

IMPORTANT GUIDELINES FOR PURCHASE OF GOODS BASED ON REVISED GENERAL FINANCIAL RULES.

1. DEFINITION OF GOODS (Refer Rules 136 of GFR)

The definition 'goods' includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipments, industrial plant, etc., purchased or otherwise acquired for the use of the Institute but excludes books, publications, periodicals, etc. for a library.

2. Every purchase case should be initiated on receipt of a written requirement/requisition, with detailed specification.

3. PURCHASE OF GOODS WITHOUT QUOTATION (Refer Rule 145 of GFR).

Goods up to a value of Rs 15000/- on each occasion with a certificate from the HOD

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

4. PURCHASE OF GOODS BY PURCHASE COMMITTEE (Refer Rule 146 of GFR).

Goods up to a value of Rs.1.00 lac may be purchased on recommendation of a local purchase committee consisting of 3 faculty and one Finance member. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of purchase order, the members of the committee will jointly record the following certificate:-

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

NOTE:-Large purchases should not be split in smaller lots so as qualify under direct purchase.

5. PURCHASE BY TENDER

i) Committee of at least four members (three faculty and one from Finance Section) may be constituted for drafting the limited/advertised tender. The same committee will open the bids and give recommendations on the basis of comparative statement.

ii) Limited tender enquiry up to Rs. 25 lacs. Tender document/quotation letter to be sent by speed post/ registered post to suppliers. Kendriya Bhandar and NCCF shall also be included in the list of suppliers. Web based publicity to be given for limited tender enquiry. Sufficient time normally 21-30 days should be allowed for submission of bids. Two bid system may be followed in limited tender in cases where purchase is of plant, machinery of a complex and technical nature and in the cases of contracts. Purchase committee constituted for the purpose shall decide this before initiating the purchase (Refer Rule 151 of GFR).

iii) Advertised tender enquiry above Rs.25 lacs by publication of advertisement in at least one national daily having wide circulation and Indian Trade journal published by Director General of Commercial Intelligence & Statistics, Kolkata. Tender is also required to be published on the website. If downloading bidding document is priced, clear instructions be given to attach demand draft along with bid. Website address be given in advertisements. 4 to 6 weeks minimum time be given from date of publication or availability of tender documents , whichever is later. (Refer Rule 150 of GFR).

6. TWO BID SYSTEM (Refer Rule 152 of GFR).

In the case of open/ advertised tender bid shall be obtained in two parts:-

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

It may be clarified in the tender that the technical bid and commercial bid should be sealed by the bidder in separate covers duly superscribed and both these covers are to be put in a bigger cover which should also be sealed and duly superscribed. The technical bids are to be opened at the first stage and financial bids of only the technically acceptable offers evaluated by a competent committee or authority should be opened for further evaluation. The purchase committee constituted for the purchase shall evaluate the technical bids.

7. LATE BIDS (Refer Rule 153 of GFR).

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

8. SINGLE TENDER ENQUIRY (Refer Rule 154 of GFR).

In case of procurement from single source or items of proprietary nature the following documents be attached:-

- i) Latest proprietary article certificate from the manufacturer in original or notarized in the following format :-

“This is to certify that (Name of product) is/are our proprietary product and manufactured only by us”.

- ii) Sole authorized distributor certificate from the manufacturer in original or notarized in cases where manufacturer is not supplying the product directly but through a distributor.

- iii) A certificate from the supplier that the item has been sold at price lower than that quoted to PEC during that financial year. Reasonability of price may be ensured in single tender purchase.

- iv) Proprietary article certificate as per Rule 154 of GFR is to be given by the concerned HOD in the following format :-

- A) The indented goods are manufactured by _____
- B) No other make or model is acceptable for the following reasons :-

9. Items available under DGS&D Rate contract can be procured at the prices mentioned in the Rate Contract but the supply order should be placed at the address specified in the Contract

10. BID SECURITY (Refer Rule 157 of GFR).

Earnest money between 2 to 5 percent of the estimated value to be taken from the prospective bidders in case of limited/advertised tender in the form of Account payee Demand Draft, Bankers cheque or a Bank Guarantee from a commercial bank. Suppliers registered with Director General of Supplies & Disposals (DGS&D), National Small Industries Corporation (NSIC), Govt approved sources are exempted. Tender without EMD should be considered unresponsive and rejected.

11. PERFORMANCE SECURITY (Refer Rule 158 of GFR)

For contracts above value of Rs 1.00 lac, performance security of 2-5 percent of the value of contract to be obtained from the successful bidder awarded the contract in the form of Account payee Demand Draft or Bank guarantee from a commercial bank which should be valid for a period of 60 days beyond the completion of all contractual obligations of the supplier including warranty. Performance security is to be forfeited and credited to the Institute in the event of breach of contractual obligation by the supplier, in terms of relevant contract.

12. ADVANCE PAYMENT TO SUPPLIER (Refer Rule 159 of GFR)

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 type 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, turnkey contracts etc.

Such advance payments should not exceed the following limits:-

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

13. PLACEMENT OF SUPPLY ORDER

After obtaining necessary approval/financial sanction of the competent authority (as per delegation of powers document) supply order should be placed with the recommended firm giving reference Number and date of their quotation. It should be clearly mentioned in the supply order that the items should be supplied strictly on the terms and conditions of the tender/limited tender. Some standard terms and conditions for limited/open tender are given in Annexure-I

14. Bank guarantees submitted by the tenderers/suppliers as EMD/performance security need to be verified from the issuing bank before acceptance.

15. In Open/Advertised tender which relate to a turnkey contract or contract of special nature to purchase of sophisticated and costly equipment a suitable provision is to be kept in the tender enquiry document for prebid conference for clarifying issues and clearing doubts, if any, about the specification and other allied technical details of plant, equipment and machinery projected in the tender document. The date, time and place of the prebid conference should be indicated in the tender enquiry document for information of interested tenderers. This date should be sufficiently ahead of tender opening date.

16. There should be suitable provision in the terms and conditions of the tender for claiming liquidated damages of appropriate amount from the supplier to take care of delays in supplies and performance, for which the supplier is responsible. Depending upon the nature and make of the goods to be ordered and the urgency of requirement, specific percentage normally 0.5% per week of the delivered price of the delayed goods/services is to be incorporated in the contract terms.

17. Purchase file should be properly page numbered and papers should be arranged in chronological order (date wise).

18. Every expenditure should be incurred only when the same has been sanctioned by a competent authority. A sanction order will have to be attached with final voucher indicating the amount in words and figures, Head of Account, financial year and purpose. The competent authority for sanction will be as per the approved delegation document of the Institute already circulated.

ANNEXURE-I

SOME STANDARD TERMS AND CONDITIONS FOR LIMITED/OPEN TENDER

1. Contents of bidding document- All 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 utilized by the bidders for quoting their prices)

Chapter-6: Contract/Agreement form, if applicable.

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

2. 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.

3. The bidding document should contain the criteria for eligibility and qualifications to be met out by the bidders such as minimum level of experience, past performance, Technical capability, manufacturing facilities and financial position etc.

4. The bidding document should also contain the procedure as well as date, time and place for sending the bids; date, time and place of opening the bids.

5. Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.

6. The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.

7. 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 specifications should be broad based to the extent feasible. Efforts should be made to use standard specifications which are widely known to the industry.

8. Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.

9. The requirement of bid security (EMD) with the tender and performance security after printing the order /contract may be clearly spelt in the tender. In case of two bid system the requirements/ documents to be enclosed in technical and financial bid may be specified.

10. The provision for claiming liquidated damages in case of delay in supplies and performance may also be made in the tender document.

11. The terms of delivery indicating the delivery point from where the purchaser is to receive/collect the goods may be specified and it can have direct bearing on the quoted prices.

12. The clause of insurance of goods against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery may be mentioned in the tender.