other raw materials prone to short-term price volatility – especially for critical or high value items – otherwise there is a possibility of the contract failing or the purchaser having to pay a higher price if prices fall. For high value (more than Rupees three crore) tenders with deliveries longer than 18 (eighteen) months, PVC may be provided to protect the purchaser's interests also.

Where it is decided to conclude the contract with a variable price, an appropriate clause incorporating, inter-alia, a suitable price variation formula should also be provided in the tender documents, to calculate the price variation between the base level and scheduled delivery date.

For detailed explanation, point number 6.6 of Manual for Procurement of Goods, 2017 may be referred.

(xxiv) **Non-conformities between Figures and Words**

Sometimes, non-conformities/errors are also observed in responsive tenders between the quoted prices in figures and in words. This situation normally does not arise in case of e-Procurement. This should be taken care of in the manner indicated below:

i) If, in the price structure quoted for the required goods, there is discrepancy between the unit price and total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly;

ii) If there is an error in a total corresponding to the addition or subtraction of sub-totals, the sub-totals shall prevail and the total shall be corrected; and

iii) If there is a discrepancy between words and figures, the amount in words shall prevail;

iv) Such a discrepancy in an offer should be conveyed to the tenderer asking him to respond by a target date and if the tenderer does not agree to Corporation's observation, the tender is liable to be rejected.

(xxv) **Minor Infirmary/Irregularity/Non-conformity**

During the preliminary examination, some minor infirmity and/or irregularity and/or nonconformity may also be found in some tenders. Such minor issues could be a missing pages/attachment or illegibility in a submitted document; non-submission of requisite number of copies of a document. There have been also cases where the bidder submitted the amendment Bank Guarantee, but omitted to submit the main portion of Bid Document. Such minor issues may be waived provided they do not constitute any material deviation and financial impact and, also, do not prejudice or affect the ranking order of the tenderers. Wherever necessary, observations on such 'minor' issues (as mentioned above) may be conveyed to the tenderer by registered letter/speed post/email, and so on, asking him to respond by a specified date also mentioning therein that, if the tenderer does not conform department's view or respond by that specified date, his tender will be liable to be rejected. Depending on the outcome, such tenders are to be ignored or considered further.

(xxvi) **Clarification of Bids/Shortfall Documents**

During evaluation and comparison of bids, the purchaser may, at his discretion, ask the bidder for clarifications on the bid. The request for clarification shall be given in writing by registered/speed post/email, asking the tenderer to respond by a specified date, and also mentioning therein that, if the tenderer does not comply or respond by the date, his tender will be liable to be rejected. Depending on the outcome, such tenders are to be ignored or considered further. No change in prices

or substance of the bid shall be sought, offered or permitted. No post-bid clarification at the initiative of the bidder shall be entertained. The shortfall information/documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then. These should be called only on basis of the recommendations of the Tender Committee. So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. However, no new supply order should be asked for so as to qualify the bidder.

(xxvii) Evaluation of Financial Bids and Ranking of Tenders in general:

i) If the price bid is ambiguous so that it may very well lead to two equally valid total price amounts, then the bid should be treated as unresponsive;

ii) Sometime certain bidders offer suo motu discounts and rebates after opening of the tender (techno-commercial or financial). Such rebates/discounts should not be considered for the purpose of ranking the offer but if such a firm does become L1 at its original offer, such suo motu rebates can be incorporated in the contracts. This also applies to conditional rebates, for example, rebate for faster payments, and so on;

iii) Unless announced beforehand explicitly in the tender documents, the quoted price should not be loaded on the basis of deviations in the commercial conditions. If it is decided to incorporate such clauses, these should be unambiguous and clear – and thereafter there should be no relaxation during evaluation. Moreover, sometimes, while purchasing sophisticated and costly equipment, machinery, and so on, the Corporation also gives special importance to factors such as high-quality performance, environmental friendly features, low running cost, low maintenance cost, and so on. To take care of this, relevant details are to be incorporated in the bid document and the criteria adopted to assess the benefit of such features while evaluating the offers are also to be clearly stipulated in the tender enquiry document so that the tenderers are aware of it and quote accordingly. While evaluating such offers, these aspects are also to be taken into account;

iv) Normally, the comparison of the responsive tenders shall be on total outgo from the department's pocket, for the procurement to be paid to the supplier or any third party, including all elements of costs as per the terms of the proposed contract, including any taxes, duties, levies etc., freight insurance etc. Therefore, it should normally be on the basis of Cost Insurance and Freight (CIF)/Free on Rail (FOR) destination basis, duly delivered, commissioned, as the case may be:

v) In the case of goods manufactured in India or goods of foreign origin already located in India, GST and other similar taxes and duties, which will be contractually payable (to the tenderer) on the goods are to be added;

vi) In the case of goods of foreign origin offered from abroad, customs duty and other similar import duties/taxes, which will be contractually payable (to the tenderer) on the goods, are to be added;

vii) As per policies of the Government from time to time, the purchaser reserves his option to give price/purchase preferences as indicated in the tender document;

(xxviii) Variation of Quantities at the Time of Award

At the time of awarding the contract, the quantity to be procured must be re-judged based on the current data, since the ground situation may have very well changed. The tendered quantity can be increased or decreased by 25 (Twenty-Five) per cent for ordering, if so warranted. This may be mentioned in the tender documents.

(xxix) Consideration of Abnormally Low Bids

An Abnormally Low Bid is one in which the bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the bidder to perform the contract at the offered price. Corporation may in such cases seek written clarifications from the bidder, including detailed price analyses of its bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, Corporation determines that the bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the bid/proposal may be rejected. However, it would not be advisable to fix a normative percentage below the estimated cost, which would be automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid from the bidder.

(xxx) Cartel Formation/Pool Rates

It is possible that sometimes a group of bidders quote the same rate against a tender. Such pool/cartel formation is against the basic principle of competitive bidding and defeats the very purpose of an open and competitive tendering system. Such and similar tactics to avoid/control true competition in a tender leading to “Appreciable Adverse Effect on Competition” (AAEC) have been declared as an offence under the Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007. Such practices should be severely discouraged with strong measures. In case of evidence of cartel formation, detailed cost analysis may be done by associating experts if necessary. Besides, suitable administrative actions can be resorted to, such as rejecting the offers, reporting the matter to trade associations, the Competition Commission or NSIC, etc., and requesting them, inter-alia, to take suitable strong actions against such firms.

(xxxi) Independence, Impartiality, Confidentiality and ‘No Conflict of Interest’ at all Stages of Evaluation of Bids

All technical, commercial and finance officials who have contributed to the techno-commercial or financial evaluation of bids, even though they may not be part of the Tender Committee should deal with the procurement in an independent, impartial manner and should have no conflict of interest with any of the bidder involved in the procurement. They should also maintain confidentiality of the information processed during the evaluation process and not allow it to reach any unauthorized person. They should sign a declaration at the end of their reports/notings stating that, "I declare that I have no conflict of interest with any of the bidder in this tender". Tender Committee members may make such a declaration at the end of their reports.

2.14.16. 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.
- (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 and should also ensure that the rate contracts remain available without any break.

2.14.17. Code of Integrity:

No official of the Corporation or a bidder shall act in contravention of the codes which includes

- (i) prohibition of
 - (a) making offer, solicitation or acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process.
 - (b) any omission, or misrepresentation that may mislead or attempt to mislead so that financial or other benefit may be obtained or an obligation avoided.
 - (c) any collusion, bid rigging or anticompetitive behavior that may impair the transparency, fairness and the progress of the procurement process.
 - (d) improper use of information provided by the Corporation to the bidder with

an intent to gain unfair advantage in the procurement process or for personal gain.

(e) any financial or business transactions between the bidder and any official of the Corporation related to tender or execution process of contract; which can affect the decision of the Corporation directly or indirectly.

(f) any coercion or any threat to impair or harm, directly or indirectly, any party or its property to influence the procurement process.

(g) obstruction of any investigation or auditing of a procurement process.

(h) making false declaration or providing false information for participation in a tender process or to secure a contract;

(ii) disclosure of conflict of interest.

(iii) Disclosure by the bidder of any previous transgressions made in respect of the provisions of sub-clause (i) with any entity in any country during the last three years or of being debarred by any other procuring entity.

The procuring department, after giving a reasonable opportunity of being heard, comes to the conclusion that a bidder or prospective bidder, as the case may be, has contravened the code of integrity, may take appropriate measures.

The bidders/suppliers should be asked to sign a declaration about abiding by a Code of Integrity for Public Procurement in registration applications and in bid documents, with a warning that, in case of any transgression of this code, its name is not only liable to be removed from the list of registered suppliers, but it would be liable for other punitive actions such as cancellation of contracts, banning and blacklisting or action in Competition Commission of India, and so on.

2.14.18. 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

"**Consulting Service**" means any subject matter of procurement (which as distinguished from 'Non-Consultancy Services' involves primarily non-physical project-specific, intellectual and procedural processes where outcomes/deliverables would vary from one consultant to another), other than goods or works, except those incidental or consequential to the service, and includes professional, intellectual, training and advisory services or any other service classified or declared as such by a procuring entity.

Note: These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants, communications consultants, Advisory and project related Consulting Services which include, feasibility studies, project management, engineering services, finance, accounting and taxation services, training and development etc.

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 consulting service is up to Rupees

twenty-five lakhs, preparation of a long 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 shall be published on Central Public Procurement Portal (CPPP) at www.eprocure.gov.in. Department should also publish all its tender enquiries on 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.
- (iii) Public Procurement Policy for Micro and Small Enterprises (MSEs) is also applicable in case of Procurement of Services. The provisions remain the same as mentioned in Procurement of Goods except for point mentioned below. The following is applicable in case of services:

The condition of prior turnover and prior experience may be relaxed for Startups (as defined by Department of Industrial Policy and Promotion) subject to meeting of quality & technical specifications and making suitable provisions in the bidding document. The quality and technical parameters are not to be diluted. As defined by Department of Policy & Promotion (DIPP) an entity shall be considered as a 'start-up'-

- a) Up to five years from the date of its incorporation/registration,
- b) If its turnover for any of the financial years has not exceeded ₹ 25 (Rupees Twenty-five) crore;
- c) It is working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property;
- d) Provided further that in order to obtain benefits a start-up so identified under the above definition shall be required to obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification.

3.5. Short listing of consultants:

On the basis of responses received from the interested parties as per point number 3.4 above, 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 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 in case 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 Single Stage 'Two-bid' system with technical and financial bids sealed separately. In case e-Procurement is not feasible, 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 as per 3.10 above 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 Methods of Selection/ Evaluation of Consultancy Proposals:

The basis of selection of the consultant shall follow any of the methods given below in as appropriate for the circumstances in each case.

1. **Quality and Cost Based Selection (QCBS):** QCBS may be used for Procurement of consultancy services, where quality of consultancy is of prime concern.

(i) In QCBS initially the quality of technical proposals is scored as per criteria announced in the RFP. Only those responsive proposals that have achieved at least minimum specified qualifying score in quality of technical proposal are considered further.

(ii) After opening and scoring, the Financial proposals of responsive technically qualified bidders, a final combined score is arrived at by giving predefined relative weightages for the score of quality of the technical proposal and the score of financial proposal.

(iii) The RFP shall specify the minimum qualifying score for the quality of technical proposal and also the relative weightages to be given to the quality and cost (determined for each case depending on the relative importance of quality vis-a-vis cost aspects in the assignment, e.g. 70:30, 60:40, 50:50 etc.). The proposal with the highest weighted combined score (quality and cost) shall be selected.

(iv) The weightage of the technical parameters i.e. non- financial parameters in no case should exceed 80 percent.

2. **Least Cost System (LCS):** LCS is appropriate for assignments of a standard or routine nature (such as audits and engineering design of non-complex works) where well established methodologies, practices and standards exist. Unlike QCBS, there is no weightage for Technical score in the final evaluation and the responsive technically qualified proposal with the lowest evaluated cost shall be selected.

3. **Single Source Selection/Consultancy by nomination:** The selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional circumstance such as:
- (i) tasks that represent a natural continuation of previous work carried out by the firm;
 - (ii) in case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance; and
 - (iii) situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise.
 - (iv) 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 corporation. 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.
 - (v) It shall ensure fairness and equity, and shall have a procedure in place to ensure that the prices are reasonable and consistent with market rates for tasks of a similar nature; and the required consultancy services are not split into smaller sized procurement.

As per CVC guidelines, it is Competent Authority's responsibility to ensure that a statement of all selections by nominations, every month are to be reported to CMD.

3.14 Consortium of Consultants/Service Providers

In large and complex assignments consultants/service providers may associate with each other to form a consortium to complement their respective areas of expertise, to increase the technical responsiveness of their proposal and make larger pools of experts available or for other reasons. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. The consortium may take the form of a Joint Venture (JV) or a sub consultancy. In case of a JV, all members of the JV shall sign the contract and shall be jointly and severally liable for the entire assignment. After the short list is finalised and the Request for Proposal (RfP) is issued, any association in the form of a JV or sub consultancy among the short-listed firms shall be permissible in accordance with provisions stated in the RFP. Under such circumstance, one of the shortlisted consultants/service providers must become the lead member of the consortium. The Procuring Entity only deals with the lead member of consortiums for all the purposes. Bid documents should clearly specify whether JVs are allowed to bid (in case of complex and large assignments, say above certain values (say - ₹ 5 (Rupees five) crore). Maximum number of partners in JV shall be limited (say – three). In case JVs are permitted to bid, it should be clarified what qualifications are to be collectively (clubbed together) met by the JV

partners (say experience of particular consultancy, Financial Turnover etc.) and what each partner has to individually and separately meet (financial soundness). In this case it should also be specified that each partner should meet at least 25% (and the lead partner at least 50%) out of the qualifying limit in case of experience of particular consultancy and financial turnover, if any.

3.15. Code of Integrity:

Point number 2.14.17. in Chapter for Procurement of Goods is applicable for Procurement of Services too.

3.16. Monitoring the Contract:

The 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.

3.17 Public competition for Design of symbols/logos:

Design competition should be conducted in a transparent, fair and objective manner. Wide publicity should be given to the competition so as to ensure that the information is accessible to all possible participants in the competition. This should include publication on the website of Corporation, as also the Central Public Procurement Portal. If the selection has been by a jury of experts nominated for the purpose, the composition of the jury may also be notified.

3.18 The Law of Agency – Applicable to Procurement of Consultancy and Other Services

Laws which are applicable to Public Procurement of Goods equally apply to Procurement of Consultancy and other services. **These are detailed in Appendix 2 of Manual for Procurement of Consultancy and Other Services, 2017.** Legally speaking Consultants/ service provider would be an Agent of the principal/Client/Procuring Entity to carry out the service/assignment on its behalf. Such a relationship is covered by The Law of Agency (Section 182 to section 238, of the Indian Contract Act, 1872) and hence there exists a Principal/Procuring Entity and Agent relationship between Procuring Entity and such consultant/service provider. As per this law, the Procuring Entity is vicariously legally and financially liable for actions of its Agents. [For example, a violation of certain labour laws in deputing staff for Procuring Entity's contract by the agents may render the Procuring Entity legally and financially answerable for such violations, under certain circumstances]. Standard Bidding Documents should take care of this aspect.

The clauses of Chapter 2 i.e. 2.14.11, 2.14.12, 2.14.13, 2.14.14 and 2.14.16 are applicable here.

CHAPTER – 4

4. OUTSOURCING OF SERVICES

"Non-Consulting Service" means any subject matter of procurement (which as distinguished from 'Consultancy Services'), involve physical, measurable deliverables/outcomes, where performance standards can be clearly identified and consistently applied, other than goods or works, except those incidental or consequential to the service, and includes maintenance, hiring of vehicle, outsourcing of building facilities management, security, photocopier service, janitor, office errand services, drilling, aerial photography, satellite imagery, mapping etc.

For detailed applicability, point number 9.1 of Manual for Procurement of Consultancy and other services, 2017 may be referred.

A Department may outsource/procure certain non-consulting 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 Departments/Organisations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, website 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 or non-consulting service up to Rupees ten lakhs or less: The Department should scrutinize the preliminary list of likely contractors as identified in 4.1 above, 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 be more than three.

b) For estimated value of the work or Service or non-consulting service above Rupees ten lakhs: The Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. Advertisement in such cases may be given on Central

Public Procurement Portal (CPPP) at www.eprocure.gov.in and newspaper. Department should also publish all its advertised tender enquiries on the Corporation's web site. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.

For detailed explanation, point number 9.6 of Manual for Procurement of Consultancy and other services, 2017 may be referred.

4.4. Procedure for Small Value and Emergency Procurements of Other (Non-consultancy) Services:

In many small value procurement of other services, the service provider may neither be capable of handling the bidding process, nor would this be a cost-effective process for the Corporation. For procurement upto ₹ 1,00,000 (Rupees One Lakh), the 'Direct Procurement without Quotation' mode of procurement used in Procurement of Goods may very well be utilised in such cases. Similarly, for procurement of services up to ₹2.50 Lakhs (Rupees two lakh and fifty thousand), 'Direct Procurement by a Purchase Committee' mode as used in Procurement of Goods may be utilised. In all such modes of procurement, the procedure prescribed in the Manual for Procurement of Goods, 2017 may be followed.

4.5. Late Bids:

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

4.6. Evaluation of Bids Received:

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

4.7. Procurement of Non-consulting services by nomination:

Should it become necessary, in an exceptional situation to procure a non-consulting service from 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 such procurement by choice and the special interest or purpose it shall serve, shall form an integral part of the proposal.

4.8 Issuing Contract Variations

The formal method of making and documenting a change in the Consultancy and other services contract is through a contract variation. Contract variations are issued when there are agreed upon changes in the scope of work, personnel inputs, costs, timing of the submission of reports, or out-of-pocket expenditures. There are few Consultancy and other services contracts of any type that do not require a contract variation at one time or another. Normally, these relate to changes that have a cost implication, but when there is a significant change in the timing of an activity or a particular output, these should also be recorded through a contract variation. Normally, the request for contract variation is prepared by the consultant/service provider or Consultancy/ service provider firm and submitted to the Procuring Entity. If the variation entails an increase in the

contract amount by more than 10% (Ten per cent), Competent Authority's prior approval is required. Post contract variation carried out in the form of an amendment shall be published by the purchaser on the same e-Procurement portals/websites that were used for publication of the original tender enquiry.

To take care of any change in the requirement during the contract period of IT Projects as well, there could be situations wherein change in the scope of work becomes necessary. These situations should be dealt with objectivity and fairness and should not be considered to unduly push the vendor to undertake work or take risks which was not explicitly communicated in the tender document. At the same time the vendor should not consider this as an opportunity to unduly charge the Procuring Entity due to lack of available options. Generally, the value of the change request should not be more than plus/minus 15 (Fifteen) per cent. The RFP document should contain detailed mechanism through which such change requests would be carried out. A Change Control Committee may be constituted by the Corporation including experts to consider and approve the proposed change requests. The decisions of this committee (both technical as well as financial) should be considered as final.

4.9. Monitoring the Contract:

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

Any circumstances which are not covered in **OUTSOURCING OF SERVICES** for procurement of non-consulting services, the procuring entity may refer procurement of goods and not to the procurement of consulting services.

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.

In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Employee, responsibility for the same should be fixed.

Sale of Hazardous waste/Scrap Batteries/Electronic waste: Scrap lots comprising of hazardous waste, batteries etc. shall be sold keeping in view the extant guidelines of Ministry of Environment & Forest. Prospective bidders of such lots of hazardous waste/scrap batteries/ e-waste should be in possession of registration, valid on the date of e-Auction and on the date of delivery, as recycler/ preprocessor agency.

5.1. Modes of disposal

5.1.1 Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by:

- a) Obtaining bids through advertised tender or
- b) Public auction

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. Departments should, as far as possible prepare a list of such goods.

5.1.3 Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.

5.1.4 Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of/ destroyed in an appropriate manner.

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 percent 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. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counter offered to the next highest responsive bidder(s).

(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

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

2. 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.

3. 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.

4. 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 General Insurance Corporation of India. The goods should be handed over to the successful bidder only after receiving the balance payment.

5. 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.