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# PROCUREMENT GUIDELINES 2025

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**PROCUREMENT GUIDELINES – DOCUMENT CONTROL**

Change Records

Date	Version	Change reference
01.10.2010	1.0	Newly Established Procurement Guidelines 2010
27.11.2014	1.1	Amendment to Procurement Guidelines 2010 viz. Item No.1.3 (iv) in respect of Execution of Works Item No. 2.7 and 2.8 in respect of purchase of goods without quotation and 2.10.1 (i) and 2.10.1 (ii) in respect of Purchase of Goods by obtaining bids
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## INTRODUCTION

The Procurement Guidelines 2025 is a comprehensive set of rules and procedures that govern the procurement processes within our esteemed organization.

These guidelines are meticulously crafted to streamline and optimize our procurement practices while ensuring transparency, accountability, and fairness.

Our Procurement Guidelines 2025 are in line with the General Financial Rules (GFR) 2017 and Compilation of amendments in GFR, 2017 as amended till date. The rules-based guidelines is aligned with GFR 2017 and amendments till date, for convenient reference and to accommodate future changes in the GFR.

However, we also recognize the importance of continuous improvement and adaption to ever evolving challenges and opportunities. Consequently, to enhance the effectiveness of our procurement procedures, we have carefully examined our previous Procurement Guidelines 2024 Version 4.0 and identified areas where specific amendments were made earlier.

As per the CVC guidelines, to ensure transparency, to promote healthy competition and to provide fair and equitable treatment to all interested parties in matters of public procurement, the modifications have been incorporated in Procurement Guidelines 2025 Version 5.0

Our Procurement Guidelines 2025 Version 5.0 will guide all stakeholders involved in the procurement process, providing clear instructions and guidelines to be followed.

## CHAPTER 1 - PROCUREMENT OF WORKS

### 1.1 Rule 130. 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 re-modelling 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.

### 1.2 Rule 131 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.

### 1.3 Rule 132 Powers to sanction works

**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 Powers Rules, and other orders contained in the respective departmental regulations.

### 1.4 Rule 133 Allocation of works

- 1) The Corporation at its discretion may directly execute repair works estimated to cost up to **Rupees Sixty Lakhs** after following due procedure indicated in Rule 139, 159 & 160.
- 2) The Corporation may, at its discretion, assign repair works estimated to cost above **Rupees Sixty 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 civil or electrical works such as Military Engineering Service (MES), Border Roads Organisation (BRO), etc. or Ministry/Department's construction wings of Ministries of Railways, Defence, Environment & Forests, Information & Broadcasting and Departments of Posts, and Space etc.

- 3) As an alternative to 133(2), the Corporation may award repair works estimated to cost above Rupees Sixty 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 Housing and Urban Affairs (MoHUA) for such purpose after evaluating their financial strength and technical competence.

For the award of work under this sub-rule, the Corporation 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 Rule 194 would apply. The work under these circumstances shall also be awarded only on the basis of lump sum service charge.

### **1.5 Rule 135 General Rules for Works**

Subject to the observance of these general rules, (including Rule 144) the initiation, authorization and execution of works allotted to a particular Ministry or Department shall be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

### **1.6 Rule 136 Commencement of works**

- 1) 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 have been prepared on the basis of the Schedule of Rates maintained by CPWD or other Public Works Organisations and sanctioned.
  - (v) funds to cover the charge during the year have been provided by competent authority.
  - (vi) tenders invited and processed in accordance with rules.
  - (vii) A Work Order issued.
- 2) 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 under sub rule 1 of rule 136 cannot be complied with, the concerned executive officer may do so on his own judgement and responsibility. Simultaneously, he should initiate action to obtain approval from the competent authority and also to intimate the concerned Accounts Officer.
- 3) 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.

### **1.7 Rule 137 For *purpose of approval***

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.

### **1.8 Rule 138 *Carry out additional work***

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.

### 1.9 Rule 139 Procedure for Execution of Works

**Procedure for Execution of Works.** The broad procedure to be followed by the Corporation 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 the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by the Central Public Works Department (CPWD);
- (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 Sixty lakhs for repair work.
- (v) Limited tenders will be called for works costing less than Rupees Ten lakhs for new work and Rupees Sixty lakhs for repair work.
- (vi) Execution of Contract Agreement or Award of work should be done before commencement of the work;
- (vii) 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.”*

### 1.10 Rule 140 Administrative Approval and Expenditure Sanction

For original/minor works and repair works entrusted as per Rule 133(2) or Rule 133(3), the Administrative Approval and Expenditure Sanction shall be accorded and funds allotted by the concerned authority under these rules and in

accordance with the Delegation of Financial Power Rules. The Public Works Organisation or the Public Sector Undertaking or any Organisation allotted work shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organisation. A Memorandum of Understanding (MoU) may be drawn with Public Works Organisation or the Public Sector Undertaking for proper execution of work.

### **1.11 Rule 141 *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.

## CHAPTER 2 - PROCUREMENT OF GOODS

### 2.1 Rule 142 *PROCUREMENT OF GOODS*

This chapter contains the general rules applicable to Corporation, regarding procurement of goods required for use in the public service. 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.

### 2.2 Rule 143 *Definition of Goods*

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, 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 Government 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.

### 2.3 Rule 144 *Fundamental principles of public buying (for all procurements including procurement of works)*

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

The procedure to be followed in making public 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.
- (iii) 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.
- (iv) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
- (v) offers should be invited following a fair, transparent and reasonable procedure.
- (vi) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.
- (vii) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.
- (viii) 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.
- (ix) a complete schedule of procurement cycle from date of issuing the tender to date of issuing the contract should be published when the tender is issued.
- (x) Corporation (all department shall prepare their plan and forward it to Procurement Department) shall prepare Annual Procurement Plan before the commencement of the year and the same should also be placed on their website.

Notwithstanding anything contained in these Rules, Department of Expenditure may, by order in writing, impose restrictions, including prior registration and/or screening, on procurement from bidders from a country or countries, or a class of countries, on grounds of defense of India, or matters directly or indirectly related thereto including national security; no procurement shall be made in violation of such restrictions.

#### **2.4 Rule 145 Authorities competent to purchase Goods:**

An authority which is competent to incur expenditure may sanction the purchase of goods required for use in public service 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.

#### **2.5 Rule 147 Powers for procurement of Goods**

Departments have been delegated powers in terms of FSO to make arrangements for procurement of goods, that are not available on GeM. Common use Goods and Services available on GeM are required to be procured mandatorily through GeM as per Rule 149.

#### **2.6 Rule 149 Government e-Market place (GeM)**

Government of India has established the Government e-Marketplace (GeM) for common use Goods and Services. GeM SPV will ensure adequate publicity including periodic advertisement of the items to be procured through GeM for prospective suppliers. The Procurement of Goods and Services by Corporation will be mandatory for Goods or Services available on GeM. The credentials of suppliers on GeM shall be certified by GeM SPV. The procuring authorities will certify the reasonability of rates. The GeM portal shall be utilized by the Government buyers for direct on-line purchases as under:

- (i) Up to Rs.50,000/- through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period.
- (ii) Above Rs.50,000/- and up to Rs.10,00,000/- through the GeM Seller having lowest price amongst the available sellers (excluding Automobiles where current limit of 30 lakh will continue), of at least three different manufacturers, on GeM, meeting the requisite quality, specification and

delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer even for procurements less than Rs 10,00,000.

- (iii) Above Rs.10,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding Automobiles where current limit of 30 lakh will continue).
- (iv) The invitation for the online e-bidding/reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/services under the particular product/service category, as per terms and conditions of GeM.
- (v) The above-mentioned monetary ceiling is applicable only for purchases made through GeM. For purchases, if any, outside GeM, relevant rules of Procurement Guidelines 2023 shall apply.
- (vi) The Corporation shall work out their procurement requirements of Goods and Services on either "OPEX" model or "CAPEX" model as per their requirement/ suitability at the time of preparation of Budget Estimates (BE) and shall project their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval.
- (vii) The Government Buyers may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price etc.
- (viii) A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.

## **2.7 Rule 150 Registration of Suppliers**

- (i) For goods and services not available on GeM, The Corporation may also register suppliers of goods and services which are specifically required by the Corporation, periodically. 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. The 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. Such registered suppliers should be asked to register on GeM as and when the item or service gets listed on GeM.

- (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 anytime, provided they fulfill all the required conditions.
- (iv) Performance and conduct of every registered supplier is to be watched by the Corporation. 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 to any Government agency or for any ground which, in the opinion of the Government, is not in public interest.
- (v) The list of registered suppliers for the subject matter of procurement be exhibited on websites of the Corporation.

## 2.8 Rule 151 *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. Department of Commerce (DGS&D) will maintain such list which will also be displayed on the website of DGS&D as well as Central Public Procurement Portal.
- (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 Corporation 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.

## **2.9 Rule 152 Enlistment of Indian Agents:**

If Corporation requires, may enlist Indian agents, who desire to quote directly on behalf of their foreign principals.

## **2.10 Rule 153 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). Of all items of textiles required by Corporation, it shall be mandatory to make procurement of at least 20% from amongst items of handloom origin, for exclusive purchase from KVIC and/ or Handloom Clusters such as Co-Operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations etc. including Weavers having Pehchan Cards.
- (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. For Procurement rules pertains to MSEs, kindly refer latest circular of Micro, Small and Medium Enterprises Ministry.

- (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. For Procurement rules pertains to Make in India, kindly refer latest circulars related to Public Procurement (Preference to Make in India) Order.

For Purchase preference to Make in India, Micro and Small Enterprises (MSE) and Startup India policy. Please refer the various *Office Memorandums issued by Concerned Departments of various Ministries of Government of India.*

### **2.11 Rule 154 Purchase of goods without quotation:**

Purchase of goods up to 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, Mr/Mrs/Ms \_\_\_\_\_ 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."*

Note: **This rule shall be applicable for the execution of petty/repair works.**

#### **i.e.,**

"For Petty/repair works 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, Mr/Mrs/Ms \_\_\_\_\_ 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."*

### **2.12 Rule 155 Purchase of goods by Purchase Committee:**

In case a certain item is not available on the GeM portal, Purchase of goods costing above ₹ 1,00,000/- (Rupees One Lakh) only and up to ₹5,00,000 (Rupees Five lakh ) only on each occasion may be made on the recommendations of a duly constituted Purchase Committee of the department consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and

specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

*"Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question, and it is not debarred by Department of Commerce or Ministry/ Department concerned."*

### **2.13 Rule 157 Division of goods into small quantities**

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

### **2.14 Rule 158 Tender Methods**

Purchase of goods by obtaining bids. Except in cases covered under Rule 154 and 155, Corporation shall procure goods under the powers referred to in Rule 147 by following the standard method of obtaining bids in:

- (i) Advertised Tender Enquiry
- (ii) Limited Tender Enquiry
- (iii) Two-Stage Bidding
- (iv) Single Tender Enquiry
- (v) Electronic Reverse Auctions

### **2.15 Rule 159 E-Publishing**

- (i) It is mandatory for all Ministries/ Departments of the Central Government, their attached and Subordinate Offices and Autonomous /Statutory Bodies 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) These instructions would not apply to procurements made in terms of provisions of Rules 154 (Purchase of goods without quotations) or 155 (Purchase of goods by purchase committee).

### 2.16 Rule 160 E -Procurement

- (i) It is mandatory for Corporation to receive all bids through e-procurement portals in respect of all procurements.
- (ii) As the Corporation does not have a large volume of procurement or carry out procurements required only for day-to-day running of offices and also have not initiated e-procurement through any other solution provided so far, Corporation may use e-procurement solution developed by NIC {such as Central Public procurement portal (CPPP)}. If Corporation feels necessary, it may engage any other service provider for e-procurement solution following due process.

### 2.17 Rule 161 Advertised Tender Enquiry

- (i) Subject to exceptions incorporated under Rule 154, 155, 162 and 166, invitation to tenders by advertisement should be used for procurement of goods of estimated value of **₹ 50 lakhs (Rupees Fifty Lakhs)**. Advertisement in such cases should be given on Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in) and on GeM. An organisation having its own website should also publish all its advertised tender enquiries on the website.
- (ii) The organisation should also post the complete bidding document in its website and on CPPP to enable prospective bidders to make use of the document by downloading from the web site.
- (iii) The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.
- (iv) **Global Tender Enquiry (GTE):**
  - (a.) Where the Corporation 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 Corporation may send copies of the tender notice to the Indian

Embassies abroad as well as to the Foreign Embassies in India. The selection of embassies will depend on the possibility of availability of the required goods in such countries. In such cases e-procurement as per Rule 160 may not be insisted.

- (b.) No Global Tender Enquiry (GTE), however shall be invited for tenders up to Rs 200 crore or such limit as may be prescribed by the Department of Expenditure from time to time. Provided that for tenders below such limit, in exceptional cases, where the Corporation feels that there are special reasons for GTE, it may record its detailed justification and seek prior approval for relaxation to the above rule from the Competent Authority specified by the Department of Expenditure.
- (v) 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.
- (vi) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the Department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders. For tenders floated on GeM, the rules of GeM will apply.

### **2.18 Rule 162 Limited Tender Enquiry (LTE)**

- (i) This method may be adopted when estimated value of the goods to be procured is up to Rupees fifty Lakhs. Copies of the bidding document should be sent directly by speed post/registered post/courier/ email to firms which are borne on the list of registered suppliers for the goods in question as referred under Rule 150. The number of supplier firms in Limited Tender Enquiry should be more than three. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis. Further, the organisation should publish its limited tender enquiries on GeM as well as on GeM-CPPP. Apart from GeM, the organisation should publish the tender enquiries on the Corporation's web site.
- (ii) The unsolicited bids should not be accepted. However, Corporation 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 fifty Lakhs, in the following circumstances.

- (a.) The competent authority in the Corporation 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 Corporation 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.
- (iv) Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.

**2.19 Rule 163 *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.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly super-scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super-scribed. The technical bids are to be opened by the respective committee at the first instance and evaluated by a competent committee or authority. At the second stage financial bids of only these 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.

**2.20 Rule 164 *Two-Stage Bidding (Obtain bids in two stages with receipt of financial bids after receipt and evaluation of technical bids)***

- (i) Corporation 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.) Corporation 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 Corporation 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 Ministry/ 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 entity 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 entity 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.

## 2.21 Rule 165 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.

## Rule 166 Single Tender Enquiry

### 1. 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 Corporation before procuring the goods from a single source under the provision of sub-Rule 166 (i) and 166 (iii) as applicable.

- (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 indenting officer)

## **2. 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

### **2.22 Rule 167 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, if:
  - (a.) It is feasible for the Corporation to formulate a detailed description of the subject matter of the procurement;
  - (b.) There is a competitive market of bidders anticipated to be qualified to participate in the electronic reverse auction, so that effective competition is ensured;
  - (c.) The criteria to be used by the Corporation in determining the successful bid are quantifiable and can be expressed in monetary terms; and
- (iii) The procedure for electronic reverse auction shall include the following, namely:
  - (a.) The procuring entity shall solicit bids through an invitation to the electronic reverse auction to be published or communicated in accordance with the provisions similar to e-procurement; and

- (b.) The invitation shall, in addition to the information as specified in e-procurement, include details relating to access to and registration for the auction, opening and closing of the auction and Norms for conduct of the auction.

### **2.23 Rule 168 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.

## 2.24 Rule 169 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, 2022* may be referred.

## 2.25 Rule 170 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 Organization or the concerned Ministry or Department [or Startups as recognized by Department for Promotion of Industry and Internal Trade (DPIIT)]. The bidders should be asked to furnish bid security along with their bids. The 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 Corporation and indicated in the bidding documents. The bid security may be accepted in the form of [Insurance Surety Bonds], Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee (including e- 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.
- (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. However, in case of two packet or two stage bidding, Bid securities of unsuccessful bidders during

- first stage i.e. technical evaluation etc should be returned within 30 days of declaration of results of first stage i.e. technical evaluation etc.]
- (iii) In place of a Bid security, the Corporation 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.
  - (iv) 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.

### **2.26 Rule 171 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 Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security, in respect of procurement only of Goods/Consultancy Services/Non-Consultancy Services, should be for an amount of Three to five per cent (3-5%) of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of [Insurance Surety Bonds], Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e- Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.
- (ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
- (iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.
- (iv) Submission of Performance Security is not necessary for a contract value upto Rupees 5 (Five) lakhs.
- (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.

## **2.27 Rule 172 Payments**

### **1) 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 for example 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 percent. of the contract value to private firms;
  - (b.) Forty percent. 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.

Corporation may relax, with approval of the Competent authority, 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) 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.

## **2.28 Rule 173 Transparency, competition, fairness and elimination of arbitrariness in the procurement process:**

All government 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 for Promotion of Industry and Internal Trade) 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 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 the procuring entity considers 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 Corporation 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 prepare and 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 or wherever felt necessary, 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 2022 may be referred
- (xv) 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.

- (xvi) Procurement of Energy Efficient Electrical Appliances: Ministries/ 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).
- (xvii) The name of the successful bidder awarded the contract should be mentioned in the CPPP, Corporation website and their notice board or bulletin.
- (xviii) Rejection of all Bids is justified when:
- effective competition is lacking.
  - all Bids and Proposals are not substantially responsive to the requirements of the Procurement Documents.
  - the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget; or
  - none of the technical Proposals meets the minimum technical qualifying score.
- (xix) Lack of competition in rule 173 (xviii) 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:
- the procurement was satisfactorily advertised and sufficient time was given for submission of bids.
  - the qualification criteria were not unduly restrictive; and
  - prices are reasonable in comparison to market values
- (xx) When a limited or open tender results in only one effective offer, it shall be treated as a single tender contract.
- (xxi) 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 Rs. 50 lakhs.
- (xxii) **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:

- (a.) 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;
- (b.) 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
- (c.) If there is a discrepancy between words and figures, the amount in words shall prevail;
- (d.) 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.

**(xxiii) 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.

**(xxiv) 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.

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

- a) 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;
- b) 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;
- c) 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;
- d) 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:

- e) 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.

- f) 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.
- g) 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.

**(xxvi) 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.

**(xxvii) 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.

**(xxviii) 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.

**(xxix) 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.

**2.29 Rule 174 Efficiency, Economy and Accountability in Public Procurement System:**

Public procurement procedure should 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 Corporation.
- (ii) To minimise the time needed for decision making and placement of contract, with the approval of the competent authority, may delegate, wherever necessary, appropriate purchasing powers to the lower functionaries.
- (iii) The Corporation 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 indenting 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.

### 2.30 Rule 175 Code of Integrity:

No official of a procuring entity 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.
- 2) The procuring entity, 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.

- 3) 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.

### **2.31 Rule 176 *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 - PROCUREMENT OF SERVICES

### 3.1 *Consulting Services*

#### 3.1.1 Rule 177 Definition of Consulting 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 but does not include direct engagement of a retired Government servant.

**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.

#### 3.1.2 Rule 178 Hiring external Consultancy

The Corporation 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.

#### 3.1.3 Rule 179 Fundamental Principles for engagement of consultants

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

### **3.1.4 Rule 180: Identification of 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).

### **3.1.5 Rule 181 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 prequalification criteria to be met by the consultants should also be clearly identified at this stage.

### **3.1.6 Rule 182 Estimating reasonable expenditure**

Corporation 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.

### **3.1.7 Rule 183 Identification of likely sources:**

- (i) Where the estimated cost of the consulting service is up to Rupees Fifty 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 consulting services is above Rupees Fifty lakhs, in addition to (i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published on GeM as well as on GeM-CPPP. An organisation having its own website should also publish all its advertised tender enquiries on the website. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the Corporation, 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) For Purchase preference to Make in India, Micro and Small Enterprises (MSE) and Startup India policy. Please refer the various Office

Memorandums issued by Concerned Departments of various Ministries of Government of India.

### **3.1.8 Rule 184 Short listing of consultants:**

On the basis of responses received from the interested parties as per Rule 183 above, consultants meeting the requirements should be short listed for further consideration. The number of short-listed consultants should not be less than three.

### **3.1.9 Rule 185 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 Corporation to facilitate the consultancy.
- (v) The final outputs that will be required of the Consultant.

### **3.1.10 Rule 186 Preparation and Issue of Request for Proposal (RFP):**

RFP is the document to be used by the Corporation for obtaining offers from the consultants for the required service. The RFP should be issued to the shortlisted 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.

### **3.1.11 Rule 187 Receipt and opening of proposals:**

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

### **3.1.12 Rule 188 Late Bids:**

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

### **3.1.13 Rule 189 Evaluation of Technical Bids**

Technical bids should be analysed and evaluated by a respective Committee constituted by the Competent authority. The respective Committee shall record in detail the reasons for acceptance or rejection of the technical proposals analysed and evaluated by it.

### **3.1.14 Rule 190 Evaluation of Financial Bids of the technically qualified bidders**

The respective committee shall open the financial bids of only those bidders who have been declared technically qualified by the as per Rule 189 above for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

**3.1.15 Rule 191 Methods of Selection/Evaluation of Consultancy Proposal**

The basis of selection of the consultant shall follow any of the methods given in Rule 192 to 194 as appropriate for the circumstances in each case.

**3.1.16 Rule 192 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.

**3.1.17 Rule 193 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.

**3.1.18 Rule 194 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.
- (vi) All works/purchase/consultancy contracts awarded on nomination basis should be brought to the notice of CMD & Board of Directors on a quarterly basis by indenting department.
- (vii) The report relating to such awards shall be submitted to the Board of Directors every quarter by indenting department.

### **3.1.19 Rule 195 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.

### **3.1.20 Rule 196 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.

### **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, 2022.** 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. Rule 170, 171, 172 and 174 are applicable here.

## 3.2 Outsourcing of services

### 3.2.1 Rule 197 Non-Consulting 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, 2022 may be referred.

### 3.2.2 Rule 198 Procurement of Non-consulting Services:

The Corporation may 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.

### 3.2.3 Rule 199 identification of likely contractors:

The Corporation 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, web site etc.

### 3.2.4 Rule 200 Preparation of Tender enquiry:

Corporation 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 Corporation;

- (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.

### 3.2.5 Rule 201 Invitation of Bids:

- (i) **For estimated value of the non-consulting service up to Rupees Fifty lakhs or less:** The Corporation should scrutinize the preliminary list of likely contractors as identified as per Rule 199 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 identified for issuing limited tender enquiry should be more than three.
- (ii) **For estimated value of the non-consulting service above Rs.50 lakhs:** The Corporation should issue advertisement in such cases of GeM or as well as on GeM -CPPP. The Corporation shall publish all its advertised tender enquiries on the website. 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, 2022 may be referred.

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

In many small value procurements 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 ₹5.00 Lakhs (Rupees Five lakhs only), '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, 2022 may be followed.

### **3.2.6 Rule 202 Late Bids:**

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

### **3.2.7 Rule 203 Evaluation of Bids Received:**

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

### **3.2.8 Rule 204 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 Corporation 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.

All Non-consulting service contracts awarded on nomination basis should be brought to the notice of CMD and Board of Directors on a quarterly basis by indenting department.

The report relating to such awards shall be submitted to the Board of Directors every quarter by indenting department.

### **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.

### **3.2.9 Rule 205 Monitoring the Contract:**

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

### **3.2.10 Rule 206 Reference to rules for non-consulting services**

Any circumstances which are not covered in Rule 198 to Rule 205 for procurement of non-consulting services, the procuring entity may refer Rule 135 to Rule 176 pertaining to procurement of goods and not to the procurement of consulting services.

## CHAPTER 4 - DISPOSAL OF GOODS

### 4.1 Rule 217 Disposal of Goods:

- (i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Corporation. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.
- (ii) The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.
- (iii) 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.
- (iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Corporation's official, responsibility for the same should be fixed.
- (v) 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.

### 4.2 Rule 218 Modes of Disposal:

- (i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Four Lakh should be disposed of by:
  - (a.) obtaining bids through advertised tender or
  - (b.) public auction.
- (ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Four 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. The Corporation should, as far as possible prepare a list of such goods.

- (iii) 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.
- (iv) 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 to ensure compliance with rules relating to official secrets as well as financial prudence.

#### **4.3 Rule 219 Disposal through Advertised Tender:**

- (i) 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.
- (ii) The important aspects to be kept in view while disposing the goods through advertised tender are as under:-
  - (a.) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.
  - (b.) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.

- (c.) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent. of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.
  - (d.) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder. 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 off 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.
- (iii) Late bids i.e. bids received after the specified date and time of receipt should not be considered.

#### **4.4 Rule 220 Disposal through Auction:**

- (i) The Corporation may undertake auction of goods to be disposed off either directly or through approved auctioneers.
- (ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.
- (iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc., (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.

- (iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent. of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call- Receipt (DACR), drawn in favour of the Corporation selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.
- (v) The composition of the auction team will be decided by the competent authority. The team should, however, include an officer of the General Accounts Section of the Corporation.

#### ***4.5 Rule 221 Disposal at Scrap Value or by other modes:***

If the Corporation is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose of the same at its scrap value with the approval of the competent authority. In case the Corporation 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 5 - CONTRACT MANAGEMENT

### 5.1 Rule 225 General Principles for Contract

The following general principles should be observed while entering into contracts:—

- (i) The terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability, except in the case of a cost-plus contract or where there is a price variation clause in the contract.
- (ii) Standard forms of contracts should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice.
- (iii) In cases where standard forms of contracts are not used, legal and financial advice should be taken in drafting the clauses in the contract.
- (iv)
  - (a.) The Corporation may, at its discretion, make purchases of value up to Rupees two lakh and fifty thousand by issuing purchase orders containing basic terms and conditions:
  - (b.) In respect of Works Contracts, or Contracts for purchases valued between Rupees one lakh to Rupees ten lakhs, where tender documents include the General Conditions of Contract (GCC), Special Conditions of Contract (SCC) and scope of work, the letter of acceptance will result in a binding contract.
  - (c.) In respect of contracts for works with estimated value of Rupees ten lakhs or above or for purchase above Rupees ten lakhs, a Contract document should be executed, with all necessary clauses to make it a self-contained contract. If however, these are preceded by Invitation to Tender, accompanied by GCC and SCC, with full details of scope and specifications, a simple one page contract can be entered into by attaching copies of the GCC and SCC, and details of scope and specifications, Offer of the Tenderer and Letter of Acceptance.

- (d.) Contract document should be invariably executed in cases of turnkey works or agreements for maintenance of equipment, provision of services etc.
- (v) No work of any kind should be commenced without proper execution of an agreement as given in the foregoing provisions.
- (vi) Contract document, where necessary, should be executed within 21 days of the issue of letter of acceptance. Non-fulfilment of this condition of executing a contract by the Contractor or Supplier would constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit.
- (vii) Cost plus contracts should ordinarily be avoided. Where such contracts become unavoidable, full justification should be recorded before entering into the contract. Where supplies or special work covered by such cost-plus contracts have to continue over a long duration, efforts should be made to convert future contracts on a firm price basis after allowing a reasonable period to the suppliers/contractors to stabilize their production/ execution methods and processes.

Explanation: A cost plus contract means a contract in which the price payable for supplies or services under the contract is determined on the basis of actual cost of production of the supplies or services concerned plus profit either at a fixed rate per unit or at a fixed percentage on the actual cost of production

- (viii)
  - (a.) Price Variation Clause can be provided only in long-term contracts, where the delivery period extends beyond 18 months. In short-term contracts firm and fixed prices should be provided for. Where a price variation clause is provided, the price agreed upon should specify the base level viz, the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year.
  - (b.) A formula for calculation of the price variations that have taken place between the Base level and the Scheduled Delivery Date should be included in this clause. The variations are calculated by using indices published by Governments or Chambers of Commerce periodically. An illustrative formula has been appended to these rules at Appendix - 11 for guidance.
  - (c.) The Price variation clause should also specify cut-off dates for material and labour, as these inputs taper off well before the scheduled Delivery Dates.
  - (d.) The price variation clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a

percentage per annum or an overall ceiling or both. The buyer should ensure a provision in the contract for benefit of any reduction in the price in terms of the price variation clause being passed on to him.

- (e.) The clause should also stipulate a minimum percentage of variation of the contract price above which price variations will be admissible (e.g. where resultant increase is lower than two per cent, no price adjustment will be made in favour of the supplier).
- (f.) Where advance or stage payments are made there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment.
- (g.) Where deliveries are accepted beyond the scheduled Delivery Date subject to levy of liquidated damages as provided in the Contract, the liquidated damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price variation clause.
- (h.) No price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier.
- (i.) Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by Government.
- (j.) Where contracts are for supply of equipment, goods etc, imported (subject to customs duty and foreign exchange fluctuations) and/or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated, along with the selling rate of foreign exchange element taken into account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and Foreign exchange rates and the documents to be produced in support of claims for such variations should also be stipulated in the Contract.
- (k.) The clause should also contain the mode and terms of payment of the price variation admissible.
- (ix) Contracts should include provision for payment of all applicable taxes by the contractor or supplier.
- (x) **"Lump sum"** contracts should not be entered into except in cases of absolute necessity. Where lump sum contracts become unavoidable, full justification should be recorded. The contracting authority should ensure

that conditions in the lump sum contract adequately safeguard and protect the interests of the Government.

- (xi) Departmental issue of materials should be avoided as far as possible. Where it is decided to supply materials departmentally, a schedule of quantities with the issue rates of such material as are required to execute the contract work should form an essential part of the contract.
- (xii)
- (a.) In contracts where government property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding government property (including insurance cover) and for recovery of hire charges regularly, should be included in the contracts.
- (b.) Provision should be made in the contract for periodical physical verification of the number and the physical condition of the items at the contractor's premises. Results of such verification should be recorded, and appropriate penal action taken where necessary.
- (xiii) Copies of all contracts and agreements for purchases of the value of Rupees Twenty-five Lakhs and above entered into by civil departments of the Government, should be sent to the Audit Officer and or the Accounts officer as the case may be.
- (xiv)
- (a.) The terms of a contract, including the scope and specification once entered into, should not be materially varied.
- (b.) Wherever material variation in any of the terms or conditions in a contract becomes unavoidable, the financial and other effects involved should be examined and recorded and specific approval of the authority competent to approve the revised financial and other commitments obtained, before varying the conditions.
- (c.) All such changes should be in the form of an amendment to the contract duly signed by all parties to the contract.
- (xv) Normally no extensions of the scheduled delivery or completion dates should be granted except where events constituting force majeure, as provided in the contract, have occurred or the terms and conditions include such a provision for other reasons. Extensions as provided in the contract may be allowed through formal amendments to the contract duly signed by parties to the contract.
- (xvi) All contracts shall contain a provision for recovery of liquidated damages for defaults on the part of the contractor. Only in exceptional

circumstances to be justified by procuring entity in writing, an exemption from such provision can be made.

(xvii) A warranty clause should be incorporated in every contract, requiring the supplier to, without charge, repair or rectify defective goods or to replace such goods with similar goods free from defect. Any goods repaired or replaced by the supplier shall be delivered at the buyers' premises without costs to the buyer.

(xviii) All contracts for supply of goods should reserve the right of Government to reject goods which do not conform to the specifications.

No claim for the payment from contractor shall be entertained after the lapse of three years of arising of the claim.

## **5.2 Rule 226 Management of Contracts:**

- (i) Implementation of the contract should be strictly monitored, and notices issued promptly whenever a breach of provisions occurs.
- (ii) Proper procedure for safe custody and monitoring of Bank Guarantees or other Instruments should be laid down. Monitoring should include a monthly review of all Bank Guarantees or other instruments expiring after three months, along with a review of the progress of supply or work. Extensions of Bank Guarantees or other instruments, where warranted, should be sought immediately.

## **5.3 Rule 227 Legal Advice**

Wherever disputes arise during implementation of a contract, legal advice should be sought before initiating action to refer the dispute to conciliation and/or arbitration as provided in the contract or to file a suit where the contract does not include an arbitration clause. The draft of the plaint for arbitration should be got vetted by obtaining legal and financial advice. Documents to be filed in the matter of resolution of dispute, if any, should be carefully scrutinized before filing to safeguard government interest.

### **Rule 227A Arbitration Awards**

- (i) In cases where the Corporation has challenged an arbitral award and, as a result, the amount of the arbitral award has not been paid, 75% of the arbitral award (which may include interest up to date of the award) shall

be paid by the Corporation to the contractor/ concessionaire against a Bank Guarantee (BG). The BG shall only be for the said 75% of the arbitral award as above and not for the interest which may become payable to the Corporation should the subsequent court order require refund of the said amount.

- (ii) The payment may be made into a designated Escrow Account with the stipulation that the proceeds will be used first, for payment of lenders' dues, second, for completion of the project and then for completion of other projects of the Corporation as mutually agreed/ decided. Any balance remaining in the escrow account subsequent to settlement of lenders' dues and completion of projects of the Corporation may be allowed to be used by the contractor/ concessionaire with the prior approval of the lead banker and the Ministry/ Department. If otherwise eligible and subject to contractual provisions, retention money and other amounts withheld may also be released against BG.

## CHAPTER 6 – OPENING AND EVALUATIONS OF TENDERS

Tenders shall always be opened and evaluated by a Tender Committee constituted by the Competent Authority.

Constitution of Various Committees for the opening of Technical and Commercial Bids and their roles are to be mentioned in the Approval Note for the Constitution of Various Committees for the opening of Technical and Commercial Bids by the respective indenting department.

The Constitution of High-Level Committee (HLC), its roles and functions for procurement of Goods/Works/Services shall be as per the Office Order issued by CMD Secretariat from time to time and to be followed during procurement process.

Any Special Committees formed for evaluation/QCBS Marking shall be with the approval of competent authority.

## CHAPTER 7 – CVC GUIDELINES

All the guidelines issued from time to time by Central Vigilance Commission (CVC) pertaining to procurement are applicable to the procurement guidelines of GIC Re.

### **Integrity Pact & Threshold limit:**

In line with standard operating procedure (SOP) for Integrity Pact (IP) in force, all contract/agreements of value of ₹.50 Lakhs and above would be covered under the purview of integrity pact. This effectively means that vendors/Contractors entering into an agreement of contract with the Corporation for procurement types Goods/works/consultancy and other services having value of ₹.50 Lakhs and above will have to compulsorily sign the integrity pact. The procurement concerned would be reviewed by Independent External Monitors (IEMs) of the organization periodically according to CVC guidelines to ensure compliance with the pacts obligations and to promote and maintain fair practices.

The Procurement guidelines shall be effective from the date of the Board's approval.